

*Indian Ocean Rim Association
for Regional Cooperation*

*Report of the
First Meeting of*

The Council of Ministers

(COM)

*Grand Bay, Mauritius
5-7 March 1997*

**FIRST MINISTERIAL MEETING OF THE INDIAN OCEAN RIM
ASSOCIATION FOR REGIONAL COOPERATION (IOR-ARC**

Mauritius

5-7 March 1997

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**FIRST MINISTERIAL MEETING
OF THE
INDIAN OCEAN RIM ASSOCIATION FOR REGIONAL
COOPERATION (IOR-ARC)**

MAURITIUS

5 - 7 March 1997

Chairman's Statement

The first Ministerial Meeting of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) took place in Mauritius from 5 to 7 March 1997. The meeting was preceded by a meeting of the Committee of Senior Officials on 3 and 4 March, 1997.

2. The meeting was attended by Ministers and representatives from Australia, India, Indonesia, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania and Yemen.

3. Hon. Paul Raymond BERENGER, Deputy Prime Minister, Minister of Foreign Affairs, International and Regional Cooperation of the Republic of Mauritius was unanimously elected as Chairman of the Meeting. H. E. Mr Yousouf bin Alawi bin ABDULLAH, Minister of State for Foreign Affairs of the Sultanate of Oman and Hon. Lakshman KADIRGAMAR P.C, M.P., Minister of Foreign Affairs of the Democratic Socialist Republic of Sri Lanka, were also unanimously elected as Vice-Chairmen.

4. The meeting was officially opened by Dr. the Hon. Navinchandra RAMGOOLAM, Prime Minister of the Republic of Mauritius. The Prime Minister said that the ushering of a new world economic order creates serious challenges posed by globalisation and unbridled liberalisation and it also opens up significant opportunities that can best be addressed through regional cooperation. In this respect, he added that the Indian Ocean Rim Association for Regional Cooperation, although not a panacea or a substitute for national efforts, may contribute towards a better integration of the Indian Ocean Rim countries into the world economic system. He added that the Indian Ocean Rim with its rich resource endowment on land, its vast untapped marine resources, and the political will of the countries to drive their economies on the path of prosperity, has the capacity and potential to take a more active part in orienting the new world economic order.

5. The Prime Minister also stressed the need to create common ground and avoid controversial issues in order to build lasting peace and prosperity for all the peoples of the Rim.

6. The Meeting decided to adopt the inaugural address of me Prime Minister of Mauritius, Dr. the Honourable Navinchandra RAMGOOLAM, as its official document.

7. In their statements, the Ministers and representatives from the fourteen Member States reaffirmed the political commitment of their respective countries to the principles and objectives enshrined in the IOR-ARC Charter. They emphasised the importance of the tripartite nature of the Association which allows for a blending of policy, knowledge and business for mutually beneficial cooperation. They observed that the liberalisation and globalisation of the world economy create opportunities and that the differing size, population and level of development of Member-States as well as the commonality of interest may help foster trade and investment relations.

8. The Ministers stressed the timeliness of the Indian Ocean Rim countries in re-enforcing an identity as a region. They recognised that the different sub-regions in the Indian Ocean are primed for the possibilities of a partnership for mutual growth and advancement and for benefiting from resulting synergies. The initiative involves exploitation of dynamic complementarities and the creation of new ones. Challenges facing the countries in the region should also be perceived as opportunities to be seized. The Ministers acknowledged the transformative potential, growth impact and welfare gain of IOR-ARC economic cooperation which could contribute to stability and development of the region. They recognised that such cooperation could cover not only traditional areas but also new ones such as information technology.

9. Views were expressed to the effect that development cooperation could play a significant role in forging stronger economic ties.

Charter of the IOR-ARC

10. The Ministers adopted by acclamation the Charter establishing the Indian Ocean Rim Association for Regional Cooperation. This was considered a historic decision of vital political importance to the Indian Ocean Rim countries as it formally launched the Association. It opens a new era of cooperation among Member States of the Association for their mutual benefit and for the welfare of their peoples.

11. The Charter outlines the fundamental principles, objectives, areas of cooperation, and institutional and financial structures and arrangements of the Association.

Coordination Mechanism and Future Administrative Arrangement

12. The Ministers agreed, pursuant to Article 7 of the Charter, to set up in Mauritius a pilot mechanism for coordination, servicing and monitoring of implementation of policy decisions as well as for administrative matters as recommended by the Committee of Senior Officials.

13. They also decided that this arrangement would be reviewed and the longer term arrangement would be considered at the next Ministerial Meeting.

Criteria, Procedures and Guidelines for the Inclusion of Projects in the Work Programme

14. The Council adopted the criteria, procedures and guidelines for the inclusion of projects in the Work Programme which was earlier updated at the meeting of the Committee of Senior Officials.

IORBF and IORAG

15. The Council took note of the reports of the Indian Ocean Rim Business Forum and the Indian Ocean Rim Academic Group which met in parallel on the 3rd March 1997.

16. Representatives from the Member States of the IOR-ARC participated in the meetings of these two bodies which reviewed the projects that were agreed at the Second Inter-Governmental Meeting held in September 1996. The Ministers recognised the need for a more dynamic link between policy and projects in the future Work Programme of these two bodies.

Work Programme

17. The Ministers endorsed the Work Programme developed in the IOR-ARC and urged all Member States to participate actively in its timely and effective implementation as this was considered to be the main driving force for the success of the Association.

18. The Ministers affirmed that concrete progress in the realisation of the following projects would have a positive impact in expanding economic cooperation within the IOR-ARC:

- i. Cooperation in Standards and Accreditation
- ii. Indian Ocean Rim Business Centre and IORNET
- iii. Investment Facilitation and Promotion
- iv. IOR Chair in Indian Ocean Studies and Associate Fellows
- v. Trade Promotion Programme and IOR Trade Fair in 1999
- vi. Development, Upgrading and Management of Seaports; Maritime Transport; Insurance and Re-insurance
- vii. Human Resource Development Cooperation
- viii. Working Towards Complementarity - A Comparative Analysis of Existing Multilateral and Regional Economic and Trade Policy Arrangements and Processes
- ix. Tourism Promotion and Development
- x. Technology Enhancement in the Indian Ocean Region

19. The Council also noted the offers of technical assistance for capacity building to Member-States desirous to participate in the above projects.

Membership of IOR-ARC

20. The Council took note of the interest of other countries in the activity of the IOR-ARC. It decided to set up an open-ended working group comprising at least half the membership of the IOR-ARC to go into all issues relating to membership and forms of association in other

capacities such as observership, guest status, dialogue partnership, etc. The group will establish its own Terms of Reference.

21. The Working Group will be convened by the Chairman and will submit its recommendations in good time for the next meeting of the Senior Officials.

22. Accordingly, Council decided that the Chairman shall, in the meantime, respond in writing to all countries which have applied for membership informing them of the above decision.

Chairmanship of the IOR-ARC

23. The Council decided that Mauritius will assume the Chairmanship of the Council of Ministers of the IOR-ARC for the next two years.

24. As regards venues for future Ministerial Meetings, the Council agreed that this should be on a rotational basis. Several methods of rotation were proposed, including alphabetical order, voluntary offers and alternation between sub-regions of the IOR-ARC. The Council agreed that these would require further deliberations by the Committee of Senior Officials.

25. The Council unanimously accepted the offer of Mozambique to host the next ordinary session of the Council of Ministers in Maputo.

26. The eventual holding of a Summit of Heads of State and Government will be considered at the Maputo Ministerial Meeting.

Use of French as a Working Language of IOR-ARC

27. Due to budgetary problems, the Council decided to postpone consideration of the request for the use of French as a working Language of the IOR-ARC.

Designation of National Focal Points

28. The Council urged Member States to set up National Focal Points in order to facilitate communication which was considered necessary for the effective and timely implementation of projects etc.

Tributes

29. The Ministers paid fulsome tributes to Mauritius for the pioneering role it played in the launching of the Association.

Mauritius
6 March 1997

STATEMENTS BY MINISTERS

OPENING ADDRESS

BY

DR. THE HONOURABLE NAVINCHANDRA RAMGOOLAM

PRIME MINISTER OF MAURITIUS

ON THE OCCASION OF THE

FIRST MINISTERIAL MEETING

OF THE

INDIAN OCEAN RIM ASSOCIATION FOR

REGIONAL COOPERATION (IOR-ARC)

5 MARCH 1997

Honourable Deputy Prime Minister,

Distinguished Heads of Delegations,

Honourable Ministers,

Leader of Opposition,

Distinguished Delegates,

Excellencies, Member of the Diplomatic Corps,

Honourable Members of the National Assembly

Ladies and Gentlemen,

I am delighted to welcome you all to the first Ministerial session of the Indian Ocean Rim Association for Regional Cooperation.

Mauritius is proud to be the host on such an auspicious occasion. For your presence here represents the culmination of two years of hard work and marks a new beginning in the history of our region.

When Mauritius took the initiative to launch the process after consultations with some countries, the concept of cooperation between countries of the region was still nebulous. Very little had been done to promote cooperation at the level of the region in spite of the call for South-South Cooperation over the last few decades. Indeed, the few attempts made in the past to stimulate region-wide cooperation did not have the desired success mainly for lack of resources and the inability of the participating countries to leverage on international relations. To-day the situation is totally different. Countries in the region have become independent and sovereign nations and are thus in a position to play a more meaningful part in regional and international affairs.

The idea of cooperation among the countries and peoples bordering upon the Indian Ocean is one which has gathered an irresistible momentum.

The ushering in of a new world economic order poses serious challenges for many of us. At the same time, however, it opens up significant opportunities for economic growth if the right policies are put in place in a timely manner. Regional Cooperation is seen as an effective response to the challenges posed by the globalisation of world trade in the wake of the establishment of the WTO. In fact, the world is living through a paradox characterised by globalisation, on the one hand, and the setting up of mega trade blocs, on the other. This dichotomy may be explained by the fact that countries in various parts of the world have realised that individually they are not big or strong enough to withstand the onslaught of

unbridled liberalisation, especially fierce competition through the setting up of strategic economic alliances. There is a genuine fear that if developing countries do not adapt to this new situation they may be marginalised. In spite of our varying levels of development, size, population and other specificities, the IOR, although not a panacea or a substitute for efforts at national level, may contribute towards a better integration of our region into the world economic system.

The Indian Ocean region, a major trading and shipping route with several existing and emerging powerhouses, is one of the last regions to have been left out of this regional integration process. Our region, with its rich resource endowment on land, its vast untapped marine resources, and above all, the political will of countries to drive their economies on the path of prosperity, has the capacity and potential to take a more active part in orienting the new world economic order.

Many countries have recognised the importance of the competitive advantages of regions rather than that of nation states which are themselves being challenged by the unprecedented change and progress in science and technology, especially in the areas of telecommunications and finance. It is against this background that we must consider the importance of the setting up of the IOR-ARC.

It has been taken up, not only by governments of the countries which have contributed to the consultations and studies of the Working Group; but by the business and academic communities of our nations. And this is one of its great strengths.

For, what this occasion now permits me to call with pride, our *Association*, will not be driven by the forces of fear or insularity, or by a strategic desire to merge the individual identity or political sovereignty of its members into some greater whole, but by the voluntary and enthusiastic spirit of their disparate governments *and peoples* for mutual support in the great struggle for material progress.

We recognise the enormous *diversity* of our countries, in economic development, in culture, religion, language and in political outlook. We believe that the kind of cooperation, which can be successfully envisaged among us, must take fundamental account of that diversity and those differences.

We must make it a principle of our concerted action to respect and preserve the distinctive hallmarks of our separate identities and our freedom of action. We must make it our objective, in the words of the draft Charter, “to create common ground”, and avoiding areas of controversy, to build upon those points of precious agreement, a lasting peace and prosperity for all the inhabitants of the region.

That is why the proposed Charter is a modest and *flexible* framework for cooperation. It is not meant to be a grand prescription for a closed and protective club of nations, seeking the economic power to entrench themselves against the currents and trends which are sweeping the world. It is a free and open association of sovereign nations. It requires a commitment to progressive cooperation and collaboration.

We, in Mauritius are convinced that, by *these* means, the Association shall more readily harness the enthusiastic involvement and commitment of its members. We are convinced that we are united by a powerful motive force of goodwill and that the spirit which we have somehow managed to nurse into existing has struck a chord among the nations of our region.

There is a friendship here, among us, and a genuine cordiality, which has characterized all our preliminary discussions, and is based upon that spirit of cooperation. For our Association will offer a hand without discrimination, to all IOR nations.

It is, to our mind, *inclusive* in its spirit not exclusive. For it was, in some part, precisely to combat the sense of exclusion which some members have felt from the formation of huge trading blocs and clubs throughout the world, that the Initiative was taken. This is one of the very important functions which it serves to bring some who have hitherto felt isolated into the current of regional and world economic development.

This meeting and the extraordinary growth of interest in membership, are vivid testimony to the accuracy of our belief in the value of such an Association.

All over the world people are experiencing the power of economic freedom. They are reducing barriers to trade. They are removing controls upon investment and the exchange of money. And they are recognising the value of concerted action, in the trading sphere, to build up the trust and confidence to take what are often, for all of us, painful and difficult steps.

By taking them we are opening vast new opportunities. *In* taking them we are driven by one overriding imperative - the vital need to improve the material welfare of our peoples. We cannot – we have no right to – avoid their demand for progress. We are, as a European philosopher has truly observed, “not only the creatures, but the captives of progress”. We have to move forward.

Yet, in all societies, there can be a tension between the progress which we are all fervently desire, and the cultural, moral and social allegiances which seem inextricably part of our identity and which progress can seem to threaten. It is imperative that we get the balance right – that we should have, as the draft Charter describes it - a “*balanced development*”.

Regional cooperation through the Indian Ocean Rim Association is an important tool of adjustment to this new economic climate. It will help us to strengthen our institutions and our financial and commercial expertise. It will enable us to facilitate investment and in time to create the larger markets which will attract more of that investment.

Your Excellencies,

In 1993, the Indian Ocean region accounted for 31 % of the world’s population, but 6.3% of its GDP and 10.7% of its trade. In 1994, intra-IOR trade was only 22% of the total. There is huge scope for us to do better. The opportunities are immense and our Association is long overdue.

We must of course, give close attention to the mechanisms by which we are to achieve these goals and capitalize upon the work which has already been done. We cannot afford *not* to be creative in the way in which we approach this task.

I am delighted that the Indian Ocean Business Forum and the Indian Ocean Academic Group have become, under the Charter, as they have been from the outset of our Initiative, an important and integral part of the development of the Association. This is just the kind of imaginative approach, which will help us make a distinctive contribution to cooperation in the region.

I welcome the development of the work programme at the Inter-government meetings. Its early concentration on the removal of obstacles to trade, and the creation of a wider exchange of knowledge and opportunities for business within the Association, are the things, which will deliver real improvements in the material standards of our peoples.

And parallel to the inter-governmental work which has gone on, I am aware that the last two years have witnessed the formation of business and research networks, including a site on the World Wide Web, in which much useful work of high quality is being done to advance the cause of awakening the potential of the Indian Ocean region.

It is essential that this work should continue and that the process, which we believe to be irreversible, is rendered effective and able to produce practical and concrete benefits for our citizens.

To this end our experience over the past two years has suggested the requirement for an eventual small secretariat to inform, coordinate and maintain an official monitor of the progress of agreed projects.

Although we must avoid the massive and inflated bureaucracies which appear to bedevil other regional organisations, and the coercive spirit which they can engender, which would be inconsistent with the aims and character of our Association, still it is necessary that there be some administration and oversight of the intergovernmental work in progress. We are proud to furnish the base for such an Administration.

Mauritius is proud of this unique Initiative which, began here and has led us to this moment. It has our undying commitment.

Your Excellencies,

Ladies and Gentlemen,

If the seed which is sown here is allowed to germinate, it will, I am convinced, produce a tree in flower which will have been worth all our endeavours and efforts.

And when we think of what those efforts are of the thousands of individuals whose creative and intellectual energies are already concentrated upon its construction, we ought to have great hope for the potential of the thing that we are today about to launch into life.

If it is the thing we all hope and believe it to be, it has the capacity to deliver great benefits, not only to our region, but to the world.

It cannot, of course, aspire to solve all of the vast problems of the countries, in three continents who adhere to it. It is, of necessity, a modest and practical step which must be accompanied by other platforms of cooperation. But an enduring prosperity and peace must be built of many such small and practical measures, and it is, without doubt, a creative and positive step in the right direction.

Therefore, I warmly congratulate all those who have participated in bringing about, and I thank you for allowing my country, Mauritius, the privilege of officiating at its birth.

Today we have a great opportunity – an opportunity to *do* something of lasting value for our peoples and to create the firm roots and solid foundations of our new Indian Ocean Rim Association for Regional Cooperation. It is an opportunity which we must not miss! For as we have been reminded by Shakespeare centuries ago.

“There is a tide in the affairs of men,
Which taken at the flood, leads on to fortune;
Omitted, all the voyage of their life
Is bound in shallows and in miseries,
On such a full sea we are now afloat,
And we must take the current when it serves,
Or lose our ventures”.

Excellencies,

Ladies and Gentlemen,

May I conclude by wishing you all success in your deliberations and especially for a good outcome of the meeting in order to put the IOR-ARC on solid foundation. Time permitting I will urge and encourage you to visit the island. I wish you all a happy and pleasant stay in Mauritius.

I have much pleasure in declaring open this first Ministerial meeting of the Indian Ocean Rim Association for Regional Cooperation.

Thank you

**IOR-ARC FIRST MINISTERIE; MEETING
MARCH 1997**

**STATEMENT BY HON. V. BUNWAREE
MINISTER OF FINANCE
LEADER OF MAURITIUS DELEGATION**

**Mr. Chairman
Honourable Ministers
Excellencies
Distinguished Delegates
Ladies and Gentlemen**

It is indeed a honour and a privilege for me to associate myself with you, Mr. Chairman, to extend once again a warm welcome to my colleague Ministers, and members of their delegations to the First Ministerial Meeting of the Indian Ocean Rim Association for Regional Co-operation. I would also like to take this opportunity to wish them all a pleasant stay in Mauritius.

Mr. Chairman

2. With your wide experience and knowledge of international affairs and regional cooperation, my delegation has no doubt that you will steer this historic meeting to a successful conclusion. In this respect, I can already assure you of full support of the Mauritius delegation.

**Excellencies
Ladies and Gentlemen**

3. The conceptualisation of the Indian Ocean Rim Initiative which started in this very Conference Centre two years ago with the holding of the First Inter-governmental Meeting will to-day see its official concretisation with the launching of the Indian Ocean Rim Association for Regional Cooperation. This is a moment of great pride and joy for Mauritius and for all of us. I would therefore like to take this opportunity, to extend on behalf of Mauritius, our deep appreciation for the strong and unwavering support that all of you have so generously provided in making this endeavour a success.

Mr. Chairman

4. The adoption of the Charter, which formally launches the IOR-ARC, is an important turning point in the history of cooperation among the countries of the Indian Ocean Rim. The very fact that fourteen countries are assembled here today, at Ministerial level, is testimony to our political commitment to the Organisation. For Mauritius this is an act of faith because we are committed to regional cooperation. In fact, Mauritius, like most of your countries, already belongs to a number of existing sub-regional groups. We consider the IOR-ARC as being

complementary to these organisations and a useful mechanism to enable our countries to better integrate the world economic and trading system.

5. Our intention of building co-operation on a wider geographical scale is motivated by the desire to achieve a sizeable and durable economic space. This space or alliance is more than ever possible and plausible now with the manifestation of goodwill and cooperative spirit based on shared ideals and a common commitment. It is a combination of all these factors common to us all which have forged our way to the first Ministerial Meeting.

6. Mauritius subscribes fully to the principles enshrined in the Charter specially when it states:

I quote “.....In a spirit of multilateralism, the Association seeks to build and expand understanding and mutually beneficial cooperation through a consensus-based, evolutionary and non-intrusive approach” End of quote.

This principle is fundamental if we are to be successful in community building based on a vision of peace, stability and happiness for our peoples. The agreement reached by our senior officials on the coordinating mechanism and future administrative arrangement is a concrete example of how we can transcend immediate national priorities in favour of the long-term collective interest of our Association. And this augurs well for the future. Mauritius has a vision for the future of the Association which must match its ambition to enrich the lives and improve the standards of livings of the 1.5 billion of the countries of the region on a sustainable basis.

7. We will need to realize, Mr. Chairman, the confidence which this large segment of the world population forming part of IOR-ARC has placed in us. We, therefore, have no moral right to disappoint them. The important issues, which we are debating here today, will have direct repercussions on their future. We should not therefore underestimate the importance of our responsibilities in this solemn moment of our history.

Mr. Chairman
Ladies and Gentlemen

8. The conclusion of the GATT Uruguay Round of trade talks has created new challenges and opportunities, which can best be served by collective regional actions. It is not by mere coincidence that countries in other parts of the world have decided to create strategic economic alliances like the North America Free Trade Agreement (NAFTA), the Asian Pacific Economic Cooperation (APEC), etc to better face the emerging challenges as the dawn of the third millennium.

9. Moreover, the establishment of the World Trade Organization (WTO) has created a new international trade and economic paradigm characterised by fierce competition and free market economy. In this new environment countries have to adapt if they are to achieve sustainable socio-economic development. In this context, the creation of the IOR-ARC is a most welcome and positive development, which comes at an opportune time. We believe that collectively we have the resources and the resilience to better achieve our national goals through the process of cooperation we are today embarking upon.

Mr. Chairman
Ladies and Gentlemen

10. The creation of IOR-ARC is a well-inspired voluntary move towards the filling of a long-felt need for cooperation in the Rim. This has necessitated some time but we are reassured as this has allowed us to draw on the past experiences of other regional groupings, their successes and their failures. We have deliberately adopted a cautious but dynamic and pragmatic approach in the initial stage with the hope of making a quantum leap forward in the future. In this respect, we believe that, as the Association consolidates itself, it may consider at the appropriate time to take on board other interested countries on the basis of the principles enshrined in the Charter.

11. By involving the business community and the academia right from the beginning, we have decided to place the IOR-ARC on a sound and result-oriented perspective. We believe that this process would be encouraged by the active role of Governments as a facilitator and catalyst by creating an enabling and conducive environment for the economic operators. It is encouraging to note that this approach has already borne its fruit judging from the work programme which has been produced by the stakeholders and submitted for our Council's consideration.

12. My delegation is happy to note that the work programme is based on the principle of solidarity with the end result being the improvement in the standard of living of our peoples. We need, therefore, to do everything possible, through our active participation to ensure the effective and timely implementation of the programme. We should not allow any structural and administrative obstacles to hamper the smooth development of our Organization. It may otherwise adversely affect its credibility and effectiveness. And this is not in the interest of anyone of us. The time now is for action and we need show result if we went to maintain the momentum and enthusiasm generated by the launching of the IOR-ARC to day.

Mr. Chairman
Distinguished Delegates
Ladies and Gentlemen

13. It is no secret that relation in one form or another existed between our countries for centuries. In the forging of these relations, Mauritius played an important role so much so that it came to be known as the *star and key of the Indian Ocean*. And it is still the motto of Mauritius. So let us resolve together, on this auspicious occasion, to make the IOR-ARC a shining star in regional economic cooperation and integration.

I thank you.

**Speech by H.E Yusuf bin Alawi bin Abdullah, at the inaugural
Ministerial Meeting of the Indian Ocean Association for
Regional Cooperation, Port Louis, Mauritius
March 1997**

Mr. Chairman, Your Excellencies, Dear Friends,

May I begin by extending my warmest congratulations to Mr. Paul Berenger, Deputy Prime Minister and Minister of Foreign Affairs and International and Regional Cooperation of the Republic of Mauritius on taking the Chair at our inaugural meeting of the Indian Ocean Rim countries. I know we can count on your experience to guide our meeting to success.

I would also like to take this opportunity to express on behalf at the Government of the Sultanate of Oman our thanks to the government and people of the Republic of Mauritius for their generosity and kindness in hosting both this and earlier meetings. I also thank all of our senior officials for their efforts in bringing us so far in the development of our new Association.

Mr. Chairman,

The initial proposal for the formation of this new association, first put forward by the Republic of Mauritius in 1994, was enthusiastically received as a result of the long and continuing history of close ties among the peoples and states of the Indian Ocean region. The overwhelming enthusiasm for the proposal not only reflected the deep desire of member states to revive historical, economic, commercial and cultural ties between Indian Ocean states, but also their determination to make an effective contribution to the economic development and well being of their peoples, and to the enhancement of the world economy.

Mr. Chairman,

Countries of the Indian Ocean Region have often been described as Third World or Developing countries. Today this classification is redundant and may no longer be applicable to the new world of science and new technology to which there must be access for all. As for our new Association, we must endeavor to participate actively and constructively in the development of mankind.

Our countries pursue free market policies and our decision to engage the business and academic sectors in the indicative of the strong will of member countries to promote their economic cooperation within a global standard. The foundation of our new Association marks our commitment in engages positively and fruitfully with the fast changing modern world economy.

The Association will enable us to devote our best collaboration efforts to the development of regional trade and investment opportunities, to the advancement of scientific and technological capabilities, and the realisation of the human potential of our people.

On behalf of the Government of the Sultanate of Oman, I would like to express our satisfaction in the inauguration of the Indian Ocean Rim Association for Regional Cooperation. And pledge our wholehearted support for in development and long-term success.

Thank you Mr. Chairman.

**STATEMENT BY HON. LAKSHMAN KADERGAMAR, P.C., M.P.,
MINISTER OF FOREIGN AFFAIRS, SRI LANKA, AT THE FIRST
MINISTERIAL MEETING OF THE INDIAN OCEAN RIM-
ASSOCIATION FOR REGIONAL COOPERATION (IOR-ARC)
MAURITIUS, 6 MARCH 1997**

Mr. Chairman

Hon. Ministers of IOR-ARC, Member States

Distinguished Delegates

Ladies and Gentlemen

It is a privilege to be able to address the first Ministerial Meeting of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). May I first say that Sri Lanka has always had an abiding interest in the Indian Ocean region. Sri Lanka's initiatives in the Indian Ocean as a Zone of peace (IOZP) and the Indian Ocean Maritime Affairs Cooperation (IOMAC) provide ample testimony in this regard. This background will enable us to play a further positive role in the affairs of the Indian Ocean region through this new Association that we have met to launch today. I am sensible and deeply appreciative of the honour that my distinguished colleagues have conferred on my country by electing me Vice-Chairman of the Association.

It is indeed fitting that this Association which is commonly referred to as IOR –ARC should be launched in this beautiful Indian Ocean Island of Mauritius. I would like to take this opportunity, together with my delegation, to express our thanks for the gracious hospitality extended to us by the Government of Mauritius, for the excellent arrangements made by the Ministry of Foreign Affairs, International and Regional Cooperation for the conduct of our deliberations and, not least, Mr. Chairman, for the wit and charm with which you have welcomed each and everyone of us.

Last evening, we heard a thoughtful address by the Prime Minister of the Republic of Mauritius. His words contained much valuable advice that could help us to get IOR-ARC moving in a meaningful and practical direction.

In the distant past, even as far as back as two thousand years ago, the peoples who live on the rim of the Indian Ocean, especially the intrepid Arab sea-fares, roamed this great Ocean in search of trade and commerce. They carried with them their cultures, their religions, their customs and traditions. They settled in each other's countries. In 300 B.C. Nerkus, the Admiral of Alexander the great, had noted, while on a voyage through the Arabian Sea to the Indian Ocean, that at the port of Mussandum in Northern Oman, then part of the virile Majan Empire that there were many ships, owned by the merchants of Oman, laden with spices and other

precious commodities from Taprobane, as my country was then known. The bonds that bind us are old and strong We now come to this new forum with ties of friendship forged afresh in modern times, and tried and tested in other multilateral fora where we have learnt to work together and stand together .

Today, we live in an era of regionalism. While some geographic areas such as the Asia-Pacific region and the North American continent have already advanced far down the road towards effective regionalism, it is indeed surprising that the Indian Ocean region which can boast of a combined GDP of US \$1 trillion and 31% of the global population should have lagged so far behind. One is indeed constrained to enquire why this should be so, given the vast natural and human resources this region is endowed with, and also the ‘commonalties’ that we share in many historical and cultural domains, as you, Mr. Chairman, observed in your opening address at the Second Inter-Governmental Regional Meeting last September.

Perhaps, one reason for us being so laggardly is the vast asymmetries which prevail within our larger Indian Ocean community. At one end of the scale we have economic and demographic giants; at the other, some who are among the smallest and least developed countries in the world. It would, therefore, seem a difficult task to convince all of us who make our home in this part of the world that we could mutually benefit from any move to regionalism. Another reason could well be the existing suspicions, which continue to bedevil the political, and security atmosphere of this region. Regarding the latter, while there is no alternative to their eventual resolution through a durable political solution, the establishment of regional economic mechanisms could contribute much to confidence building within the region and to eliminate mistrust.

Mr. Chairman,

It is against this backdrop of economic asymmetries and political suspicions that I would like to articulate my country’s vision for IOR-ARC.

The Indian Ocean region today is economically one of the fastest growing regions of the world. It holds two-thirds of the worlds oil reserves, 60% of its uranium deposits, 40% of its gold deposits and 98% of its diamond deposits. Some of the countries of the region have made substantial economic progress, recording consistent growth rates of 7% and above while others have made less dramatic progress, but progress nonetheless. Our region is considered by many distinguished commentators as the economic power house of the 21st Century. It is therefore, necessary that we should capitalise on and exploit the rich endorsements of nature and the inherent productivity of our human resources to promote dynamic economic growth on the Indian Ocean region.

As a group, our members need to facilitate intra-regional trade by reducing trade and non-trade barriers progressively to facilitate better and effective exchange of goods, services, technical know-how and to promote foreign direct investment. We have to ensure that this process is in accordance with the concept of “Open regionalism”. We need to introduce the most modern information technology and modern methods of communication and transport. Most importantly, we should facilitate people-to-people contact by encouraging and facilitating tourism, cultural and sporting contacts and scientific exchanges. This should be a goal well within our collective economic, social and intellectual capacities.

Since the main purpose of the Association is to promote economic cooperation, permit me a few moments to outline what we, as an island economy, see as the basic rationale for seeking a wider regional space for economic cooperation.

Sri Lanka's experience in regard to economic reform is well known. Sri Lanka, in 1977, pioneered the implementation within South Asia of what are called "market-friendly" policies which have now been adopted by most other countries of the region. The private sector is viewed in this framework as the principal "engine of growth" with government intervention being sought in areas where markets fail to function effectively.

Progressive trade and financial liberalization are important ingredients of this framework and in this respect Sri Lanka stands not only as a pioneer but also as a pace-maker in the South Asian Sub-Continent, having abandoned most quantitative import restrictions in the late 1970s and targeting for a uniform external tariff of 15% in the not too distant future. Sri Lanka's goals are to raise investment rates from the current levels of a little over 25% of GDP to East Asian levels of above 30% so as to raise annual GDP growth - from an average of about 5% over the last few years to 7% - 8%. The task has become all the more important since by the year 2010 our labour force will cease to grow. By then, per capital income will have to be high enough to support a substantial and growing non-working population of old people, as Sri Lanka will be making its demographic transition to a stable population faster than any other country the world has hitherto experienced. The required investment can be achieved by raising of domestic savings through creating a conducive macroeconomic policy environment. However, there is a limit to raising domestic savings via this process; thus we have to rely heavily on inflows of foreign investment to increase overall investment.

The difficulty in achieving this goal is the fact that today's international trading and investment environment renders it many difficult than before for small countries such as Sri Lanka to emulate the success of the East and South East Asian Newly Industrialized Economies. There are many reasons for this, including increased competition among exporting countries to supply the slow-growing OECD markets; stagnant or declining levels of foreign aid; and the increasing tendency of the world trading system to be divided into a number of trading blocs centered around the major economic powers, such as the EU, NAFTA and APEC, although the recent reaffirmation by the Asian countries of APEC of their preference for the multilateral approach is an encouraging sign against this trend.

There is then the real danger that countries left out of all these blocs could be deprived of potential trading opportunities and attracting foreign investment that they could otherwise enjoy. These "innocent bystanders" will then be condemned to a bloc of marginalized non-member nations that are not part of any of the above-named blocs. How then should Sri Lanka respond to the growing regionalism around the world? Mindful of our Asian identity, we in Sri Lanka have been seeking to expand our access to any available regional space with the objectives of: (a) further integrating with the global economy and thus becoming part of the process of globalization, and (b) joining other like-minded states in establishing regional relationships that would strengthen our collective bargaining position in international fora. We believe regionalism is a step towards further liberalization and globalisation. That is why I emphasised earlier the term "open regionalism" which means that our trading relations with non-members of the region would not change adversely despite the new trading relationship

within the regional framework. Given these objectives, we believe that the launching of IOR-ARC as a platform for regional cooperation is timely to further enhance our economic goals within a larger regional space.

We also need to embrace within our fold more countries, which are geographically within our region. My delegation therefore fully subscribes to the proposition contained in clause 4 relating to membership in the Draft Charter that “all sovereign states of the Indian Ocean Rim are eligible for membership”. However, the question does arise as to how and when we should reach this stated goal. There has been a long and exhaustive debate over the past five years in this and other fora on what our approach should be to this issue. I do not propose to traverse this ground again. Suffice it to say that my Government would be happy to support the admission of new members, consistent with the salutary words of caution which you, Mr. Chairman, had expressed at the last Inter-Governmental Meeting that our Association must proceed - and I quote you again – “in an evolutionary fashion which allows the Organisation to learn to make the first steps before it starts running”. Furthermore, since the way we set about expanding our Membership does raise many fundamental issues and has far-reaching consequences I commend the proposal of the Senior Officials to appoint a Working Group to go into all issues relating to membership.

The speed at which we can move from crawling to walking and then, eventually, to running, would in my delegation’s view depend largely on the ability of our Association to embark on projects and programmes which have an immediate and positive impact on the everyday life of our peoples.

Therefore one of our priorities has to be the adoption of a coherent Plan of Action. Since this constitutes one of the items on our present agenda, I do not wish to say more at this, except perhaps to commend the innovative tripartite approach consisting of government, business and academia that we devised to formulate practical policies. However the formulation of a comprehensive Programme of Action becomes relevant to the work of the present meeting in yet another connection and that is regarding the issue of the Secretariat.

Let me make it clear that we agree fully with the principle that at the appropriate time there should be a Secretariat as stated in the Draft Charter. All I wish to register here is that it would be premature at this point of time to set up an elaborate bureaucratic structure without first ascertaining precisely what the secretariat would be called upon to do and the volume of work which it may have to confront. At the same time, I consider that we would need a small but effective unit to take on the servicing and monitoring functions which must necessarily devolve on IOR-ARC now that we are about to launch it. My delegation thus fully supports the proposal which our Senior Officials have come-up with namely, to set up a light and lean “Pilot Mechanism” in Mauritius during the interim period and to review long-term arrangements at the next Ministerial Meeting.

Mr. Chairman,

I conclude on a note of caution. When a new economic grouping such as this is launched it has the inevitable result of raising, sometimes unreasonably, the expectations of our people that significant material benefits will accrue to them. They might tend to expect a dramatic and immediate enhancement of their well-being. When the euphoria of this

launching ceremony has evaporated we will, collectively, have to face the sobering truth that we will have to strive mightily to satisfy the aspirations of our people. This will require on our part a firm dedication to certain basic proposition. We must create in our own countries one or more units of Governmental officials who are specifically charged with the task of studying and constantly enriching the Indian Ocean dialogue through research and discussion; there must be coordination among these units - the lack of coordination with government is the cause of many failures in international cooperation between governments, our unique tripartite mechanism involving government, business and academia is a most laudable initiative. It must be developed fully. If we prevent our Association from degenerating into a debating society, from becoming a mere social club, if we do not allow ourselves to become permanently embroiled in sterile political manoeuvres, if we concentrate on implementing our projects in a pragmatic, hard headed manner --- we will achieve success, we will keep faith with our peoples.

May good fortune and fair winds attend us on this challenging voyage.

**OPENING STATEMENT BY MR TIM FISHER,
THE DEPUTY PRIME MINISTER OF AUSTRALIA AND
MINISTER FOR TRADE,
TO THE FIRST MINISTERIAL MEETING OF THE INDIAN OCEAN RIM
ASSOCIATION FOR REGIONAL
COOPERATION, 6 MARCH 1997**

MR CHAIRMAN - DEAR FRIENDS,

LET ME SAY FORMALLY THAT AUSTRALIA COMMITS TO THE CHARTER OF THE INDIAN OCEAN RIM ASSOCIATION FOR REGIONAL COOPERATION. I AM DELIGHTED TO BE IN MAURITIUS FOR THIS IMPORTANT LAUNCH, IT IS A TRULY BEAUTIFUL COUNTRY.

THANKS TO MAURITIUS

THE ESTABLISHMENT OF THE IOR-ARC AT THE MEETING WILL BE AN HISTORIC ACHIEVEMENT AND WE ALL OWE CONGRATULATIONS AND THANKS TO THE GOVERNMENT OF MAURITIUS FOR ITS FAR SIGHTED INITIATIVE AND HARD WORK IN BRINGING US TO THIS POINT. MAURITIUS HAS DEMONSTRATED WITH THIS ACHIEVEMENT THAT THE QUALITY OF LEADERSHIP DOES NOT DEPEND ON SIZE. IT HAS BECOME NOT ONLY THE NATURAL CROSSROADS OF THE INDIAN OCEAN BUT THE ACTUAL CROSSROADS AS WELL.

AUSTRALIA'S INDIAN OCEAN LINKS

AUSTRALIA IS DEEPLY COMMITTED TO THE PROCESS OF ECONOMIC COOPERATION THAT HAS BEEN ESTABLISHED HERE. THE MAP TO MY LEFT REMINDS US OF AUSTRALIA'S EXTENSIVE INDIAN OCEAN COASTLINE AND OUR NATURAL INTEREST IN MARITIME AND REGIONAL COOPERATION ISSUES. WHAT IS LESS WELL KNOWN IS THAT OUR INDIAN OCEAN STATE, WESTERN AUSTRALIA WITH ITS CAPITAL OF PERTH, HAS AUSTRALIA'S FASTEST GROWING ECONOMY AND ALSO ACCOUNTS FOR THE LARGEST SHARE OF OUR TOTAL EXPORT EARNINGS

WHILST THIS ASSOCIATION IS NEW, MANY OF YOU OF COURSE ARE NOT STRANGERS TO US. AUSTRALIA HAS LONG STANDING LINKS WITH MOST IOR-ARC COUNTRIES THROUGH COMMONWEALTH, APEC AND OTHER CONNECTIONS. MOREOVER, THE TEMPO OF REGIONAL COOPERATION HAS INCREASED RAPIDLY IN THE POST-COLD WAR INTERNATIONAL ENVIRONMENT. SO IT IS TIMELY THAT WE NOW JOIN TOGETHER IN A FORMAL POLITICAL FRAMEWORK TO STRENGTHEN OUR REGIONAL ECONOMIC COOPERATION IN THE INDIAN OCEAN.

OUR REGION IS A HIGHLY DIVERSE ONE, ENCOMPASSING STATES WITH SIGNIFICANT DIFFERENCES IN CULTURE, PHYSICAL SIZE, POPULATION, RESOURCES AND ECONOMIC DEVELOPMENT. THIS NEW SENSE OF INDIAN OCEAN REGIONALISM IS THEREFORE AN IMPORTANT AND WELCOME DEVELOPMENT WHICH PROMISES TO DRAW US TOGETHER.

TRADE POLICY ISSUES

BUT THIS IS NOT A REGIONALISM THAT SHOULD SET US APART FROM THE REST OF THE WORLD. RATHER, IT SHOULD BRING US CLOSER TO IT. WE SEE THE IOR-ARC AS A BRIDGE NOT A WALL. WHATEVER WE DO WILL TAKE

PLACE WITHIN AN INCREASINGLY OPEN AND COMPETITIVE GLOBAL SYSTEM OF TRADE AND INVESTMENT. THIS OPEN SYSTEM WILL DELIVER REAL BENEFITS TO THOSE WHO JOIN IT. THE STUNNING ECONOMIC SUCCESS OF EAST ASIA, PARTICULARLY SOUTH EAST ASIA, OVER RECENT YEARS, STANDS AS COMPELLING EVIDENCE OF THIS.

HOWEVER AS A NEW ORGANIZATION, IT IS NATURAL THAT WE WILL WISH TO EXAMINE AND LEARN FROM OTHER BODIES. OUR OWN EXPERIENCE IN OTHER REGIONAL GROUPING HAS TAUGHT US THE IMPORTANCE OF MOVING AS QUICKLY AS POSSIBLE TOWARDS TANGIBLE COMMITMENTS FROM GOVERNMENTS IN THE PURSUIT OF ECONOMIC AND TRADE LIBERALIZATION. OF COURSE THIS ORGANIZATION IS VERY MUCH IN ITS INFANCY AND IT MAY TAKE A LITTLE WHILE FOR THAT MOMENTUM TO DEVELOP BUT WE MUST NOT LOSE SIGHT OF OUR ULTIMATE GOAL.

THE MOST VALUABLE RESULT WE CAN ACHIEVE IN THIS ORGANIZATION IS TO IMPROVE WHAT WE IN AUSTRALIA CALL THE ECONOMIC OR "ENABLING" ENVIRONMENT IN WHICH THE BUSINESS COMMUNITY OPERATES. OUR MOST FUNDAMENTAL OBLIGATION IS TO LISTEN TO BUSINESS AND DELIVER REAL OUTCOMES WHICH WILL BETTER THE LOT OF ALL OUR PEOPLES - A WIN/WIN OUTCOME.

IN THIS CONTEXT LET ME SAY THAT AUSTRALIA IS DELIGHTED TO NOTE THAT THE CHARTER WE ARE ABOUT TO ADOPT IDENTIFIES AS KEY OBJECTIVES: IMPROVED MARKET ACCESS THROUGH TRADE LIBERALIZATION AND THE FACILITATION OF FREER AND ENHANCED FLOWS OF GOODS, SERVICES AND INVESTMENT IN THE REGION.

I WOULD ALSO LIKE TO COMMEND THE UNDERSTANDINGS REACHED AT THE LAST INTERGOVERNMENTAL MEETING IN SEPTEMBER 1996 AS REFLECTED IN THE CHAIRMAN'S STATEMENT FROM THAT MEETING AND THE COMMITMENT TO GLOBAL TRADE LIBERALISATION CONSISTENT WITH

WTO PRINCIPLES IN PARTICULAR, WE WELCOME THE AGREEMENT THAT IOR-ARC WILL NOT HEAD DOWN THE PATH OF A PREFERENTIAL TRADING BLOC TYPE ARRANGEMENT

THE ABIDING LESSON OF MODERN ECONOMIC HISTORY IS THAT THE GLOBALIZATION OF THE WORLD ECONOMY MEANS THAT COUNTRIES WHICH PURSUE INWARD LOOKING SELF-SUFFICIENCY (EG. NORTH KOREA) WILL INEVITABLY FAIL TO CAPTURE THE ENORMOUS GROWTH POTENTIAL THAT OPEN INTERACTION WITH OTHER ECONOMIES BRINGS ABOUT,

AT THE SAME TIME WE MUST REMEMBER THAT, AS BENEFICIAL AS REGIONAL COOPERATION MAY BE, NO REGIONAL GROUPING CAN COMPENSATE FOR A FAILURE TO GET DOMESTIC ECONOMIC FUNDAMENTALS RIGHT. THIS IS AN OBJECTIVE WE HAVE PURSUED WITH VIGOR IN AUSTRALIA AND WILL CONTINUE TO DO. WE ARE VERY ENCOURAGED BY THE POSITIVE POLICY DEVELOPMENTS AND COMMITMENTS TO ECONOMIC REFORM WHICH OUR FELLOW IOR-ARC MEMBERS HAVE ALSO UNDERTAKEN IN RECENT TIMES.

MEMBERSHIP

MR CHAIRMAN, THIS INITIATIVE STARTED WITH SEVEN - THE SAME NUMBER OF NATIONS WHICH FORMED THE ORIGINAL SAARC GROUPING AND HAS NOW GROWN TO FOURTEEN ECONOMIES. AUSTRALIA HAS LONG BELIEVED THAT THIS PROCESS OF COOPERATION SHOULD BE INCLUSIVE. WE LOOK FORWARD TO WELCOMING AS SOON AS POSSIBLE AND PRACTICAL THOSE OTHERS WHO HAVE EXPRESSED A NATURAL AND LEGIMATE INTEREST IN MEMBERSHIP. IN THE MEANTIME, AUSTRALIA SUPPORTS THE ESTABLISHMENT OF MEMBERSHIP AND WELCOMES THE CREATION OF A WORKING GROUP TO DETERMINE THESE.

TO REALISE THE FULL POTENTIAL OF THIS ASSOCIATION, IT IS IMPORTANT THAT ALL THE MAJOR ECONOMIES IN OUR MIDST JOIN US SOON.

ADMINISTRATIVE ARRANGEMENTS

THE TRIPARTITE STRUCTURE OF THE ASSOCIATION WILL ALLOW ALL OF US TO CAPITALISE ON THE EXPERTISE OF OUR BUSINESS AND ACADEMIC COMMUNITIES. BUT WE NEED TO FIND WAYS OF MAKING THESE STRUCTURES MORE EFFECTIVE AND STRENGTHENING THE CONTRIBUTIONS THEY CAN MAKE. I LOOK FORWARD TO SOME CREATIVE EXCHANGES ON HOW WE CAN HELP BRING THIS ABOUT. THERE IS A NEED FOR THE INTERGOVERNMENTAL PROCESS TO BE CHALLENGED FROM TIME TO TIME IN A POSITIVE WAY BY STRONG AND INDEPENDENT INPUTS FROM THE BUSINESS AND ACADEMIC GROUPS.

CONCLUSION

IN SUMMARY, LET ME REITERATE THAT AUSTRALIA FORMALLY COMMITS TO THE CHARTER AND REGARDS THE ESTABLISHMENT OF THIS ASSOCIATION AS A MAJOR ACHIEVEMENT – AND I CONGRATULATE ALL THOSE INVOLVED, ESPECIALLY OUR HOST MAURITIUS. IN PARTICULAR, OUR CHAIR PAUL BERENGER, NOT ONLY QUALIFIES WITH HIS ELEGANT MOUSTACHE, DARE I SAY, FOR ELECTION AS HONORARY SQUADRON LEADER, BUT DESERVES OUR ENDURING GRATITUDE FOR THE PERSONAL ROLE HE HAS PLAYED IN THE REALISATION OF THIS VISION.

IT IS A VITAL MOMENT IN HISTORY WHICH WILL SET THE SCENE FOR BEYOND 2000, THE NEXT MILLENIUM, WHEN THE INDIAN OCEAN ECONOMIES WILL, I FEEL, SURGE AHEAD.

HOWEVER, IN THE LONGER TERM, HISTORY WILL JUDGE US NOT SIMPLY ON THE ESTABLISHMENT OF THIS GROUPING, BUT ON WHAT IT DELIVERS. THAT

IS THE OVERRIDDING TRUTH WHICH MUST INFORM AND GUIDE US AS WE EMBARK DOWN THIS EXCITING PATH TOGETHER.

GOOD LUCK TO THE INDIAN OCEAN RIM ASSOCIATION FOR REGIONAL COOPERATION.

**PLENARY STATEMENT BY
SHRI I.K.GUJRAL
EXTERNAL AFFAIRS MINISTER OF INDIA
AT FIRST IOR-ARC MINISTERIAL MEETING
MAURITIUS 5-7, 1997**

**Mr. Chairman,
Ladies & Gentlemen,**

It is with a profound sense of history that I stand here today. History, not only because of the shared experiences of the nations that are present here today, but history also in terms of the endeavour that we are embarking on, and the implications that it is likely to have, for our region, as also the wider world.

May I, therefore, at the very outset congratulate you, Mr. Chairman, and the Government of Mauritius, on this occasion of profound significance. Through the pioneering effort made by Mauritius and the series of conferences it has hosted, it has been possible to bring this initiative to the point where we launch ourselves on a momentous voyage. May I also, on behalf of my delegation, thank the Government of Mauritius for its wonderful hospitality and the warmth with which we have been received. The dedication with which Mauritius has steered this initiative and the faith that it has reposed in its potential was reflected in the inspirational Address of the Prime Minister His Excellency Dr. Navinchandra Ramgoolam at the inauguration ceremony last evening.

Mr. Chairman,

The history of the littoral states of the Indian Ocean, that we are fortunate enough to share, has been intertwined through the ages. The traditional web of cultural, trading and seafaring links, which connects us, was disturbed by the prolonged period of foreign domination, which quite a few among us experienced. We, therefore, regard, the creation of this Association as a vital reaffirmation of the vision of Afro-Asian partnership and self-realisation, which the first Prime Minister of India, Jawaharlal Nehru, dreamt of at the dawn of our independence. It is also a matter of particular satisfaction to us in India that the Indian Ocean Rim regional cooperation is becoming a reality as we prepare to celebrate the fiftieth anniversary of our freedom. The difference is that not two, but three continents, are now joined in this great venture.

The central attribute of IOR-ARC is that it squarely faces the future. The process of integration of the world economy, whether in capital and financial flows, trading, information technology or telecommunications -- in other words, globalisation -- is accompanied by a parallel manifestation, which is the speedy consolidation of interaction and mutually beneficial activity within various regions of the world. There have been many dramatic successes of this process. We are fortunate that some of the successful practitioners of this process are among us today. We especially look forward to learning from their experiences.

The regional impulse accompanies the larger process of globalisation as challenges and opportunities brought before individual economies are more effectively encountered by lifting the level of economic activity in all forms. Collective regional endeavour unleashes its own forces with the result that shared economic activity far exceeds the sum of the size of individual economies. It is also in the nature of such initiatives that several such collective bodies should overlap. We are confident that the IOR-ARC will soon assume a leading position among them. If one were to draw a horoscope for this new Association, one would say that the future augurs well.

Many of the Rim countries in Asia represent the new locomotive power in the world economy. Africa too is also treading the path of growth and change, and South Africa has assumed its rightful place in the world community. A liberalizing and outward looking Indian economy has entered a high growth path and is keenly looking for economic partnerships. Australia is a vibrant industrial economy with a pronounced westward orientation towards the Indian Ocean. The ASEAN community has established a global presence, including through Asian and African engagement. In the Gulf region, rapid advances have taken place creating fresh potential for partnership. All these points on the Indian Ocean arc are primed for the possibilities of a strategic alliance for mutual growth and advancement. It is the task of the members of the IOR-ARC to galvanise this, and turn promise into reality. There is another vital aspect of this trans-continental partnership. The demographic, social and cultural mosaic that the Indian Ocean Rim represents today, reinforces the ideal of unity in diversity, and belief in and respect for pluralism and variety among humankind. We strongly need to uphold these values today as we head into the next millennium. Indeed, India and Indian culture have been shaped considerably by, and are the richer for, what the Indian Ocean brought to our shores through the ages. This ocean also carried generations of Indians to other lands in the Rim. They have, with their effort and talent, contributed to the prosperity of their countries of adoption. As of now, the bulk of the fifteen million overseas people of Indian origin live in the Indian Ocean Rim and I am sure they will be an invaluable asset in nurturing cooperation in the IOR-ARC.

Mr. Chairman,

It should be a matter of considerable satisfaction to all of us that at the very first meeting at this level of our as yet very young Association, we have such a well-defined and rich agenda before us. What we now need to do is to strongly focus on this very substantial agenda for economic cooperation, which includes as many as ten projects already approved in the work programme. The Association can accumulate the capital of progressively substantial economic cooperation and all members can draw dividends from it. As we proceed, our work should become more ambitious to encompass other areas of cooperation. To ensure that we are on track, we will also need to follow a cohesive approach, establishing effective methods and programmes for carrying out our agenda. The IOR-ARC is an ambitious undertaking in terms of the many obvious challenges that will have to be met to ensure progress. The clear and intrinsic value of the Rim will have to be translated into solid instrumental value. As far as community building goes, I am along those who believe that each of these challenges represents an opportunity to be seized. Thus, if IOR-ARC countries are not exactly territorial neighbours - one to the other - we should focus more urgently on the requirements of

infrastructural networking. We are at different stages of development and have different factor endowments and competitive strengths. This should make for effective complementarities. The Rim is rich in all kinds of resources - natural, human, technological, agricultural, industrial and capital. Through trade, cross-border investment, transfer of technology and development cooperation, these resources can be utilized for the benefit of the Rim, including through sub-regional cooperation, taking a leaf out of the East Asian experience.

Our high expectations from this Association also derive from the dynamic trade and growth performance of the Indian Ocean Rim in recent times. Most Rim countries have recently recorded a healthy growth, and even those countries which had earlier experienced difficulties are witnessing a turnaround. The Rim doubled its global trade from 1988 to reach nearly \$ 1 trillion in 1995. Of this, 68% was accounted by the members represented here. This surge in trade and investment activity was fed by the expansion of intra-Rim trade, which was \$100 billion in 1995, growing at the rate of 27% per annum in the 1990s. The potential for further trade and investment creation is early enormous. We, in India, have assessed that there is much that we can contribute to the Rim and, in turn much that we can benefit from. We are a big and one of the fastest growing markets, with middle-class consumers numbering over 350 million. India represents a significant agricultural and industrial production base in the Rim. Our services sectors are becoming increasingly competitive. Our scientific and technological manpower and R&D capacity are among the strongest in the Rim and offer global opportunities for techno-economic partnerships in IOR-ARC. We have taken major strides in information technology and possess global brand equity in this area. Our human resources are skilled, abundant and mobile. Our entrepreneurs are actively looking at Asian and African countries of the Rim for setting up joint ventures. Our trade with the Rim countries, currently at nearly \$ 8 billion, is expanding rapidly. Foreign direct investment flows from these countries to India occupy an important place in our economy. We are ready to contribute in every way we can to give a fill-up folio to cooperation in the Rim.

Mr. Chairman,

May I say that I am particularly satisfied at the multi-dimensional character of our Association. In the IOR-ARC, we have done well by fully involving the academic and the business communities in our venture. The former will contribute to the knowledge base and the working hypothesis for fresh ideas, while the latter will provide concrete proposals and enable tangible gain. The governments, for their part, will help define the objectives and provide the political will and policy framework. I, therefore, expect that the trinity consisting of the Committee of Senior Officials, the Indian Ocean Rim Business Forum and the Indian Ocean Rim Academic Group, will work in unison to drive our movement forward.

The way we devise and implement our work programme will equally be a crucial determinant of the Rim's economic impact and welfare gain. A number of Work Programme initiatives have been taken up for implementation by all three components of the IOR-ARC. Despite participation in these Work Programmes being voluntary, we anticipate it to be broad based. We, on our part, have offered to work five projects relating to the Indian Ocean Rim Business Centre, the establishment of an Indian Ocean Chair and Associate Fellowship, Trade Promotion and Investment Promotion Initiatives and trade creating ventures. A sixth project which I would like to offer here is on annual IOR-ARC Lecture, which would be organised in

India with speakers from the member countries. In addition, we are deeply interested in participating in the other projects offered by our partners in the Rim, especially those relating to standards and quality performance, human resource development and maritime transport.

The focus of the IOR-ARC will have to be cooperation which helps generate productive employment, effects transfer of knowledge and technology, develops human capital and contributes to the individual and collective well being of the Rim countries. We in India have an going technical and economic cooperation programme - the ITEC programme - with our partners in the IOR-ARC. We wish to strengthen ITEC in respect of these partners and would be happy to respond to specific requirements indicated by them. We would like to share our experiences with them and cooperate, particularly in respect of those projects being implemented in IOR-ARC. We also seek to expand our horizons and benefit from more intensive use of technical cooperation offered by other Rim countries. This will ensure that the development cooperation dimension of the Rim is kept in focus.

Mr. Chairman,

Every initiative of this nature - complex and with a long term perspective – needs solid institutional support. Too often, sound beginnings lose their focus and get bogged down for want of institutions that can channelize energy creatively, and provide a focus in the otherwise diverse concerns of member states. For this reason, we have supported the establishment of a core Secretariat to service the Association and assist the Chairman, as envisaged in the Charter. We therefore feel that the generous offer made by the government of Mauritius to host the Secretariat and get the IOR-ARC started on a sound institutional footing should be accepted.

Mr. Chairman,

Excellencies,

Distinguished guests,

I would like to emphasise in conclusion that we see the IOR-ARC as a vehicle for the transformation of the lives of the peoples of the Rim. We are all committed to this responsibility and we intend to bring to the task all the dedication and practical intent at our command. We pledge ourselves to this when we adopt the Charter of this Association, setting out the principles, objectives and scope of activities. In pursuing this path, let us not go merely by the certainties of experience but by our ever-expanding capacity for new experience as well. I implied in the beginning that we were gathered here with a sense of history. Let us together take the first steps to writing a small portion of it ourselves,

Thank you.

**MINISTER FOR FOREIGN AFFAIRS
REPUBLIC OF INDONESIA**

**Statement by
H.E. Mr. Ali Alatas
Minister for Foreign Affairs
Republic of Indonesia**

**At the First Ministerial Meeting of
The Indian Ocean Rim
Association for Regional Cooperation
(IOR-ARC)
Grand Bay, Mauritius
6 March 1997**

Mr. Chairman,

1. First of all, allow me to express, on behalf of the Indonesian Delegation and on my behalf, our sincere gratitude and appreciation to the Government and people of Mauritius for the warm welcome and generous hospitality extended to us since our arrival to this beautiful island. I should also like to pay tribute to His Excellency Dr. Navinchandra Ramgoolam, the Prime Minister of Mauritius, for his enlightening address yesterday which will provide us with valuable guidance during our deliberations.

2. We meet today to formally launch a new important initiative for cooperation in the Indian Ocean region. We have been following with keen interest the processes and developments of various organisations in the Indian Ocean region during the past decades. I can say with all candour that many of them were unable to make progress or even came to a dead end due to many obstacles that stood in their way. There is, however, reason for optimism regarding the initiative we are launching today. For the situation in the region at present is very much different from what it was in the past. The end of the Cold War has removed many of the obstacles that had undermined the development of earlier regional organisations. The marked improvement of the regional and global political situation, coupled with the imperative of economic globalisation and the opening up of economies in the region have generated a powerful impetus for expanding cooperation and strengthening interlinkages. It is now incumbent upon all of us to seize these emerging opportunities for pursuing effective and mutually beneficial cooperation in the Indian Ocean region. Hence, Indonesia has readily welcomed the invitation to participate in the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC).

Mr. Chairman,

3. Although the Association that we are about to inaugurate is a new initiative, its roots are deep and can be traced back to antiquity. At a time when geographical distances between the eastern and western parts of the region were simply awesome, our ancestors already braved the fury of wind and wave to cross the Indian Ocean in order to trade and thus, though they were not aware of it, they promoted cultural cross-fertilization. This network of trading and inter-migration, which lasted for centuries, also gave our region a distinct identity. The colonization of our region by external powers, however, broke up these mutual affiliations. And later, the inauspicious international situation during the decades of the Cold War had frustrated attempts by countries of the region to rebuild that ancient network. The launching of IOR-ARC will therefore be a watershed in the history of our region, for it re-establishes the economic and cultural linkages that once flourished among us.

4. Let me then reaffirm Indonesia's commitment to cooperate closely and work together with our partners to ensure the success of our Association. We are pleased that the IOR-ARC Charter contains fundamental principles that serve as a beacon for our endeavours to develop the Association and to pursue its objectives. We find it fitting and well-advised that our Association should have a tripartite nature involving representatives of government, the business/private sector and the Academic, which are the main protagonists in every theatre of economic development. The Government as facilitator devises policies that ensure a favourable climate for development and cooperation. The Academic, serving as think tank, contributes its independent and insightful studies. And the business/private sector is the direct economic actor that translates policies and studies into concrete ventures from which flow of economic and social benefits.

Mr. Chairman,

5. As President Soeharto has said in his message on the occasion of the founding of the IOR-ARC, we are committed to support and help ensure the success of this Association because in the first place, as an archipelagic state between the Indian and Pacific Oceans, Indonesia has a vital stake in the stability and developments of the region. Moreover, our cooperation with the countries of the Indian Ocean region complements our cooperation with other countries in the framework of ASEAN and APEC. In this context, we believe that it is highly feasible for the IOR-ARC to work in concert with existing sub-regional organisations such as ASEAN, SAARC, GCC, COMESA, and SADC as some members of these organisations are among the founding members of our Association. Moreover, considering that the majority of IOR-ARC participants are developing countries, we can expect a further broadening and intensification of South-South cooperation through its activities.

Mr. Chairman,

6. Indonesia's total trade with IOR-ARC countries amounted in US\$11.4 billion in 1994. This substantially increased to US\$18.6 billion in 1995. However, well over 50 percent of that total represents our trade with IOR-ARC countries that are also APEC members. In the same vein, investment of IOR-ARC countries in Indonesia has also grown significantly. Direct investments from six IOR-ARC countries in Indonesia rose from US\$2.14 billion in 1994 to US\$6 billion in 1995. But most of these foreign direct investments also came from IOR-ARC countries that are at the same time APEC members. It is our wish, therefore, to see that the establishment of IOR-ARC will help foster out trade and investment relations with the rest of IOR-ARC countries. As to technical cooperation, Indonesia already has extensive TCDC programmes with a number of IOR-ARC countries. From 1981 to 1996, a total of 815 trainees from nine IOR-ARC countries have participated in various training programme in Indonesia. We expect that number to grow significantly in the future.

Mr. Chairman,

7. Allow me now to comment briefly on some issues before us.

First, on the issue on membership. I am fully aware that this issue has been discussed extensively by the seven core countries in the early stages of this initiative and that it has led to the expansion of our membership to 14 countries last September. Nevertheless, as a true believer in open regionalism, from the very beginning, Indonesia has held the view that membership of our Association should be open to all countries in the region. This view is fully consistent with article 2 (ii) and 4 of the IOR-ARC Charter. Of course, we are also mindful of the need to ensure effectiveness and efficiency, hence our full endorsement of the evolutionary approach to IOR-ARC membership expansion. Yet, we believe that the present size of our membership still provides room for expansion. Hence, Indonesia supports the proposed establishment of a working group in order to address all aspects and issues pertaining to the expansion of membership and any other forms of association with the IOR-ARC. We hope that by our next Ministerial Meeting we would be able to arrive at a consensus decision on the matter.

8. Second on the issue of the criteria and guidelines for project selection, my delegation is of the view that in addition to the criteria proposed in paragraph 6 of the Conclusions and Recommendations of the Second Inter-Governmental Meeting, we should ensure that every project adopted by IOR-ARC are of direct relevance to the purposes and objectives of our Association, and that its proponents should be responsible for its financing, organisation and implementation. Furthermore, we are of the view that IOR-ARC projects should be open and evolutionary in nature. It is also of paramount importance to ensure that these projects do not duplicate or overlap with those of other organizations. In order to avoid proliferation of projects, it may be advisable to apply a “sunset clause” to our projects whenever appropriate. We must therefore develop our cooperative projects with almost care so that we can be certain of giving these projects all the support and commitment that they require.

9. Third, on the issue of the Secretariat. While recognizing the need for staff assistance in organizing and conducting meetings and in the preparation of documents as well as in storage and retrieval of documents and data, our experience with many organisations has left us unconvinced that the creation of a secretariat is the key to success of any organisation. We therefore believe that the best result will be achieved when the size and organisational capabilities of the secretariat match the development of the Association and the volume of its activities. That is why we agree with the recommendation to establish a “pilot mechanism” of an appropriately modest size and manned by personnel voluntarily seconded by members. Thereafter, the mechanism may evolve gradually, in step with the development and the inevitable enlargement of the requirements and initiatives of our Association.

10. Let me conclude, Mr. Chairman, by saying that there is a bright future ahead for our Association. But for that bright future to be actualised, we must be realistic and pragmatic in nurturing our Association and in the pacing of its activities. The stability that we achieve at the early stages of our Association's development will carry us expeditiously to our goals. Let us make haste judiciously, guided by a realistic sense of what is possible. If we do just that, then within the limits of our resources, which we can enlarge through synergy, I believe that we can solve many of our problems in a way that will make a difference to our peoples. And thus we can the sooner restore the ancient and fertile network that our forefathers nurtured in this region so that it will serve us once again in good stead as we address the challenges and opportunities of the 21st century.

Thank You.

**FIRST MINISTERIAL MEETING OF THE INDIAN OCEAN RIM ASSOCIATION
FOR REGIONAL COOPERATION**

**HON. DR. H. MANDUKU
ASSISTANT MINISTER OF FOREIGN AFFAIRS
AND INTERNATIONAL COOPERATION
KENYA**

Hon. Deputy Prime Minister, Paul Raymond BERENGER

Mr. Chairman of our Meeting

Honourable Ministers

Your Excellencies

Distinguished Delegates

Ladies and Gentlemen

HIS EXCELLENCY'S STATEMENT

Mr. Chairman

I should like at the outset to preface my remarks by thanking the Government and people of Mauritius for the excellent arrangements and generous hospitality they have made for this historic and momentous occasion of the launching of the Charter of the Indian Ocean Rim Association for Regional Cooperation, which is also the First Ministerial Meeting of our Organization.

We in Kenya have deep-seated admiration of the drive for excellence in all spheres demonstrated by the Government and people of Mauritius. The launching ceremony yesterday was a clear manifestation of this drive.

Ladies and Gentlemen,

Let me add also that we could not have had a more propitious setting for the launch of our Organization. Mauritius is in all ways the quintessential Indian Ocean country, standing as it

does at the hub of the Indian Ocean Rim. There could have been no better place to launch the Organization, or indeed to site the headquarters of the proposed Secretariat.

I should like to express my delegations deep appreciation of the Government of Mauritius commitment of substantial financial and human resources towards the hosting of the preparatory meetings, today's launch and for the secretariat services.

It is appropriate at this juncture to single out the work of three distinguished representatives of the delegation of Mauritius, Mr. Manou Bheenick as the first Chairman of the Inter-Governmental Meeting of Experts and the First Working Group Meeting showed great skill in our work at the difficult stage of conceptualization. Mr. Krish Poonoosamy on assuming the mantle at the second Meeting of the Working Group in May, 1996, showed no less skill. His leadership qualities and understanding of all the nuances of the initiative have ensured that the initiative has been driven competently and with understanding towards the destination which we have successfully arrived today. Mr. Neewoor, Chairman of the just concluded Senior Officials Meeting, has carried the torch of our initiative just as ably to its logical conclusion.

Your Excellencies

Ladies and Gentlemen

Mr. Chairman permit me to say a few words touching on what Kenya perceives, expects and plans for the new Organization. The journey to this day has been for Kenya interesting, stimulating and ultimately fruitful.

Starting with an initiative to put into place an Organization which would ultimately bring together all the countries surrounding the Indian Ocean, in Africa, Middle East, Asia and it would have appeared to even the most optimistic observer to be a daunting, nay, impossible task. The immense diversity in economies, cultures, socio-economic development and to an extent political ideologies in the countries of the region could have provided obstacles which may have proved difficult to surmount.

However, through a process of negotiation a workable framework for regional co-operation has been agreed upon.

The group of experts which was set up after the March, 1995 Inter-Governmental Meeting and composed of experts from Government, the private sector and the academic world has held three meetings here in Mauritius. It has worked diligently and tirelessly, ultimately producing what I believe is a unique and ingenious document – The Charter we launched yesterday.

Your Excellency

Ladies and Gentlemen

It is worthwhile to consider some of the reasons why this was possible

*First, was the commitment by the original Group of seven countries (The M7) towards the establishment of a regional organisation that straddled the Indian Ocean.

Today we are assailed by the drive towards globalisation. This has been accompanied by the emergence of regional economic organisation, such as the European Union, the North American Free Trade Area (NAFTA), ASEAN, COMESA, and in our neck of the woods, the revived East African Co-operation. The Primary objective is to foster faster and suitable economic growth.

For instance during the first two decades of Kenya's independence our trade relations were overwhelmingly linked to Western Europe. However due to increased cooperation between the countries of our region through the East African Cooperation as well as COMESA, today 48 percent of Kenya's exports have found markets in Africa.

The Indian Ocean Rim Organisation, we believe can further assist members to expand and diversity their trade links.

*Second, the idea of South-South co-operation needed to find a concrete base. The view of all the countries of the region was that this Organization would be a vehicle to concretise co-operation.

*Third, the diversity in economies and the differentiation of levels of development and growth provides an environment for developing our collective resources in a mutually beneficial manner. Some of the countries in the region are advanced economically. The belief is that a symbiotic relationship can be built is shared by all of us gathered here.

*Another reason is that, trade and investment have become hallmarks of economic relations in the world. There is a rising tide against traditional forms of economic co-operation; that of the giver and taker, with globalisation, liberalisation and other economic reforms, the world economy is now predicated on exploiting trade and investment links. The creation of the world Trade Organization epitomizes this trend.

Also, there was a realization that the Indian Ocean had yet to be a vehicle for Co-operation despite the long historic links between the countries of the region.

For example, Kenya has had trading links with the Middle East and the Indian sub-continent for over five centuries. The recognition that this needs to be revived and re-energized was expressed by all the countries.

We should not also forget the unique approach of combining Government business and academia presented interesting and real opportunities for us all to develop our Economies and to improve the quality of life of our peoples.

Mr. Chairman

Your Excellencies

Ladies and Gentlemen

I have outlined these reasons but these are by no means the only ones.

Although we are launching the initiative today, I am aware that we have not been idle. The second Track business forum met in Perth Australia in 1995, in New Delhi in 1996, and is scheduled to meet in Durban this month. Similarly, the Indian Ocean Research Network coordinated by Australia has been active. The quarterly news letter published by the network provides letter published by the network provides useful information. This is all in furtherance of the plan of action for the organization.

I understand also that a number of projects have been identified and agreed upon by the Inter-Governmental meeting. Indeed, Kenya is actively participating jointly with other countries on projects relating in Tourism and Port Development.

I am also aware that there are some outstanding issues that still require to be addressed. These include membership, funding and the proposed secretariat. I am informed that there has been significant progress recoded at the Senior Officials Meeting, which concluded its work on Tuesday. I am confident that the spirit that has permeated past negotiation will ensure speedy resolution at future meetings. We in Kenya have a saying - which I will accept to translate in English albeit imperfectly: "The end result or reward is the sweetest". This should in my view guide our deliberations in the future. Kenya is proud to have been a member of the initiative right at the outset. In our statement at that time, the Kenyan delegation compared the growth of the initiative as analogous to the result of throwing a pebble in a still pond. The concentric circles arising therefrom widen over so gradually to wash its shores. Kenya remains firmly committed to the widening of membership beyond the fourteen gathered today.

Finally, may I say that we have today collectively heaved a giant rock in the Indian Ocean. Its ripples shall surely be felt on all its shores and far beyond.

I thank you.

STATE HOUSE, P.O. BOX 40530, NAIROBI, KENYA
28th February, 1997

**MESSAGE FROM THE PRESIDENT OF THE
REPUBLIC OF KENYA ON THE OCCASION OF THE
LAUNCHING OF THE INDIAN OCEAN RIM
ASSOCIATION FOR REGIONAL COOPERATION.**

On the occasion of the launching of the Indian Ocean Cooperation, I am pleased to send greetings and congratulations to the people of this region on behalf of the Government and people of Kenya and my own behalf. With the cultural and historical ties that bind us and given the vast resources available for exploitation, I am in no doubt that the cooperation will achieve its aims.

The dedication and commitment taken by the Government of Mauritius in the formation of the cooperation for the benefit of the Indian Ocean rim states is commendable. We in Kenya attach great importance to this initiative and are convinced that this will open the way for member states to improve the regions economic and social welfare and indeed enhance competitiveness in the global economy.

While success of the cooperation will to a great extent depend on the goodwill and commitment of regional leaders, a tripartite approach in which government, the private sector and academia work in partnership will no doubt make it broad based and more effective. Let us all therefore focus our thoughts and energy towards making this region economically viable in order to improve the living standards of our people.

Finally, let me assure you of my own personal commitment, that of the Government and the people of Kenya to this initiative and pledge our support and contribution to the growth of the Indian Ocean Regional Cooperation. I believe this organization will go along way in improving the lives of our people and wish it every success, now and in the future.

Long live Regional Cooperation.

SIGNATURE

**DANIEL. T. ARAP MOI
PRESIDENT OF THE REPUBLIC OF KENYA**

**PLENARY STATEMENT BY H.E. RAHARISOA JULIETTE JOELSON
MINISTER OF TOURISM
OF THE REPUBLIC OF MADAGASCAR
AT THE FIRST MINISTERIAL MEETING
THE INDIAN OCEAN RIM - ASSOCIATION FOR REGIONAL
COOPERATION
(IOR-ARC)
Grand-Bay, Mauritius
6 March 1997**

**Your Excellency, Mr. CASSAM UTEEM, President of the Republic of Mauritius,
Your Excellency, Mr. Paul BERENGER, Deputy Prime Minister, Minister of Foreign
Affairs, International and Regional Co-operation
Your Excellencies, Ministers of Member States
Ladies and Gentlemen,**

Like my august predecessors, it's a privilege for me to address sincerely salutations to the honourable delegates here present. Would you allow me, first, to address my warm thanks to the Government of Mauritius for his initiative to organise the present Conference. Indeed, we are all fully aware of their competence while they assured the coordination of the transitory structure of our association.

I am also most grateful to the seven countries of the IOR Central Group who have kindly invited my country to last September's Inter-governmental Meeting. Indeed, they might as well have chosen any other country of the Indian Ocean South-East sub-region. We are all aware of the importance of that meeting since its main goal was to finalise the documents to be submitted to this Conference.

In the present context of globalisation characterised by a harsh competition, it is quite a deed to try to set up a voluntary based Association. We may nonetheless congratulate ourselves as we managed to bring the negotiations to their final terms and are now able to proceed to the adoption of the IOR-ARC Charter.

Madagascar, for his part, feels confident in the future of the Association. In that respect, we declare solemnly that we adhere to the spirit of consensus of the Charter and appreciate greatly the innovating aspects of its principles, especially the participative approach which is open altogether to Governments, Business spheres and Academic circles.

Besides, the Charter has provided for a supple institutional mechanism and a system of cooperation designed in such a way that they do not stand as hindrances to the rights and obligations members-states might have concluded with the previously established regional organisations. In other words, IOR-ARC will be able to live together and even to cooperate with the regional economic and trade apparatuses such as the IOC (Indian Ocean Commission) the COMESA (Common Market for Eastern and Southern Africa) or the ASEAN (Association of South-East Asian Nations).

As far as the Work Programme is concerned, the participative voluntary based approach announced by the Charter finds itself fully reflected on the relevant projects that have met the agreement of the Second Inter-Governmental Meeting. Madagascar gives its support to this Work Programme and notes with satisfaction that some of the identified projects have already been launched. In that respect, I would like to thank the member-states who have contributed to the launching of these projects and I recognise their abnegation and goodwill, such rare qualities which demonstrated, if need be, how mature and how dynamic the Association is.

Nonetheless' as the 1992's Rio Summit has it, Environment is part and parcel of Development. Consequently, the Malagasy Delegation thinks it would be important to introduce such projects as "Biological Diversity Preservation" and "Protection of Oceans and Seas" in the work Programme. In that respect, we kindly invite member-states interested in these ideas of project to join us.

As for the resources mobilisation, we would like to suggest that the Association made an appeal to external sponsorships, owing to the limited means of the developing member-states and the extensive scope of the activities.

Ladies and Gentlemen

We already pointed out that our Association does not mean to be in any way the substitute to the member-states' multilateral or bilateral obligations, but on the contrary it aspires to be their complement. It is not necessary to remind you that the main weakness of most regional organisations lies in the lack of complementarity and the lack of comparative advantages among members. Fortunately, we are sure that is not case within the IOR-ARC group as it includes countries with important and various economic potentialities.

I would suggest that the determination of each member state's contribution should take into consideration its gross national products (GNP) as well as its performances in the import-export field. Moreover, in order to instaur a sustained dynamism within the sub-regions of the IOR-ARC, it would be advisable to set up a rotating Secretariat endowed with a light co-ordination structure.

Still about institutional matters, in our opinion, the introduction of French as a language of work on the same level as English, seems, essential. It has been proven from experience that the use of both languages in international organisations has greatly contributed to the facilitation of information flow, technology transfer and cultural relations among the member-states.

Ladies and Gentlemen

With the setting-up of the IOR-ARC, new horizons and great economic and trade perspectives lie ahead. The Malagasy Government would like to express the entire commitment to the achievement of the purposes of the Charter and their best wishes for the first Ministerial Conference.

To conclude, Madagascar notes with interest that recently, a few countries, namely Seychelles, Pakistan, Thailand, Bangladesh, Egypt, Iran and France have expressed their wishes to join the Association. Such applications constitute tangible evidence of the worthfulness of our common work

Thanks you very much for your kind attention.

**STATEMENT BY H.E. DATUK DR. LEO MICHAEL TOYAD,
LEADER OF THE MALAYSIAN DELEGATION
TO THE
INDIAN OCEAN RIM ASSOCIATION FOR REGIONAL COOPERATION (IOR-
ARC),
FIRST MINISTERIAL MEETING
5-7 MARCH 1997**

MR. CHAIRMAN,

IT IS INDEED AN HONOUR FOR ME PERSONALLY AS WELL AS FOR MALAYSIA, TO PARTICIPATE IN THIS FIRST MINISTERIAL MEETING OF THE INDIAN OCEAN RIM ASSOCIATION FOR REGIONAL COOPERATION - IOR-ARC. MALAYSIA LOOKS FORWARD TO WORKING CLOSELY WITH OTHER MEMBERS TO HELP ACHIEVE THE OBJECTIVES AND ASPIRATIONS OF THIS ASSOCIATION.

BEFORE I PROCEED ANY FURTHER, I WOULD LIKE TO CONVEY THROUGH YOU, MR. CHAIRMAN, OUR GRATITUDE TO THE GOVERNMENT OF MAURITIUS FOR THE EXCELLENT ARRANGEMENTS MADE FOR THIS MEETING AND THE KIND HOSPITALITY EXTENDED TO ME AND MY DELEGATION.

IOR-ARC, WE BELIEVE, CAN PLAY AN IMPORTANT ROLE IN PROMOTING TRADE AMONG COUNTRIES IN THE REGION AND THIS IN OUR VIEW COULD HAVE A POSITIVE IMPACT ON THE EFFORT TO BRING ABOUT GREATER SOUTH-SOUTH COOPERATION WHICH MALAYSIA HAS BEEN ADVOCATING. WE SHOULD STRIVE TO MAKE TRADE AMONG DEVELOPING COUNTRIES AS THE LOCOMOTIVE OF GROWTH FOR THE SOUTH. LET US THEREFORE PROCEED ALONG THIS PATH.

IN THIS ERA OF GLOBALISATION TO HAVE ACCESS TO INFORMATION IS VITAL – MAKING INFORMATION TECHNOLOGY OR I.T., AN IMPORTANT FACTOR FOR PROGRESS AND DEVELOPMENT. I.T. HAS TURNED THE WORLD INTO A HUGE MARKET PLACE – INCREASING THE SCOPE FOR BUSINESS OPPORTUNITIES.

REALISING THE IMPORTANCE OF I.T. IN ECONOMIC DEVELOPMENT, MALAYSIA HAS DECIDED TO LAUNCH THE MULTIMEDIA SUPER CORRIDOR – MSC IN SHORT. MSC IS TRULY A WORLD FIRST – THE CAREFUL CREATION OF THE REGION WITH INFRASTRUCTURE, LAW, POLICIES, AND PRACTICES THAT WILL ENABLE COMPANIES TO EXPLORE THE INFORMATION AGE WITHOUT ANY OF THE USUAL CONSTRAINTS THAT FRUSTRATE THEM.

I WOULD NOT WANT TO GO INTO THE TECHNICAL DETAILS OF MSC EXCEPT TO MENTION HERE THAT MEMBER COUNTRIES OF IOR-ARC THAT ARE QUITE ADVANCE IN INFORMATION TECHNOLOGY MAY WISH TO ENCOURAGE THEIR COMPANIES TO PARTICIPATE IN THE MSC. COMPANIES ARE WELCOMED TO LOCATE THEIR FACTORIES OR ESTABLISH JOINT-VENTURE ACTIVITIES WITH LOCAL MALAYSIAN COMPANIES. WE ARE LOOKING FOR “SMART PARTNERSHIP” TO CREATE A WIN-WIN RELATIONSHIP BETWEEN COMPANIES AND THE GOVERNMENT.

MR. CHAIRMAN,

I AM GLAD TO NOTE THAT AT THIS MEETING WE WILL, BE ADOPTING THE CHARTER OF THE IOR-ARC. THIS IS INDEED AN HISTORIC MOMENT AS IT MARKS THE FORMAL LAUNCHING OF THE ASSOCIATION. WE HAVE COME A LONG WAY FROM AN INITIATIVE TO BEING AN ASSOCIATION. HOWEVER, I WOULD LIKE TO STATE HERE, MR. CHAIRMAN THAT THE FAILURE AND SUCCESS OF THE ASSOCIATION WILL VERY MUCH DEPEND ON US – MEMBERS. IT IS THEREFORE IMPORTANT FOR US TO REMAIN COMMITTED TO THE FUNDAMENTAL PRINCIPLES AND OBJECTIVES OF THE CHARTER.

WHILE IOR-ARC SHOULD STRIVE TO BE AN ASSOCIATION THAT IS PROJECT – ORIENTED, IT IS IMPORTANT FOR MEMBERS TO BE IN A POSITION TO BE ABLE TO EXAMINE THOROUGHLY THE VIABILITY OF EACH PROJECT FROM THE POINT OF VIEW OF IMPLEMENTATION. PROPOSING PROJECTS, I MUST SAY IS AN EASY PROCESS BUT IMPLEMENTING THEM COULD BE DIFFICULT AND AT TIMES COULD POSE PROBLEMS THAT COULD HINDER COOPERATION. PROJECTS PROPOSED AND ACCEPTED BUT NOT SUCCESSFULLY IMPLEMENTED COULD HAVE A NEGATIVE IMPACT OF THE ASSOCIATION, BESIDES DAMPENING MEMBERS ENTHUSIASM TOWARDS FOSTERING GREATER COOPERATION. IT IS OUR VIEW THAT SOME KIND OF MECHANISM SHOULD BE WORKED OUT TO ENABLE OUR SENIOR OFFICIALS TO UNDERTAKE THE TASK OF APPRAISING AND EVALUATING THE PROJECTS.

IN UNDERTAKING THE TASK, THE SENIOR OFFICIALS MAY WISH TO WORK CLOSELY WITH THE BUSINESS GROUP WITHIN THE CONTEXT OF THE INDIAN OCEAN RIM BUSINESS FORUM. THE ACTIVE INVOLVEMENT OF THE PRIVATE SECTOR IS ESSENTIAL TO THE SUCCESS OF IOR-ARC VENTURE. POLICIES AND ACTIVITIES EVOLVED IN IOR-ARC MUST MEET THE NEEDS AND EXPECTATIONS OF THE PRIVATE SECTOR. IN OUR VIEW THE PRIVATE SECTOR SHOULD BE PROMOTED AS THE ENGINE OF GROWTH. AND THE ROLE OF THE GOVERNMENT WILL BE TO PROVIDE A CORRECT AND CONDUCIVE ENVIRONMENT. THIS COULD BE ACHIEVED THROUGH THE REMOVAL OF ALL CUMBERSOME ADMINISTRATIVE REGULATIONS THAT COULD HINDER TRADE COOPERATION AMONG MEMBERS. COORDINATION OF POLICIES SHOULD ALSO BE GIVEN CONSIDERATION AS IT DOES HAVE AN IMPACT ON OUR EFFORTS IN BRINGING ABOUT EFFECTIVE COOPERATION.

THE INDIAN OCEAN IS A REGION OF GREAT ECONOMIC POTENTIAL. MEMBERS OF IOR-ARC SHOULD TAKE ADVANTAGE OF THE ABUNDANT OPPORTUNITIES AVAILABLE BY BRINGING ABOUT CLOSER ECONOMIC COOPERATION AMONG COUNTRIES IN THE REGION. IN THIS REGARD MALAYSIA FEELS THAT ALL COUNTRIES SURROUNDING THE INDIAN OCEAN QUALIFY TO BECOME MEMBERS OF IOR-ARC. WE SHOULD NOT BE EXCLUSIVE AND IOR-ARC SHOULD PURSUE A POLICY THAT WOULD ENSURE MUTUAL ENRICHMENT.

AS IOR-ARC EXPANDS IN TERMS OF ACTIVITIES PROPER AND EFFECTIVE COODINATION WOULD BE REQUIRED. LACK OF COORDINATION WILL ONLY MAKE OUE EFFORTS TOWARDS FOSTERING GREATER COOPERATION DIFFICULT AND SOMETIMES MEANINGLESS. THE ESTABLISHMENT OF A SUPPORTING MECHANISM MAY THEREFORE BE NECESSARY FOR THE PURPOSE OF COORDINATING THE IOR-ARC ACTIVITIES AND MALAYSIA SUPPORTS ANY MOVES TOWARDS THIS DIRECTION.

LASTLY, I WOULD LIKE TO STATE HERE THAT MALAYSIA AS A MEMBER WOULD PARTICIPATE ACTIVELY IN IOR-ARC ACTIVITIES AND IT IS READY TO MAKE THE NECESSARY CONTRIBUTION, SO THAT TOGETHER WE WILL BE ABLE TO ACHIEVE THE OBJECTIVE OF THE ASSOCIATION AS ENSHRINED IN THE CHARTER.

**ADDRESS BY
H.E. DR. LEONARDO SANTOS SIMAO
MINISTER OF FOREIGN AFFAIRS AND
COOPERATION
OF THE REPUBLIC OF MOZAMBIQUE
AT THE FIRST MINISTERIAL MEETING
OF THE INDIAN OCEAN RIM – ASSOCIATION FOR
REGIONAL COOPERATION**

**PORT LOUIS, MARCH 5-7, 1997
MAURITIUS**

**Mr. Chairman,
Honourable Ministers,
Ladies and Gentlemen,**

On behalf of the Government of the Republic of Mozambique and on behalf of my delegation I should like to, first and foremost, thank the hospitality granted to us by the Government and the people of Mauritius since our arrival to this beautiful city of Port Louis.

We would similarly like to seize this opportunity to commend the Government of Mauritius for having arranged all the necessary conditions to make this event a reality, with the quality all of us enjoy.

It constitutes a great honour for us to take part in this launching of the basis for a multilateral co-operation among the countries of the Indian Ocean Rim. This event is the beginning of a new era of co-operation between our countries and peoples.

Looking to the Plan of Action, the Charter and the IOR-ARC Projects we feel that such instruments indicate the concerns and wishes of our peoples.

Mr. Chairman,

We meet today to deliberate on the charter that will form the main instrument for our co-operation. With this charter to which Mozambique is committed, we are creating political and legal bases for the strengthening of the ties that link our peoples for centuries. In the millenar contacts between our peoples, economic, social and cultural relations were forged to last to our days and they will be much strengthened with the creation of the IOR-ARC. The Indian Ocean waters and resources have always played a vital importance in the promotion of relations between and among Africans, Asians and Australians. Through the Indian Ocean our peoples were able to know each other, they carried out trading activities, shared technological know-how, strengthened their cultural values. The emerging of the IOR-ARC is very timely and it is the outcome of those millenar relations that exist between the peoples of the Indian Ocean.

The establishment of the IOR-ARC takes place at a time in which we see throughout the world the emerging of new forms of co-operation between countries that share common geographical space and same economic ambitions. Notwithstanding the differences of levels of economic development between states, they join efforts to build-up regional prosperity. This is the target we seek to achieve in this association.

Excellencies,

The fact of involving businessmen and academics in this association is the testimony of this organisation's acknowledgement that it has to include all sectors of the society. These sectors will surely give dynamism to the cooperation among us.

Mozambique is a country endowed with diverse natural resources. The richness of its soil and sub-soil most of which not explored yet, make the country potential market for new investments. The large fertile lands, adequate for agriculture, are a major attraction to investors in agriculture. Last year Mozambique and South Africa signed a co-operation agreement in the field of agriculture. We hope this agreement will allow the introduction of new agriculture technologies in Mozambique, which will increase the levels of production in the sector.

Yet very recently positive steps were made toward increasing co-operation with Mauritius and we are still committed to extend and strengthen our levels of co-operation with all Indian Ocean states.

Opportunities of investment in Mozambique are many. The approval of the investment law in Mozambique shows the importance my Government gives to private sector for the country's development. This instrument increases the confidence of the investors in the Government's commitment to promote private sector initiatives in the country. Therefore it is with satisfaction that we see the growing interest of businessman to invest in Mozambique.

Excellencies,

Some of the priority sectors of the Five-years programme of my Government and which are also part of this association, include: Transports and Communications, Industry, Trade, Travel and Tourism, Health and Education.

It is vital to note here that maritime transports which date from centuries back, still constitutes the most common means of transportation in our modern times. It is within this context that Mozambique with a coastal line of more than 2,700 Km becomes the main let out for imports and exports of our neighbouring countries such as South Africa, Zimbabwe, Malawi and Zambia.

It is therefore with great hope and expectation that we welcome the initiative to establish this association, because we see it as an instrument that will create new conditions for the Indian Ocean region to develop faster.

Excellencies, Ladies and Gentlemen,

The Maputo development corridor, an undertaking which is still in its initial phase, falls within the efforts of the Mozambique Government to turn a safe let out for our neighbours.

Apart from the main ports of Mozambique such as the Maputo, Beira and Nacala ports, Mozambique has also several small ports, which are in process of rehabilitation. These ports will in future become additional let outs to the sea and will thus contribute positively for regional development.

Trade development in the region will bring comparative advantages and will allow for our peoples to get access to a wide range of products and goods necessary for development and consumption.

In order to have a co-operation conducive to sustainable development we must deploy efforts toward combating against pollution and dishing of toxic waste, work toward conservation and protection of maritime species that are in danger of extinction, manage collectively natural disasters among other initiatives of common interest.

We should underline that a peaceful Indian Ocean must be the *conditio sine qua non* for the regional co-operation we want to achieve. Therefore, we must work toward finding mechanisms that ensure that the Indian Ocean is not a corridor of illegal activities and that it remains a nuclear free zone.

**Mr. Chairman,
Ladies and Gentlemen,**

Our Association is just starting. It will be our commitment to the Charter, our desire to work together that will enable us to consolidate the relationships among our countries and this requires time.

As other speakers have mentioned before me, there are still some outstanding issues to be addressed, like the Secretariat, funding and expansion of our Association. I believe that all of us are united by the same desire to have a smooth functioning organisation, not ridden with heavy bureaucracy and high administrative costs. On the other hand, my delegation shares the view that it is necessary to establish a working group to produce recommendation about more precise definition of Indian Ocean Rim and criteria of admission in the spirit of the Charter.

To conclude, I wish many successes to our Association over the years to come.

I thank you.

**STATEMENT BY HIS EXCELLENCY PROF S JAYAKUMAR
MINISTER FOR FOREIGN AFFAIRS AND LAW
REPUBLIC OF SINGAPORE
AT THE FIRST MINISTERIAL MEETING OF THE
INDIAN OCEAN RIM ASSOCIATION FOR REGIONAL COOPERATION**

**The Honourable Paul Berenger,
Deputy Prime Minister and Foreign Minister of Mauritius,**

Distinguished Colleagues,

Ladies and Gentlemen,

Like my other colleagues, I am pleased to be here today in Mauritius to launch a new dimension of cooperation in the Indian Ocean region. Let me also commend Mauritius for the leading role your country has played over the past two years in guiding this grouping to fruition and also thank H.E. Prime Minister Navinchandra Ramgoolam for his inspiring address.

Singapore considers it a privilege to have been involved in the Indian Ocean Rim Initiative since its inception. We are a trading and maritime nation with a long history of economic and trade linkages with the Indian Ocean region. Singapore therefore welcomes this timely avenue for greater consultation and cooperation in the Indian Ocean region. We support the Charter that we are adopting today and hope that the IOR-ARC will play a catalytic role in developing the potential in this region.

Mr. Chairman,

In the lead up this meeting, a number of countries have indicated their keenness to join the IOR-ARC. The enthusiasm of our regional neighbours to join the IOR-ARC is a healthy sign. That there are applicants for membership even before the grouping has been formally launched, gives reassurance that we must be on the right track. Singapore believes that the inclusive approach in the IOR-ARC should be continued. The door must not be shut to our friends who are also part of the region in which we aim to promote greater economic cooperation.

The question of new membership understandably may not have been the most pressing issue while the grouping was being nurtured towards its launch. But as the IOR-ARC establishes itself, we need to devise a systematic and objective way to address the issue of expansion and new membership. The transparency of our decisions on this issue is also of great importance. Otherwise, the IOR-ARC runs the risk of losing its credibility with those countries knocking on the door. I am pleased to note that our senior officials are giving this matter the due attention it deserves by recommending that a working group be established.

Mr. Chairman,

There will always be critics who believe that the Indian Ocean region is too diverse to be brought together effectively. Singapore is of the view that the diversity among the members of IOR-ARC provides a range of complementarities, which could be tapped. One good way to maximise these complementarities is to explore new areas of cooperation not undertaken elsewhere. Therefore it is important that the Work Programme of the IOR-ARC does not duplicate what is already being done at other regional fora. Our aim should not be to create competing processes with other regional fora, but to promote intra and inter-regional cooperation.

The IOR-ARC is now taking its first steps. As with all new ventures, there is some anxiety over how steady those first few steps will be. Our grouping comprises a range of economies that are developing at different rates. Our first few steps must therefore be at a pace that is both comfortable for the less mature economies and also satisfactory to the more developed ones. There need be no embarrassment in modest beginnings. A regional forum like this one takes time to develop. Increased contact and interaction will gradually build comfort levels and instill confidence. A small but effective and realistic start will stand the IOR-ARC in good stead for the long run. Only when we are more familiar with each other, can we start to take bigger strides and quicker steps in a more coordinated and concerted effort.

In the same way, the institutional support systems, such as a secretariat, could be built up gradually, as the substance of our cooperation develops. As the IOR-ARC finds its footing in the global scheme of things, an incremental approach will allow us to take stock and fine-tune our development along the way. Singapore's experience at ASEAN has shown that modest beginnings could lead to dynamic results further down the road. Starting small gives one adequate latitude, during those crucial early days, to continually adjust one's resources according to ever-changing global realities. I am aware our officials have worked hard to devise a pilot mechanism to facilitate the IOR-ARC's growth. We agree that this mechanism be based in Mauritius as recognition of the major role it has played in the founding of the IOR-ARC. This is a realistic arrangement, which will help our young organisation to evolve pragmatically into a serious organisation that will be reckoned with by others.

Mr. Chairman,

A unique feature of our body is that we are providing a forum for increased contact in the Indian Ocean region. The tripartite nature of this interaction is an excellent component of the IOR-ARC. The real value of meetings like this one, lay in the contact and networks being built up between our business and academic leaders.

Governments can send the correct signals to facilitate trade and investment, but it is the traders and investors who will shape the economic future of our region. The role of academic research in identifying regional trends and providing valuable training to the businessmen of tomorrow is no less significant. Bringing these sectors together will help identify the trends and needs of the economies in our region. These needs may vary between countries and sub-regions, but the system of voluntary participation and "variable geometry" rightly allows each member state the flexibility to consider its own resources and prioritise its own commitments.

Mr. Chairman,

Singapore is a small country with limited human resources. May I assure you, that even with these constraints, Singapore is committed to playing a constructive and meaningful role in the IOR-ARC. My delegation looks forward to fruitful discussions and exchanges here in Mauritius, as we renew old ties and forge new friendships under the auspices of the IOR-ARC.

Thank you

MESSAGE FROM THE PRESIDENT NELSON MANDELA

It is a pleasure to extend my sincere greetings to you all on the occasion of the inauguration of the *Indian Ocean Rim Association for Regional Cooperation*.

South Africa has crossed the threshold to a new era of freedom, peace and democracy - able at last to address the needs of the majority of its people. As South Africans, we are faced with the question of how we can positively contribute to the international effort for peace, development and cooperation.

Beyond the parameters of our given role in the international arena and the formation of closer economic and political ties with other countries, we are sensitive to the need for such partnership to be expanded to include the notion of social and developmental cooperation and non-belligerent initiatives.

For centuries countries littoral to the Indian Ocean have been linked through trade and movement of people. The Indian Ocean Rim framework provides opportunities for the countries of the region to engage in mutually beneficial relations in the promotion of trade and investment, cooperation in the field of technology transfer and tourism; as well as serving in reinforce bilateral relations.

South Africans look forward to being part of such a process.

Nelson Mandela
President
Republic of South Africa

**ADDRESS BY MINISTER OF FOREIGN AFFAIRS OF SOUTH AFRICA, MR.
ALFRED NZO,
TO
FIRST MINISTERIAL MEETING OF THE INDIAN OCEAN RIM ASSOCIATION
FOR REGIONAL COOPERATION,
MAURITIUS, 6 MARCH 1997**

DEPUTY PRIME MINISTER, HONOURABLE MINISTERS AND DELEGATES,

OUR INITIATIVE WAS ORIGINALLY SEEN BY MANY AS AN IDEALISTIC VISION. BUT THE VISIONARIES HAVE NOW TAKEN THE BRAVE STEP TO ENSURE THAT OUR REGIONAL ASSOCIATION MIGHT BECOME A REALITY - A VERY REAL OPPORTUNITY TO INVESTIGATE AND DISCOVER THE POTENTIAL OF BRIDGING THE VAST DISTANCES OF OUR OCEAN AND RECOGNISING STRENGTH EVEN IN OUR DIVERSITY.

IT IS CLEAR THAT, FOR WHATEVER DIFFERENT REASONS OF THE PAST, WE HAVE NEGLECTED OUR IDENTITY AS A REGION. THIS HAS NOT BEEN TO OUR ADVANTAGE. THIS SIGNING TODAY OF A CHARTER FOR A CLOSER ASSOCIATION, IS THUS IN FACT A REDISCOVERY OF BOTH OUR COMMON INTERESTS AND THE POTENTIAL BENEFITS TO BE DERIVED FROM GREATER INTER-REGIONAL TRADE AND COOPERATION.

SOUTH AFRICA REMAINS PERSUADED THAT WE SHOULD CONTINUE DISCOVERING OUR WAY FORWARD IN A CAUTIOUS AND EVOLUTIONARY MANNER. THIS DOES NOT DETRACT FROM OUR ENTHUSIASM, OR EVEN OUR CURIOSITY.

IT MERELY SUGGESTS THAT BY KEEPING OUR EYES ON THE GROUND, WE MIGHT AVOID MANY UNNECESSARY OBSTACLES.

WHAT IS OF FUNDAMENTAL IMPORTANCE, IS TO AIM FOR TANGIBLE AND POSITIVE RESULTS FOR OUR ENDEAVOURS, EVEN IF WE REMAIN SOMEWHAT MODEST IN OUR INITIAL APPROACH. WE MUST LOOK TO BENEFIT THE ENTIRE REGION IN AN EQUAL, SHARING AND CARING MANNER. WE IN SOUTH AFRICA LIKE TO HOPE THAT THE ECONOMIC FOUNDATION OF OUR JOINT VENTURE WILL IN DUE COURSE DERIVE A FAR WIDER SOCIAL DIMENSION, BENEFICIAL TO THE PEOPLE - THE BUSINESS PEOPLE, ENVIRONMENTALISTS, RESEARCHERS, THE WORKERS - ACTUALLY LIVING IN THE RIM. THE ECONOMIC AND DEVELOPMENTAL UPLIFTMENT OF THE ENTIRE RIM (... AND THOSE IN THE MIDDLE ...) RATHER THAN POLITICAL ZEAL AND GRANDIOSE IDEAS, WILL BE OUR REGARD.

WE ARE AWARE OF OUR STRENGTHS. WE ARE LOOKING TO POTENTIALLY ONE-THIRD OF THE WORLD POPULATION. WE ARE LOOKING TO BENEFIT AN ENORMOUS REGION,, BUT ALSO TO SERVE EXISTING BILATERAL AND OTHER RELATIONS. THIS IS WHY SOUTH AFRICA, AS AN AFRICAN COUNTRY, WAS SO PLEASED TO BE INVOLVED WITH THIS INITIATIVE FROM THE OUTSET.

WE LOOK FORWARD TO MAKING A SUBSTANTIVE CONTRIBUTION, NOT LEAST THROUGH THE HIGH-LEVEL INVOLVEMENT - UNIQUE TO INTER-GOVERNMENTAL ARRANGEMENTS OF BUSINESS AND ACADEMIA. WE WANT TO URGE THIS ASSOCIATION NOT TO FORGET THAT FACILITATION OF THEIR LINKAGE WAS A PRIME MOTIVATION, AND WILL LARGELY DETERMINE THE SUCCESS OF THIS ASSOCIATION.

WHAT KIND OF CONTRIBUTION DO WE HOPE TO MAKE? GUIDED BY CERTAIN CRITERIA ALREADY IDENTIFIED AT THE FIRST MEETING OF IOR COUNTRIES IN MARCH 1995, SOUTH AFRICA BELIEVES THAT IT REMAINS IMPORTANT TO ENDEAVOUR FOR A NONCONTROVERSIAL, ECONOMIC-MINDED AND INCLUSIVE ASSOCIATION AIMING AT A PHASED EXTENSION OF REGIONAL LINKS AND CLOSER COOPERATION, TO THE BENEFIT OF A BALANCED DEVELOPMENT OF THE REGION AS A WHOLE.

ON OUR PART, SOUTH AFRICA IS READY TO PARTICIPATE IN, AND IN SOME CASES COORDINATE, VARIOUS PROJECTS IDENTIFIED AND TO BE IDENTIFIED UNDER THE WORK PROGRAMME, FOR EXAMPLE THE SOUTH AFRICAN BUSINESS COMPONENT IS CO-ORDINATING THE PROJECTS ON STANDARDS AND ACCREDITATION, PORTS, TRANSPORT AND INSURANCE, AND TECHNOLOGY ENHANCEMENT. WE ARE READY TO SHARE OUR EXPERTISE IN AREAS WHERE WE FEEL OURSELVES COMPETENT. WE ARE PARTICULARLY WILLING TO EXPLORE JOINT UNDERTAKINGS AND A SHARING OF RESOURCES WITH OUR RIM NEIGHBOURS. WE WILL GIVE DUE CONSIDERATION FOR OUR EXISTING BILATERAL AND OTHER RELATIONSHIPS AND OBLIGATIONS, WHICH REMAIN OF IMPORTANCE TO US.

SOUTH AFRICA'S ECONOMIC FUTURE HOLDS MUCH NEW PROMISE. FOR THE FIRST TIME IN MANY YEARS WE CAN BOAST A REAL ECONOMIC GROWTH, AND A SUBSTANTIALLY LOWERED INFLATION RATE. THE ADOPTION OF A MACRO-ECONOMIC GROWTH STRATEGY ("GEAR" AS IT IS CALLED) WAS A DECISIVE SHIFT IN POLICY. AFTER A COMPREHENSIVE ANALYSIS OF THE SOUTH AFRICAN ECONOMY HAD BEEN UNDERTAKEN, TOUGH AND SPECIFIC GOALS WERE SET.

THE FACT THAT THIS GUIDING ECONOMIC FRAMEWORK IS BROADLY AND WELL SUPPORTED BY ALL SECTORS OF THE SOUTH AFRICAN POPULATION, AUGURS WELL FOR ITS SUCESSFUL IMPLEMENTATION.

WE HAVE ALSO SET OURSELVES THE GOAL OF CREATING AN INVESTOR-FRIENDLY ENVIRONMENT, AND THE NEXT STEP WOULD BE TO LOOK FOR JOINT VENTURES, AND FOR STRATEGIC PARTNERS FOR SUPPLIES. RESTRUCTURING STATE ASSETS AND CREATING A PRODUCTIVE WORK FORCE, AND PROVIDING

FAVOURABLE INCENTIVES FOR INVESTORS ARE FUNDAMENTAL STEPS ALONG THE ROAD WE HAVE EMBARKED ON.

THESE GOALS HAVE BEEN REACHED WITHIN THE BROADER CONTEXT OF BUILDING A SOLID DEMOCRATIC FOUNDATION, THE COMMITMENT TO THE PURSUANCE OF PEACE AND AN UNWAVERING RESPECT FOR HUMAN RIGHTS AND ADOPTING A CONSTITUTION WHICH PROVIDES FOR A GENUINE PROTECTION OF PUBLIC FREEDOMS AND ENSURES A SOUND UNDERPINNING FOR THE DESIRE TO PROVIDE A LIFE OF DIGNITY AND WORTH FOR OUR PEOPLE.

A COUNTRY CANNOT CONSIDER ITSELF MOVING FORWARD UNLESS THE ASPIRATIONS OF THE PEOPLE HAVE BEEN MET. THE MAIN DETERMINATION OF SOUTH AFRICA IS THAT ECONOMIC GROWTH MUST BE ALLIED TO SOCIAL DEVELOPMENT.

THERE IS A REALISATION THAT THERE IS GREATER CAPACITY IF WE ACT COLLECTIVELY. PROJECTS WHICH PROVIDE HUMAN RESOURCE DEVELOPMENT ENHANCE ENTREPRENEURSHIP AND CAPACITY BUILDING, SHOULD BE PURSUED WITH ZEAL, AND PEOPLE-TO-PEOPLE CONTACTS SHOULD BE ENCOURAGED.

A PARTNERSHIP HAS BEGUN INSIDE SOUTH AFRICA AND IN OUR SOUTHERN AFRICAN REGION, A PARTNERSHIP THAT WE ARE NOW READY TO EXPLORE BEYOND OUR BOUNDARIES.

MR. CHAIRMAN, SOUTH AFRICA REMAINS OPTIMISTIC AND OPEN MINDED ABOUT THE FUTURE AND AGENDA OF OUR NEW ASSOCIATION. AT THE SAME TIME WE FEEL IT APPROPRIATE NOT TO BE IN UNDUE HASTE TO ENTRENCH OURSELVES IN A POSITION OF ARTIFICIAL OR CONTRIVED BENEFIT. WE BELIEVE THIS TO BE A HEALTHY APPROACH BEST SERVING THE ADVANCEMENT OF THIS ASSOCIATION. IF IT BECOMES A LIABILITY, WE SHOULD SHED IT. IF IT BECOMES A COMPETITION WE SHOULD NOT TERM IT COOPERATION. WE ARE CONVINCED THAT THERE IS MUCH SCORE FOR THE LATTER.

THANK YOU.

STATEMENT MADE BY HON. MR. JAKAYAM KIKWETE (MP)
MINISTER FOR FOREIGN AFFAIRS AND REGIONAL CO-OPERATION
OF THE UNITED REPUBLIC OF TANZANIA AT THE FIRST
MINISTERIAL MEETING OF IOR-ARC

Mr. Chairman,

Your Excellencies

Ladies and Gentlemen

It gives me great pleasure to be in your beautiful country, Mauritius. On behalf of my delegation and on my own behalf, I wish to express our heartfelt thanks to the people and the government of Mauritius for the kind hospitality extended to us since our arrival. It is important that this first meeting is being held in Mauritius where the beautiful well cared environment and the charm of its people that creates a friendly atmosphere for successful deliberations of our work.

Mr. Chairman,

My government has developed keen interest in the IOR-ARC since the idea was floated across the Ocean. We took interest because we believe the principles as stipulated in the proposed Charter will be a great benefit to us as well as to our cooperation partners. The Indian Ocean Rim Association for Regional Cooperation would not be treated as just one of those other organisations. We will take it seriously and participate fully.

We have specific concerns which we believe can very ably be taken care of by IOR-ARC. There are numerous objectives we want to achieve on the Eastern part of our country and beyond, but our hand, in the meantime is just too short to reach most of them. We believe, however, that by joining hands with other people through such co-operation arrangement as

this one, we can obtain our objectives in the shortest possible time. Therefore we have trust that the IOR-ARC will very competently accommodate our interests.

Mr. Chairman,

Tanzania is not a rich country as several members of our organisation are. We may be the poorest but we strongly believe that our membership in this organisation will complement our efforts to extricate ourselves from poverty.

We have a lot to offer in terms of business opportunities, natural resources, manpower, extensive areas of virgin land for agriculture, millions of tons of unexploited minerals, etc. This is what we bring to this organisation. We are right now working hard to improve the basic infrastructure such as transport and communication, the power supply system throughout the country in order to serve better the economic sectors. On top of all this, we have worked out and put into operation an attractive incentive package for investment and business. As you may all be aware, Tanzania, like some other developing countries, has liberalised her economy. This has been done to permit all people, nationals and non-nationals alike, to exercise their right to freely pursue their aspirations in the country.

Mr. Chairman,

We have in the last ten years been taking strenuous efforts to put the macro and micro economic frame in order. I am pleased to inform this august meeting that we have started to record encouraging results. The economy is now picking up as the structural economic reforms carried out by the government start taking root. The economy has registered a major turn-round from negative growth in the late 70's to positive economic growth economic rate of up to between 4-5% at present. This is still lower than we would have wished. Inflation declined in the last one year from 27 per cent to 15 per cent. This is quite significant because in 1994 inflation was 46%. The Balance of trade is also recording a significant improvement in 1996 compared to 1995. I believe that my country as an economy will get substantial benefits from the success of IOR-ARC.

I avail myself of this early opportunity to invite, through you, the people and business communities in your respective countries to come to Tanzania and seize the opportunity.

Mr. Chairman,

The IOR-ARC is coming up at the right moment when my country is deliberately looking towards the Eastern horizons for partnership and cooperation. This is an improvement area in the world today but we lacked strong co-operation arrangement. The IOR-ARC avails us that opportunity. It is an opportunity we have decided to seize promptly and seriously so.

We have studied both the Charter and Work Programme and found that both accommodate our concerns comfortably. We are particularly comfortable with the flexibility of the Charter, which is designed in such a way that it will cater for the concerns of all of us as well as possible new members in future. Also the flexibility of the Charter will enable our individual countries to select projects in which to participate such that prior bilateral and regional arrangements entered into by individual countries will be complemented and not interfered with.

The content of the Work Programme is quite satisfactory. However, we expect improvements here and there in future as more members join and of course as we come to the knowledge of new concerns taking into consideration the man-made and natural changes that take place at a great pace everywhere in the world today.

We are further satisfied with the tripartite approach taken by our organisation. This tallies with my government's policy. We consider this approach as one of the most practical ways to ensure faster and balanced growth in our societies. We commend the Charter and Work Programme and I am glad that both have been adopted by this meeting.

Mr. Chairman,

Regarding the mechanism to co-ordinate the activities of the Association, my government's thinking is that although there are costs associated with running a Secretariat, there should be some form of organising, following up and co-ordinating our activities. In this case Tanzania supports the decision taken to have a small mechanism based in Mauritius to perform coordination activities. Let me take this opportunity to thank the government of Mauritius for undertaking to host this important instrument of our cooperation.

Finally, Mr. Chairman since we have one and the same ocean that brings us together, we should work tirelessly and harmoniously towards unity in the preservation of our Ocean. My delegation therefore fully supports the establishment of a Working Group to work out modalities for accepting new members to the organisation.

Mr. Chairman,

Dear colleagues,

Ladies and Gentlemen

I wish the meeting fruitful deliberations and thank you all for your kind attention.

**REPUBLIC OF YEMEN
MINISTRY OF FOREIGN AFFAIRS**

**Mr. Chairman,
Distinguished Delegates
Ladies and Gentlemen,**

It is a great privilege for me and the Yemeni delegation to share with you today this important event on the occasion of the First Ministerial Meeting of the Indian Ocean. It is a great privilege for me and the Yemen delegation to share with you today this Rim - Association for Regional Cooperation.

I would like to express our gratitude as well as that of our government to the Government and people of Mauritius for their hospitality and the excellent preparation for this conference. I would like also to extend my government's appreciation and gratitude to other friendly governments represented here today for their long and relentless efforts for bringing this great idea of establishing an association for regional cooperation into reality. Today's gathering is the product of these great efforts. I should not forget your efforts, Mr. Deputy Prime Minister, and that of your country, Mauritius for making this success possible.

**Mr. Chairman,
Distinguished Delegates**

Our nations, that are meeting today in Mauritius, have long established their cultural, commercial and political ties for hundreds of years. Those historical contacts are sailing once again in this great ocean, rich in its natural and human resources. It is with this fact as our source of inspiration that we feel the necessity to continue what our forefathers had established centuries ago and work together to strengthen our ties and preserve our identities and interests.

**Mr. Chairman,
Distinguished Delegates**

The last few years have witnessed many international political and economical changes that led to the establishment of many economical groupings in different parts of the world. It was only natural for the countries overlooking the Indian Ocean to think seriously of establishing such an association for regional cooperation. We don't consider this association to be a rival to other regional blocs, but rather a complementary one to them for the benefit of mankind.

**Mr. Chairman,
Distinguished Delegates**

Yemen, along with the other members of the association, welcomes the idea of opening the door for other countries in the Rim that would like to join, in accordance with the Charter and the recommendations of the Senior Officials. It also supports the idea of the establishing a Secretariat and setting up a permanent headquarter on the basis already discussed taking into consideration the points of views of Member States.

As to liberalizing trade, we believe that special consideration should be given to the interests of all member states in a way that preserves a balanced and fair set up for all.

**Mr. Chairman,
Distinguished Delegates**

Next month the Yemeni people will be going to the polls for the second time, since the reunification in May 1990, to choose their representatives to a freely elected new parliament. Such an experience shows the extent to which my government is committed to democracy, political pluralism, freedom of speech and the respect of human rights. On the economic level, Yemen has started since early 1995, implementing a comprehensive program of economic, financial and administrative reform in coordination with and support of the World Bank and the IMF. This program aims at correcting distortions and stabilizing the economy and helps achieving structural adjustment and free market economy. Since 1994, many positive results have been achieved specially in reducing the deficit of the budget, bringing inflation under control from 60% to 12% and achieving an annual GDP growth of 5.6%. Last year witnessed the beginning of the First 5-year Economic and Development Plan, which will certainly add more impetus to the government's efforts to achieve sustainable economic growth.

**Mr. Chairman,
Distinguished Delegates**

We, in Yemen, are glad that the official inauguration of this association will coincide with the launching of the Free Zone in Aden, that Port city that played an important role in international trade for many years past. My Government has taken some important steps for redeveloping the Port of Aden so that it can play again its historical role connecting the east and the west. In this context, I take this opportunity to invite businessmen in our member states to consider investing in Yemen. The law of Investment in Yemen that was recently adopted provides many advantages and opportunities in the various economical sectors in Yemen.

**Mr. Chairman,
Ladies and Gentlemen,**

The Republic of Yemen, as one of the founder states of this association, hopes that this organisation will be able to achieve its goals in promoting trade and developing economic cooperation between its members for the benefit of the people of the region.

The Republic of Yemen with its unique location between Asia and Africa promises you to play an important role in connecting the two continents in the different fields specially in transportation and international trade.

In conclusion, I would like to wish this distinguished gathering all the success in bringing our nations closer, and enabling our group to play an effective role in international trade and in developing peace and cooperation in this strategic part of the world.

All the best to you, and thank you for listening.

Indian Ocean Rim – Association for Regional Cooperation

First Ministerial Meeting

5-7 March 1997, Mauritius

Draft Agenda

1. Adoption of the Agenda
 2. Statements by Heads of Delegations
 3. Consideration of the Report of the Committee of Senior Officials
 4. Adoption of the IOR-ARC Charter
 5. Any Other Business
 6. Consideration and Adoption of the Chairman's Statement
- Press Conference

**List of Leaders of Delegations
FIRST MINISTERIAL MEETING
IOR-ARC 5-7 MARCH 1997**

COUNTRY	LEADER OF DELEGATION
AUSTRALIA	Hon. Timothy FISCHER Deputy Prime Minister, Minister of Trade
INDIA	Hon. Inder Kumar GUJRAL Minister of External Affairs
INDONESIA	H.E. Mr. Ali ALATAS Minister of Foreign Affairs
KENYA	Hon. Dr. H. MANDUKU Assistant Minister of Foreign Affairs International Cooperation
MADAGASCAR	H.E. Mrs Juliette RAHARISOA Minister of Tourism
MALAYSIA	H.E. Datuk Dr. Leo Michael TOYAD Deputy Minister of Foreign Affairs
MAURITIUS	Hon. Paul Raymond BÉRENGER Deputy Prime Minister, Minister of Foreign Affairs, International and Regional Co-operation
MOZAMBIQUE	H.E. Mr. Leonardo SIMAO Minister of Foreign Affairs and Co- operation
OMAN	H.E. Yousouf bin Alawi bin ABDULLAH Minister of State for Foreign Affairs of the Sultanate of Oman
SINGAPORE	Prof. S. JAYAKUMAR Minister of Foreign Affairs and Law
SOUTH AFRICA	H.E. Mr. Alfred NZO Minister of Foreign Affairs
SRI LANKA	Hon. Lakshman KADIRGAMAR P C M.P., Minister of Foreign Affairs
TANZANIA	H.E. Ambassador Cyprian MAJENGO Head of Delegation
YEMEN	H.E. Mr. Mohammed A. AL-JUNAID Minister of Finance

14 MEMBER STATES