

**SAARC Ministerial Statement on
Global Economic Crisis**

The global economic crisis affects both developed and developing countries including in the SAARC region. Fundamental structural imbalances have perpetuated economic inequity and retarded growth. It is imperative to address this problem in a holistic manner and innovative measures are now essential to provide an impetus to reinvigorate normal economic activity.

In addressing this crisis, a well coordinated regional approach is required considering the severe impact on the economies and the socio-economic development of the SAARC region. With strong economic foundations South Asia is well placed to strengthen intra-regional trade and economic development and contribute to global solutions to the crisis.

Special stimulus packages are needed for developing countries to cushion the impact of the crisis. Deepening and broadening regional and sub-regional economic links in the Asia Pacific and other regions is a necessity. Stimulus packages must also take into account the needs of developing economies and the need to sustain development and trade financing to enable the realisation of the Millennium Development Goals and SAARC Development Goals unhindered. Developed countries should not resile into protectionism. Trade relations must also be allowed to develop naturally and the Doha Development Round must be concluded expeditiously.

The International financial institutions (IFIs) have a critical role to play in encouraging and assisting developing countries, particularly Least Developed Countries and Land Locked Developing Countries. This includes changes to policies and practices which are detrimental to the growth prospects of these countries. Substantial structural reforms in IFIs should reflect the current realities and provide due representation to developing countries.

A major cause of current concern in the region is the drying up of credit and the contraction of financial markets. Mechanisms must therefore be developed aimed at creating bilateral arrangements in the region to address short term liquidity difficulties and to supplement international financing arrangements.

Global initiatives to protect the interests of developing economies can include a moratorium on the repayment of debt to multilateral agencies including the World Bank, ADB, as well as to development partners.

A high level meeting which includes academics, policy makers and business leaders may be convened in the region to explore practical regional and global options for dealing with the crisis.

The Ministers support the initiative of the Secretary General of the United Nations to convene a Global Summit to address issues of global economic crisis.
