

**Keynote Address by
Senator Mohammad Ishaq Dar
Minister for Finance, Revenue, Economic Affairs,
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**International Seminar:
“Crossroads Asia: Dynamics of Peace and Progress”**

President, National Defence University,
Distinguished Guests,
Ladies and Gentlemen,

Assalam Alaikum and Good Morning,

I am delighted to be with you, amongst this gathering of distinguished scholars and practitioners, who have come together here to deliberate upon dynamics of peace and progress at "Crossroads Asia". This forum provides us a well-timed and well-focused opportunity to revisit the global transforms now underway and their impact on processes in a trans-regional setting. This indeed brings us to rediscovering the challenges and opportunities that come in the way.

Ladies and Gentlemen

Let me, first of all, register my appreciation of the initiative by National Defense University to organize and map out this mega event, refocusing on issues that impact on peace and progress in our common habitat and to enable us to brainstorm on how best we can hope to build structures of peace and security, and trans-regional connectivity, that may hold the promise of sustainable economic growth and our due share in the Asian dawn.

It is also gratifying for me that this deliberative forum provides us an opportunity to benefit from the expertise of a galaxy of contributors, experts and academicians, from home and abroad, and thus unfold a clinical approach to better understand the processes currently underway. Once again, my congratulations to the NDU and to its thinking arm, the ISSRA, for steering the process.

Ladies and Gentlemen

Today, we have a broader quest for peace and progress at ‘Crossroad Asia’ that comes into sharper focus as the global environs experience an erosion of uni-polar order and ‘Rise of the Rest’ viz-a-viz the West. The upcoming phase 2015-2025 should be revealing in terms of system-wide changes and their trans-regional impact. This phenomenon is critically important for Pakistan in view of its geopolitical disposition at the intersection of three regions: South Asia, Central Asia and West Asia.

The frame of today’s Seminar truly reflects the twin-track changes in the geopolitical and geo-economic domains which are relevant to a reassessment of the emerging scenario. It is, therefore,

necessary that stakeholders re-visit the Asian scene beyond the re-focus on the so-called 'Asia Pivot', and gauge the upcoming roles of other stakeholders in addressing hotbeds of conflict and providing impulse for economic growth. The progress in the broader region, in terms of its pace and quality, would be determined by a greater trans-regional connectivity if the stakeholders are able to address hotbeds of conflict.

Ladies and Gentlemen

Geography has exposed Pakistan to conflict-prong situations in our neighborhood that have tremendously impacted on our socio-economic fabric and progress as part of a larger fraternity of nations. Concurrently, it is our geopolitical disposition that should promise us a greater responsibility and a role to unravel the conflict-pronged situations and to do our part in erecting sustainable structures for peace and economic growth in a trans-regional setting.

It is in this context that we would like to look at Afghanistan beyond the current peril and to stabilization in this brotherly nation, following decades of conflict, and to their move towards playing a role that belongs to them. Similarly, we earnestly hope that stakeholders in the region would acknowledge and uphold the primacy of Kashmiri people in the triangle of dispute and do their part to address the aspirations of 16 million Kashmiris. A resolution of Kashmir dispute in keeping with the people's right to self-determination is directly related to any significant progress in India-Pakistan normalization process.

Ladies and Gentlemen

Pakistan's concern for peace and security in the Middle Eastern arena is equally well placed and pronounced. It is our full conviction that the way to peace in the Middle East lies through justice for the Palestinian people and by way of attainment of an independent, sovereign Palestinian State with Jerusalem as its capital. Denial of this right will only expand the sense of neglect and unfold various manifestations of extremism and militancy on a broader canvas.

Similarly, we remain concerned about newer manifestations of extremism and potential incubators for terrorism that may threaten the stability and well being of the broader region. It is our firm belief that sectarian-based approaches in the arena will be anti-thesis to progress and, therefore, we all need to look beyond this menace.

We are also hoping that, in keeping with lessons of history, the Arab and the Persian flanks of the Gulf would rediscover their strength in terms of interests which they share and rediscover what relates to their common destiny.

Ladies and Gentlemen

Today, we live in a world of hope and promise, looking beyond the tensions of 'Cold War' and its hangover in the uni-polar order. It is our hope that stakeholders in the multi-polar arena now unfolding and will take up roles for greater stabilization and co-prosperity in a trans-regional setting. Our expectations in this regard are, understandably, pegged around endeavours to remove hotbeds of conflict. Concurrently, our upcoming vision for tomorrow will have to rest

upon trans-regional connectivity and economic growth that awaits an actionable agenda. On our part, Pakistan remains ready to promote the processes.

In consideration of the upcoming discussion, it is important that we review the experiences of regional groupings and see how we can look beyond the inertias which these groupings face. It is also important to see how challenges and opportunities can be addressed in terms of trans-regional connectivity, whether vertical or horizontal. Pakistan is certainly poised to deliver on this count and do its part in this region's role in 'Asia Dawn'.

Ladies and Gentlemen

You will agree that Pakistan has undergone a remarkable economic recovery over a short period of time, which is widely acknowledged by independent analysts, particularly international financial institutions. Even though the Government of Prime Minister Nawaz Sharif inherited a broken economy, it was not deterred by the challenges it faced. Within few days of presenting the first budget in June 2013, the Government introduced deep-rooted economic reforms, such as tax measures and adjustment in administered prices, without which meaningful hope for economic revival was not possible.

International think tanks and research groups have recognized Pakistan's impressive economic turnaround in the first year of our Government. JETRO declared Pakistan as likely to be the second choicest place for FDI; Goldman Sachs forecasted that Pakistan, which is currently at 44th position, would be world's 18th largest economy by 2050; OICCI raised Pakistan's index from negative 34 to positive 2; Moody's raised our economic outlook from negative to positive; in Nielsen's Global Survey of Consumer Confidence, Pakistan's index rose to 99 in the 1st Quarter of 2014 from the lowest level of 86 in the 3rd Quarter of 2011 and, just recently, Morgan Stanley has declared that the rise of Pakistan is just a matter of time.

Ladies and Gentlemen

I assure you that Pakistan of today is better than Pakistan of yesterday as it stands on the verge of a momentous transformation. Our Government is fully committed to harness the economy of Pakistan through appropriate policies and a strategic vision. The Government has a long term development plan aimed at creating a globally competitive and prosperous country, with particular emphasis on achieving macroeconomic stability through inclusive growth. We aim to achieve growth of around 7%. This is necessary to address poverty incidence and unemployment while improving socio-economic indicators, including health and education. We are also working to improve the energy mix to avoid the need for tariff increases and to attract foreign direct investment. A brief account of our future roadmap is as follows:

- GDP to grow gradually to around 7%;
- Inflation to remain in single digits i.e less than 8%;
- Fiscal deficit to be brought down to 4%;
- Foreign exchange reserves - US\$ 20 billion
- Investment-to-GDP ratio - 22%;
- Industrial sector to grow by 8%;

- Public debt to be brought down to less than 57% of GDP;
- Tax-to-GDP ratio to be increased to 15%;
- Exports to be increased to US\$ 32 billion;
- Foreign Direct Investment to be increased to US\$ 5.5 billion;
- Spending around 4% of GDP on education and health, with key social indicators equal or better than regional countries;
- Poverty alleviation and support to vulnerable sections of the society;
- Massive reduction in loadshedding of electricity; and
- Shortage of natural gas to be met with enhanced supplies through increased exploration/production and imports, both overland and sea.

Ladies and Gentlemen

Pakistan's geography is bounded with Iran, Afghanistan, China and India. Its stability and economic prosperity will contribute immensely to the peace and stability of the region that houses more than half the world population. The region is also home to a sizeable number of world's poor. End of conflict in any part of the world will improve economics, but none would do so at a scale as it will in this region. Therefore, it is in the interest of this region to remain free of conflict so that greater amount of resources is diverted for improving the lives of its peoples.

While Pakistan is endeavouring for good and peaceful relations with all its neighbours, China, in particular, has invested significantly in Pakistan in almost all economic sectors during the last decade. We are expanding our economic ties with China by building the Economic Corridor that will link Gawadar to Kashgar, both through railways and highways, sub-planting the old Silk-Route. The concept of the Economic Corridor will usher a new era of economic cooperation in the region by opening otherwise inaccessible areas and link them to profitable markets in the entire neighborhood.

Apart from contributing to regional economy through cooperation with its neighbours, Pakistan is actively promoting a number of projects that would enhance regional connectivity and joint exploitation of regional resources. Three projects are notable in this regard.

First, the **CASA-1000** is the Central Asia South Asia electric power transmission project that will transmit already available surplus power to deficient countries, Pakistan and Afghanistan. The 1,222 km transmission line, costing nearly US\$ 1 billion will originate in Kyrgyz Republic and pass through Tajikistan and Afghanistan and terminate in Pakistan. It will supply 1,300 MW of power, 300 MW for Afghanistan and 1,000 MW for Pakistan. Our Government has played a lead role in reviving this years old project which existed on paper, and is trying to make this project a reality.

Second, we are the central part of the **Turkmenistan-Afghanistan-Pakistan-India (TAPI)** gas pipeline project, which will supply natural gas from Turkmenistan to Afghanistan, Pakistan and India. The project is lead-managed by Asian Development Bank and will contribute immensely to lessening the energy shortages in South Asia.

Third, **Central Asia Regional Economic Cooperation (CAREC)** is a partnership of 10 countries (Afghanistan, Azerbaijan, Kazakhstan, Kyrgyz Republic, Mongolia, Pakistan, China, Tajikistan, Turkmenistan and Uzbekistan), supported by 6 multilateral institutions, working together to promote development through cooperation, leading to accelerated growth and poverty reduction. The priority areas of cooperation are transport; trade facilitation; energy and trade policy. CAREC Ministers have recently approved a US\$ 23 billion Action Plan for undertaking regional connectivity projects in the priority areas in member countries.

Ladies and Gentlemen

Let me conclude by stating that an economically strong, democratic Pakistan will not only defeat extremism at home but would contribute immensely to the stability of the region. It will also be an engine of growth for the regional economies with its strategic location to sea and contiguity to vast land mass of South Asia that connects efficiently to the Eurasian land mass as well.

Let me, once again, thank the National Defence University for organizing this major event of critical importance to all and to enable us to deliberate on challenges and opportunities in the way. I wish our guests a pleasant stay in Islamabad and very productive engagement at this forum.

Thank you all.