

Address by

**Hon. Lakshman Kadirgamar
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**at the
Inauguration of the 5th Council of Ministers of
The Indian Ocean Rim Association for Regional Cooperation
(IOR-ARC)**

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Colombo, SRI LANKA**

Welcome Address by Hon. Lakshman Kadirgamar at the inauguration of the 5th IORARC Council of Ministers' Meeting held at the Hotel Ceylon Continental at Colombo on 26th August 2004

Hon Prime Minister

Hon Ministers

Excellencies

Delegates to the 5th Session of the Council of Ministers of the Indian Ocean Rim Association for Regional Cooperation

Ladies and Gentlemen

It gives me great pleasure to extend to all of you a warm welcome to the inauguration of the 5th Council of Ministers Meeting of the Indian Ocean Rim Association for Regional Cooperation (IORARC). I extend a specially warm to our visitors from abroad. I understand that this session of the Council of Ministers, and related meetings, have attracted the largest participation ever of delegates from the member States of IORARC. The number of visiting delegates has reached the unprecedented figure of 143 comprising government officials and representatives of the business and academic communities of the member States, excluding those from Sri Lanka. In the great tradition of hospitality which is shared historically by the inhabitants of the rim of the noble ocean to which we all belong Sri Lanka opens its doors and its hearts to all of you. Your stay in our country will necessarily be brief but the Government of Sri Lanka will endeavour to the utmost to make it pleasant and comfortable.

It is my pleasure to extend a friendly greeting to my colleague the Prime minister of Sri Lanka who will deliver the inaugural address in the absence abroad of Her Excellency the President of Sri Lanka. The Prime Minister has, over the whole of his parliamentary career, which began in 1974, represented a constituency in the far south of Sri Lanka whose southern boundary is directly washed by the waters of the Indian Ocean. It could be said that he is, in a special sense, a child of the Indian Ocean as he must have

in his youth walked and played on and enjoyed the magnificent beach of his electorate. In a direct line from the southern tip of Sri Lanka, where the Prime Minister's constituency is located, to the Antarctic there is no land whatsoever. Thus, the people of the south of Sri Lanka uniquely experience the vastness, the magic, the majesty and the mystery of the historic ocean that sustains us, the members of IORARC. The Prime Minister has also been, at one time, the Minister of Fisheries. All the rim States have fishing industries. Aquatic resources are among the great treasures of the Indian Ocean. It is a happy coincidence that Prime Minister Rajapaksa is present this morning to deliver the inaugural address at an IORARC occasion.

Ladies and Gentlemen, today my memory goes back to the 5th of March 1997 when the first Ministerial Meeting of IORARC took place in Mauritius where the Charter of our organization was formally adopted. I had the privilege of being present on that occasion. My colleagues of that time are no longer Ministers of Foreign Affairs. Mercifully, all of them are alive. Am I, therefore, a founding father of IORARC? I would prefer the appellation "founding brother", if I may be permitted to confer a title upon myself. I recall the speeches made by many of the distinguished delegates that morning. They make interesting reading now because each delegation articulated its own perceptions of why IORARC came to be formed, the philosophy of the organization, its place in the existing network of international organizations and the kind of work it was expected to do. Their thoughts were a rich blend of insights which provide for us today, seven years later, a background against which we could reassess the validity of the objectives of the organization as stated in the Charter, measure the progress we have made, and chart a course for the future. I have discerned seven strands of thought in the speeches that were delivered this morning in Mauritius. First, almost all the speakers emphasized the age-old historical bonds that were forged centuries ago between the countries on the rim of the ocean by the seafarers, traders, pilgrims and migrants who have traversed this great ocean from time immemorial. One could sense that the romantic traditions of the ocean, the legends, the fabled voyages of the intrepid seamen of yore, had created an atmosphere in which the rim states sensed a common identity through a shared history. It could be said that IORARC is a revival of historical trading ties in

response to the challenge of modern economic imperatives. Second, practical reasons were given for the formation of the Association. The Prime Minister of Mauritius said: (quote) “Regional cooperation is seen as an effective response to the challenges posed by the globalization on the one hand and the setting up of mega trade blocks on the other. This dichotomy may be explained by the fact that countries in various parts of the world have realized that individually they are not big or strong enough to withstand the onslaught of unbridled liberalization, especially fierce competition through the setting up of strategic economic alliances. There is genuine fear that if developing countries do not adapt to this new situation they may be marginalized.....The Indian ocean region, a major trading and shipping route with several existing and emerging power houses, is one of the largest regions to be left out of this regional integration process Many countries have recognized the importance of the competitive advantage of regions rather than of nation States which are themselves being challenged by the unprecedented progress of science and technology, especially in the areas of telecommunications and finance. It is against this background that we must consider the importance of setting up IORARC One of the very important functions which IORARC will serve is to bring some who have hitherto felt isolated into the current of regional and world economic development” (unquote). Third, many speakers while emphasizing the disparate status in terms of size, population, resources and development of the rim States and the absence of contiguity saw, amidst this diversity, a range of complementarities which could be tapped. It was argued that one good way to maximize these complementarities was to explore new areas of cooperation not undertaken elsewhere. The work programme IORARC should not duplicate what is being done in other regional fora. The aim should be not to create competing processes with other regional fora but to promote intra and inter-regional cooperation. Fourth, it was observed that although members of IORARC already belonged to other regional blocks such as the Association of South East Asian Nations (ASEAN), the South Asian Association for Regional Cooperation (SAARC) and the Southern African Development and Economic Cooperation group (SADEC), overlapping membership of this nature was not an obstruction to, or a distraction from, the implementation of IORARC activities, but rather a welcome source of enrichment in terms of ideas and experience. Fifth, the imaginative and innovative composition of the

IORARC structure – that is to say, governments the business communities and the academic communities working together was seen as a source of special strength in the increasingly interdependent modern world. Many speakers recognized the business community, in particular, more than governments, as the engine that would drive the economic activities of IORARC. The academic group was seen as the think tank that would help to conceptualize and articulate ideas for projects supported by sound research. Sixth, some States suggested that IORARC should proceed slowly at a measured pace. The submission by one Foreign Minister was that (quote) “our grouping comprises a range of economist that are developing at different rates. Our future steps must therefore be at a pace that is both comfortable for the less mature economies and also satisfactory for the more developed ones. There need be no embarrassment in modest beginnings. A regional forum like this one takes time to develop. Increased contacts and interaction will gradually, build comfort levels and instill confidence. A small but effective and realistic start will stand IORARC 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” (unquote). Seventh, it was agreed that the IORARC secretariat should start small and develop incrementally as the organization generates a work programme that warrants a larger secretariat.

Seven years down the road from Mauritius let us look at the IORARC balance sheet – what has IORARC done, what has it failed to do, what more should it attempt to do in the future. I do not intend to survey the work of seven years. Suffice it to look at the situation as it stands in August 2004 in terms of projects in hand, projects that have been dropped and projects in contemplation. The academic group has five projects in hand. They are a report on Trade and Trade Related Economic Cooperation in the IORARC Countries in respect of which the comments of member States are expected in October 2004; a study of Systems of Management Education in respect of which observations are expected by September 2004; a cheme for Integrated Coastal Zone Management in respect of which an estimate of costs of a revised project proposal is awaited and a suitable source of funding is being sought; a study of Tourism in IORARC Countries which will be merged with the project for Tourism Promotion and Development being

undertaken by the Business Forum in order to avoid duplication; a study on the Impact of Socio-Cultural Factors on Productivity which awaits feedback from the relevant parties by the end of October 2004. A study on the Prospect for a Sub-Contracting Network through Small and Medium Enterprises has been dropped and a study on the Institutional Mechanism for Promoting Intra- Regional Investment and Trade in Strategic Centres has been put on hold until further information is obtained. Similarly, workshops on WTO issues on Information Technology and E-commerce and Trade Facilitation have been deferred due to the evolution of the WTO negotiations. A contemplated project for Promoting Trade Generating Foreign Direct Investment among IORARC Countries with Special Reference To Intra-IORARC Sources Of Outward Investments has been withdrawn due to lack of response, while funds for a study on the Sources of Pollution and Distribution Mechanisms and their Impact on the Marine Environment of the Indian Ocean are being sought. A proposed project on Dialogue Among Civilizations in the IORARC Region has been withdrawn due to lack of response.

The Business Forum has seven projects in hand – Cooperation in Standards and Accreditation where an end of September 2004 deadline has been agreed for all member States to respond with information on standards and accreditation, legal act metrology and measurement traceability. Some States have already responded. It has been agreed that the recommendation for the setting up of a shippers Council be implemented as proposed by the Ministers' Meeting last year with the participation of the countries which agreed to join the Council. A presentation has been made on a North-South International Transport Corridor which is aimed at increasing the volume and effectiveness of sea transport among the member States. Progress has been reported on the Tourism Promotion and Development Project. A sub-committee of six countries has been appointed to work on the proposal and study the details. The Business Forum has been invited to a Science and Technology Workshop that will take place during the International Innovation, Science and Technology Fair which is to be held in South Africa in November 2004. A concept paper dealing with Opportunities for Construction Projects will be exchanged on corporate governance in member States.

The Working Group on Trade and Investment has reported progress on a Fisheries Directory for IORARC States. The first meeting on the Fisheries Project will be hosted by Oman in December 2004. The development of compendia on Quarantine Requirements for Animals and Plant Products and on Customs Procedures has been postponed for lack of response from member States, whereas the development of a compendium on Investment Regimes has seen some movement. Ten member States have provided the required information. The study on the supply of Oil and gas Investment capacity and Requirements awaits information from fourteen member States, only four having responded so far. A study on International and Regional Trade Developments is in hand. A core group of four States has been appointed to complete the feasibility study on a Preferential Trade Agreement for IORARC. Progress on Intra-IORARC Trade Data Investment Flows and a draft framework agreement for the purpose of establishing a preferential trade agreement have been prepared. The comments of members States are awaited.

It is clear that a fair amount of time and effort has been devoted by member States and their academic and business communities to the preparation of various papers, studies and project proposals. It could fairly be said that on the conceptual side IORARC's record of activity is impressive. But two questions arise: first, are project proposals proliferating without regard to focus and priorities; are we indulging in a frenzy of intellectual activity, churning out papers, studies and proposals, in the hope, or even the naïve belief, that the public would accept a plethora of papers, albeit well conceived and well crafted, as an acceptable substitute for achievements on the ground; second, are there too many project proposals lying around any reasonable prospect of implementation.

I have some thoughts to offer on these matters. First, going back to the observations made at Mauritius in 1997 it seems desirable in the light of seven years of experience that projects should be selected primarily for their prospects of yielding early results. The constraints that most member States suffer from, especially the paucity of skilled personnel to handle IORARC matters in addition to a host of other international

obligations, must be taken into account. Too much in hand often results in too little accomplished. Second, our experience is beginning to reveal, what other regional organizations have already realized, that it is not possible for all States to participate with equal enthusiasm in all the conceptualized projects laid before them. It would be better to accept the fact that in practical terms projects should be formulated bearing in mind the possibility that initially only a few like-minded countries would join in their implementation because their own internal national interests would be served by participation in the project in question, leaving it open to the other member States to join the project later, if they so desire. Third, a number of projects are not moving due to poor participation by member States at meetings held for the consideration of projects. This may well be because the project in question does not appeal to the membership as a whole. The answer to that problem might well lie in the acceptance of the principle I have just enunciated – that projects should be designed for participation by a few like-minded States in the first instance. Fourth, the quality of debate and discussion at project meetings should be enhanced and would, I think, be enhanced if a greater degree of participation by the dialogue partners were to be allowed and encouraged by member States. Dialogue partners should in my view be encouraged to participate more fully in the many technical areas in which they have experience and expertise that would be useful to the organization. Fifth, it is a well recognized fact that no inter-governmental organization moves forward unless there is constant political commitment to its progress on the part of member States. The expertise available in the region cannot be harnessed and deployed usefully unless governments constantly reiterate and un mistakably demonstrate their commitment to the organization. Political commitment to the growth of an inter-governmental organization which is manifested off and on serves no purpose. Political commitment has to be sustained and irreversible if its impact is to be felt on the work of the organization. Sixth, one of the new phenomena which has emerged on the international scene is the concept of accountability – by States to their citizens and also corporate entities to the citizens of the States in which they operate. The popular movement for accountability and transparency has already generated a momentum that cannot be denied. In parliamentary democracies all political parties know that they must take account of the needs and aspirations of the so called ordinary man and woman, for

no other reason, if one takes a cynical view, that they – the people – hold and wield an extraordinary weapon – their votes – which could at any time be used, and have been used, to turn out governments that do not heed their needs and aspirations. Seventh, it is still the view of member States that the Secretariat should not be enlarged; rather the States would wish to see the existing secretariat rising, almost impossibly, to the daunting challenge of re-invigorating the organization even without adequate personnel and resources. This is undoubtedly a huge burden placed on the secretariat. They are being called upon with the services of a few to do the work that needs to be done by many. At least, we must acknowledge the fact that new financial arrangements should be made by member States for funding the secretariat collectively in respect of salaries paid to the key officials if the secretariat is to act independently and vigorously. Eighth, I would like to add a special comment about the role of the Business Forum in the work of IORARC. When businessmen travel to attend meetings it is only natural that they should seek to combine their official work with the search for opportunities to advance their own business. The member States must recognize the fact that business works on the principle of incentives. The business community maximizes the use of time. Time wasted is income lost. We the governments of member States must try to understand how business works. We must encourage our business community – let us not forget that they are an integral part of the IORARC structure – and provide them, to the greatest extent possible, with the facilities to develop networks of business associations in our member States. If our respective business communities, when they attend IORARC meetings, could interact with other business communities over their own business it is likely that they will provide enhanced dynamism for the work of the IORARC Business Forum. Ninth, let us look a fact in the face. What is it really, that holds IORARC together? Is it not the Indian Ocean itself? Is that fact not the central reality to which our members belong? If the Indian Ocean is the controlled exploitation of the ocean our central, over-arching project?

Ladies and Gentlemen, I would like to close these observations as I began them – with a reference to the first Ministerial Meeting in 1997. In my view the member States must at this moment in the history of IORARC, when its early promise is perhaps belied by the harsh realities of the modern economic world, support the organization with an

infusion of fresh political commitment. This organization belongs to the member States. They have built a valuable structure for cooperation with the inclusion of the academic and business communities. If the organization falters or fails it will be because the member States had by default, let that happen. Let us be frank with ourselves. Either the organization is worth preserving, in which case it is worth promoting and sustaining, or it must be allowed to wither away and die. I believe strongly that the vital spark of life remains in the organization; it requires to be fanned and fuelled. Only we the member States, in association with our academic and business communities, can do that. The rest of the world has no interest in keeping us alive. We must remember that our peoples are watching us. They will be entitled to ask us to render an account of what we are doing. That account cannot be denied to the people. Therefore, I say let us go forward with renewed optimism. I hope very much that the spirit of Mauritius in 1997 will go forth from Colombo in 2004.

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