

**SPEECH FOR DR. MUTHIAH, PRESIDENT, FICCI
AT THE NON-ALIGNED MOVEMENT'S BUSINESS
FORUM ON SOUTH SOUTH COOPERATION**

SESSION THEME:

**'REBUILDING COMPETITIVENESS, SUSTAINING ECONOMIC
GROWTH – A FUTURE MODEL FOR COOPERATION AND
DEVELOPMENT'**

His Excellency Mr. Long Yong Tu,
Dr. Rozali Mohamed Ali,
Dr. Peter Cornelius,
Mr. Tanri Abeng,
Mr. Tharman Shanmugaratnam,
Her Excellency Madam Rini Soewandi,
Tan Sri Dr. Noordin Sopiee,

Ladies and gentlemen,

We meet today, against the background of a distinct slowing down of the leading world economies. The picture painted by the key indicators does not inspire hope. The developing economies, representatives from many of whom are present here, have borne the brunt of this slowdown.

The globalisation process has generated backlash all over the world. There is dissatisfaction with this process at various levels. The benefits of globalisation have been distributed inequitably, with the major chunk being cornered by the developed nations. While the developing nations have yielded substantially by providing market access and removing trade

barriers, the developed nations have not reciprocated to the extent they were required to. In the current order, developing countries collectively should take up a more assertive role – NAM as a forum mainly of developing countries should assume this role.

Since the developed countries are in the midst of an economic slump themselves they cannot provide much impetus for greater trade for the developing countries. This gives us further reason to strengthen south-south cooperation.

With people doubting the very concept of globalisation, time is indeed ripe for the resuscitation of NAM as a nodal agency for expressing and addressing the concerns of developing countries on economic issues. This will be in consonance with the original aim of NAM, which is to maintain independence of decision-making.

If the non-aligned movement does not shape the future of the international economy through continuous attention, it is we who will suffer most from the consequences of this neglect.

We must demonstrate a collective will to see this through together and we must take substantive decisions at this conference to be better served in strengthening our resources, increasing our negotiating capacity at international fora and in undertaking mutually supportive action in a variety of ways. This would enable us to take advantage of the substantial capabilities we have built amongst ourselves.

Friends, while trade and investment liberalization are important, a holistic model for overall economic development should also incorporate a fruitful economic and technical cooperation. And it should be our endeavour that this cooperation be reciprocal and is based on equality, mutual benefit and complementarity.

The future model for cooperation and development could incorporate some of the following elements:

- ❖ Promoting linkages between the small and medium enterprises (SME's) of the developing countries.
- ❖ Sharing of experience among the developing countries on the innovative use of emerging technologies.
- ❖ Further coordination on WTO issues. Develop NAM as the focal point of developing countries stand on WTO issues.
- ❖ Developing a mechanism for making information about developing countries more easily available. Strengthening of communication and direct transportation links would also facilitate information exchange.
- ❖ Creation and promotion of a dedicated financial institution for supporting trade activities and greater south-south business cooperation.

- ❖ Developing analytical, scientific and technical capabilities for strengthening the knowledge base to be used by developing countries.

As the apex industry body of India, FICCI has taken initiatives in many of these areas. FICCI held a Global SME summit in December last, wherein the Indian Prime Minister Hon'ble Shri Atal Bihari Vajpayee emphasized the pivotal role played by the Small and Medium Enterprises in the developing and transition economies. Earlier at the Indo-ASEAN business summit organized by FICCI in October 2002, the Malaysian Prime Minister, Hon'ble Yab Dato Seri Dr Mahathir Bin Mohamad had set out a vision for Asian cooperation. All we need to do is to extend the scope and give shape to his vision.

It is necessary for us to formulate and strengthen exchanges and cooperation in a focused manner. We must appreciate that there is a high degree of complementarity among our countries in certain areas and that we would do well if we harness these for the development of us all, guided by the collectively defined common objectives. We must account for our differing development levels and strive for an optimum balance among our diverse interests and demands.

In the last three decades the developing world and especially the countries in the non-aligned movement had to tackle new challenges.

The average annual GDP growth in 104 countries of the non-aligned movement had slowed down sharply from 4.5% in the seventies to 2.9% in the eighties. However, there was a marginal improvement in annual average

growth rates to 3.5% in the nineties. The new millennium has started off in a more optimistic way with the annual average growth rate picking up to 3.7% in 2001.

A major concern however continues to be the slow growth in a majority of the countries in the non-aligned movement. Only 29 of the 104 countries registered an annual average GDP growth of above 5% during the nineties.

One major reason for the slow growth of most of the non-aligned countries in the 1990's is the sharp fall in commodity prices in that decade. Price of both agriculture and non-agriculture commodities have either fallen or at the most risen at a very low rate during the period. This has impacted on the economy, as most of the countries are still heavily dependent on agriculture production and their exports

Countries of the non-aligned movement have to reorient their growth strategies to catch up with the rest of the world. Dependence on commodities has to be reduced substantially and focus has to be shifted on to manufacturing and other knowledge based industries.

The pre-requisite for such a transformation are many. But the most essential would include social and infrastructure facilities, especially better education and health facilities and improvement in roads, railways, ports, airports and power generation. Putting these basic facilities into place is a gigantic task and strategies have to be devised depending on the resources and the potential of the different economies that constitute the large group of non-aligned countries.

Promoting greater south-south cooperation would be a step in the right direction for NAM countries. These countries must conduct more business among themselves so that they can mutually prosper in their areas of strength and get support in sectors they are weak in. In fact, formation of a trade bloc among the NAM countries would enable them to consolidate their strength, increase trade and speak in a collective voice on issues of interest to them.

Friends, as I stand before you representing the Indian industry, allow me to share with you points pertaining to the performance of the Indian economy and the role India can play in fostering economic cooperation between the NAM countries.

India's share in global GDP on a purchasing power parity basis has gone up 3.6% in 1991 to 4.7% in 2001. This has improved the ranking of the Indian economy from the 8th position in 1991 to the 4th position by 2001.

Today India's overall macroeconomic scenario presents an encouraging picture. The elements which give us the confidence include low inflation rates, booming foreign exchange reserves, self-sufficiency in food grains, stable exchange rates and vibrant exports.

India can offer substantial economic cooperation to the other non-aligned countries in building up social and economic infrastructure facilities. The Indian industry is fully capable to execute projects in the fields like education, health, roads and highways, telecom, power to name a few.

We offer our expertise and help across a wide spectrum of industries and services and would be more than happy to share the same with our fellow non-aligned countries. India's technology and know how would in many cases be more appropriate for most of the developing countries.

With these few words I thank you all and wish that the deliberations of this meeting would throw up interesting and relevant leads to be followed.

As a parting note I am reminded of a verse from the Rig Veda, one of the oldest treatise of the Indian subcontinent. It says, and I quote;

***“ May you walk in step together,
May you speak in one voice,
May your minds unite in knowledge”***

Unquote

Let it be our endeavour to follow it in letter and spirit.

Thank you