



**REGIONAL INTEGRATION
THROUGH STRENGTHENING
INSTITUTIONAL COOPERATION IN
SOUTH ASIA: SAARC**

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Presentation outline:

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- 3. Genesis and rationale of regional cooperation.**
- 4. Initiatives for promoting regional cooperation.**
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1. Introduction.

Trend of regional cooperation-a dominant feature of international relations in recent years

Articles 52 and 53 of the Chapter VIII of the Charter of the United Nations Charter have provisions on regional arrangements.

Regional cooperation is attributed to:

- a)shared institutional membership,
- b)geographical proximity',
- c) their commonality of interests',
- d)common intention to establish 'an association for the maintenance of peace and security and for the development of their economic, social and cultural cooperation to forma distinct political entity.'

Two schools of thought on integration:

- Functionalism
- Neofunctionalism.

Introduction –contd.

27 years of SAARC as institutionalized cooperation in South Asia
Originally 7, expanded to 8,
Granting of observer status to several countries

Avoided cooperation in hard-core economic areas of trade, finance and manufacturing.

Syndrome of mistrust/fear in the region:

1. Security–laden mindset of government officials
2. Fear/apathy towards enhancing regional economic integration
3. Poor connectivity/infrastructures
4. Lack of political will/understanding among members

2. Geopolitics of South Asia

The Economist (January 3, 1998) described the geopolitics, as 'the maneuverings and counter-maneuverings of the world's big powers, and the question of who does what to whom around the globe, and why. It is a subject, you might think, that you ignore at your peril.'

- Global power shift from the trans-Atlantic to the Asia Pacific region
- Shift is based on the growth of China and India and has profound impacts in shaping a new geo-politics
- History, geography, demography, and economy of South Asia put it prominently in foreign policy discourses of global powers.
- South Asia is centered on India.
- India has 76% area of the total region, 77% of the total population, and 71% of the GDP.
- All SAARC member states share border with India, but do not have common borders with each other.
- Pakistan and Afghanistan are exceptions, rest of SAARC members have geographical access to others through India.
- Bangladesh, Bhutan and Nepal are separated from each other by just a few kilometers of Indian corridors.

Geopolitics contd.

- India has 'an undeniable influence on all proposals for intra and sub-regional cooperation'.
- South Asia accounts 3.27% of total land area of the world, 1/5th of the world's population with rising incomes.
- Has a largest concentration of growing middle class.
- Region of young people: more than 35% of the population is between the ages of 15 and 34.
- Less than 2% of world income but supports 22% of world population.
- South Asia-home to estimated 600 million of the world's poorest people—subsisting on less than \$1.25 per day.
- South Asia is one of the underdeveloped regions, the least integrated region in the world.
- South Asia appears along with the Sub-Saharan Africa regions with widespread hunger and extreme poverty.

Geopolitics contd.

- South Asia is beset with unsettled territorial disputes, growing impact of transnational crimes, terrorist activities across international borders, trans-border criminal and subversive activities, religious fundamentalism, natural disasters, human pandemics, food security, and fragile democratic institutions.
- Intra-regional migration strain and stress bilateral relations.
- Rulers' tendency to manipulate these challenges to satisfy political agenda and cultural passions.
- Terrorism has cross border linkages: big set back to the normalization of bilateral relations.
- South Asia has the largest number of non-state armed groups than any other regions.
- South Asia projected as a nuclear flash point. President Bill Clinton: 'the world's most dangerous place on earth.'
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- India is one of the 10 largest military spenders in 2011 spending \$48.9 billion. Pakistan spends around ten times as much on defence as on education.

Geopolitics contd.

- 9/11 changes ground realities and brings US in the region.
- US's deep engagement in the region through its 'war on terror'.
- China's extraordinary transformation since 1979-second largest global economy.
- Geopolitical realignment, with China as a powerful regional player, emerging as a global power.
- China - the largest trading partner with all Asia Pacific neighbors. China and India-China trade is expected to reach 100 billion dollars by 2015.
- Deutsche Bank projections are that economic reforms and a growing work force will lead India to overtake China as the world's fastest growing major economy over the next 15 years.
- China's deep engagement with Pakistan and other South Asian countries.
- Significant upsurge in Indo-US relations since the 1990s.
- US to India- an 'emerged nation' on the world stage.
- 'Indispensability' of the India-US partnership to face global changes.

Geopolitics contd.

- Factor for reorientation of the political and military issues of the region and the global powers.
- Dispersal of geopolitical power with a sharp focus on Asia.
- Climate change- whether the melting of Himalayan glaciers or rising of sea levels.
- India and China as the planetary powers
- There are widespread concerns of US *strategic disengagement*.
- In 10 years, over 100,000 foreign troops have failed to defeat 20,000 to 25,000 Taliban.
- SAARC members belong to the UN, Non-Aligned Movement, and other regional organizations that are committed to the principles and purposes of the United Nations.

Observers in the SAARC fold have their roles and perceptions.

3. Genesis and rationale of regional economic Cooperation

- Shift from unipolar to multipolar.
- End of Cold War introduced interconnectedness and interdependence.
- Change was described as the 'end of history' (Fukuyama), coming clash of civilizations (Huntington), coming anarchy (Kaplan), borderless world (Ohmae), and 'unipolar moment' (Krauthammer) and recently 'pivoting'.
- Regionalism, -as a multidimensional form of integration embracing economic, cultural, political, and social aspects.
- In 1951 the emergence of European Coal and Steel Community (ECSC) leading to the formation of the European Union.
- EU model of regional integration includes policies, economics, culture, security and social implications.
- Africa is home to more regional integration initiatives than any other continent.
- Modeled on EU, regional integration initiatives in South America have an element of identity and independence.

- Early efforts for regional cooperation/integration in Asia appear as early as in 1950s with the establishment of the Colombo Plan, Afro-Asian Conference in Bandung issued in 1955
- Bangdung Conference - a prelude to Non-Aligned Movement culminating in the first Non-aligned Summit Conference in 1961.
- In 1967, ASEAN came out of shared threat perceptions
- ASEAN is an active player in regional and global diplomacy.
- Launching of South Asian Association for Regional Cooperation (SAARC) in 1985 from Dhaka.
- 'Regional Cooperation for Development' (RCD) later transformed into an Economic Cooperation Organization (ECO)
- Indian Ocean Rim Association for Regional Cooperation (IOR-ARC): an economic grouping of the Indian Ocean Rim countries.
- Asia Pacific Economic Cooperation (APEC) launched in 1989, compared to a *three layered wedding cake*.
- Bay of Bengal initiative for Multisectoral Technical and Economic Cooperation (BIMSTEC) with countries from two regions- South Asia and South East Asia.

Making of SAARC

- Start of SAARC on a cautious than enthusiastic note, countries suspecting each other.
- SAARC not born of any shared threat perceptions nor kept together by a common enemy.
- SAARC emerged amidst congenital fears, distrusts, and acrimonious relationships, particularly between India and Pakistan.
- Signing of SAARC Charter on December 8, 1985, based on the principles and purposes of the United Nations Charter.
- Heads of State/Government meet once a year or more often as and when considered necessary.
- Council of Ministers meets biannually.
- Standing Committee meets as often as deemed necessary.
- Programming Committee
- Technical Committees
- Decisions at all levels on the basis of unanimity, and bilateral and contentious issues are excluded from the deliberations.
- SAARC nations are committed to multilateralism, and express desire to work for strengthening the institutions of global governance 'to practice tolerance and live together in peace with one another as good neighbors', (UN Charter).

4. Major initiatives taken for regional integration

A. Promoting integration through trade expansion

- Trade -an effective tool in promoting regional economic integration.
- Intraregional trade in South Asian region is 5.5% of the global trade volume, with 20% of the global population.
- SAPTA came to commemorate the first decade which *the Economist* described as *less revolutionary after ten barren years of talking*.
- SAFTA came into being in 2004 and entered into force on January 1, 2006.
- SAFTA commits member states to follow a concrete road map towards facilitating the cross-border movement of goods (with the perspective to abolish all customs duties by 2015), to harmonising product testing procedures (still a major barrier to trading between the SAARC countries) and to increased cooperation on the question of crossborder transport infrastructures.
- SAARC declarations commit to intensify the implementation of the South Asian Free Trade Agreement (SAFTA). But there are no actual actions.
- Need to drastically reduce Sensitive list.
- Challenge is to put SAARC in global value chains.

B. Sub regional cooperation

- Emerged at the 17th ministerial meeting in December 1996 in New Delhi
- sub-regional cooperation be initiated covering Bangladesh, Bhutan, Nepal and India.
- considered to be fast track approach: Sub Regional Economic Zones (SREZs) expected to link together 'areas that economies would naturally have brought together, but that policies have kept apart.'
- No take off.

C. People to people contacts

First summit Dhaka summit in 1985 'to increase interaction and further promote people to people contacts at various levels among their countries.'

Subsequent summits took the process forward by establishing various mechanisms, including:

- South Asian Broadcasting Programme,
- SAARC Documentation Center,
- SAARC Information Center,
- SAARC Audio-Visual Exchange Programme,
- SAARC Youth Volunteers Programme,
- TV Radio Programme,
- TV Quiz Programme,
- Youth Literacy and Participatory Governance,
- SAARC Chairs, Fellowships and Scholarships
- SAARC Youth Awards Scheme (SYAS)

D. Linkages with other organizations

- Number of memorandums of understanding concluded with several national, regional, and international organizations.
- Observer countries in the SAARC include Australia, the People's Republic of China, The Islamic Republic of Iran, Japan, the Republic of Korea, Mauritius, the Union of Myanmar, the United States of America and the European Union.
- Cooperative and competitive relations come to the SAARC meetings.
- Given the geopolitics outlined, the involvement of extra-regional powers in South Asia is seen to be problematic and not conducive for regional cooperation.
- The presence of Japan and China, United States and China, speak for itself.
- SAARC is too incipient and incoherent organization to perceive the common approaches to deal with the observers, benefit from 'these external linkages' and help Association's economic integration with the international community.'

E. Regional connectivity

- Transit transport cooperation is vital to advance the process of regional integration.
- SAARC has 4 LDCs, and of them 3 LLDCs.
- They face severe constraints in transport, transit, connectivity, restricted choice of ports and routes, cumbersome transit processes, including procedural controls, hassles in the form of multiple checking agencies, additional documentary requirements at different points
- Building intra-regional connectivity is at the core of regional integration in SAARC.
- Successive SAARC summits have called for strengthening intra-regional transport connectivity. The 14th SAARC Summit (2007) endorsed the SAARC Regional Multi-modal Transport Study (SRMTS).
- SRMTS has identified 10 road corridors, 5 rail corridors, two inland waterway corridors, seven air transport gateways and 10 maritime gateways.
- SRMTS identified 10 road corridors, 5 rail corridors, 2 inland water transport corridors, 10 maritime gateways and 16 aviation gateways.
- 16th SAARC Summit Declaration in Thimphu 2010: Decade of intra-regional connectivity.

17th SAARC Summit Declaration, Addu 2011 directed the Ministers to conclude the Regional Railways Agreement and to convene the Expert Group Meeting on the Motor Vehicles Agreement before the next Session of the Council of Ministers; and to direct the early conducting of a demonstration run of a container train (Bangladesh – India – Nepal)

It also directed the Secretary General to ensure completion of the preparatory work on the Indian Ocean Cargo and Passenger Ferry Service, including the Feasibility Study.

Costs of non-cooperation at a glance (Courtesy: SAWTEE):

Delhi – Dhaka

A 20-foot container takes at least 30–45 days to move between New Delhi and Dhaka through the maritime route (via Mumbai and Singapore/Colombo to Chittagong and then by rail to Dhaka), at a cost of around US\$2,500.

If there were direct rail connectivity, the time would be reduced to 4–5 days, and the cost would drop to around US\$850.

Punjab (India) – Punjab (Pakistan)

Due to severe railway capacity constraints, goods traded between the bordering Indian states of Punjab and Pakistani province of Punjab travel more than 3,000 km through the sea route via Mumbai to Karachi rather than a land route of less than 300 km.

- **Dhaka – Lahore**

- ▶ Needs to travel 7,162 km by sea instead of 2,300 km, as overland movement across India is not allowed

- **Agartala – Kolkata**

- ▶ Agartala, the capital of the Indian state of Tripura—one of the “Seven Sisters” in northeastern India—is only 75 km from Chittagong

- ▶ Goods from Agartala travel 1,645 km to Kolkata port through the “chicken’s neck”

- **Assam – Kolkata**

- ▶ Tea from Assam travels 1,400 km to reach Kolkata port

- ▶ If transport cooperation were there, goods would have travelled only around 400 km across Bangladesh to reach Kolkata

- **Costs of such hindrances are well documented...**

- ▶ Each day delay in delivery of goods is equivalent to a 0.8 percent addition to *ad valorem* duty (Hummels 2001)

- ▶ Each day’s delay, which is equivalent to distancing the exporter by an equivalent of 85 kilometres, could reduce trade by 1 percentage point (Djankov *et al.* 2010)

Immediate benefits from cooperation include:

- ▶ A 10 percent fall in transaction costs at border in South Asia has the effect of increasing country's exports by about 3 percent (De, Khan and Chaturvedi 2008)
- ▶ In South Asia, a 10 percent fall in transportation costs increases bilateral trade by 5.7 percent (De 2007)

Some bilateral initiatives:

Joint communiqué [India-Bangladesh, January 2010]

- ▶ Mongla and Chittagong Sea Ports to be used by Nepal, Bhutan and India
- ▶ Rohanpur/Singabad–Katihar–Raxaul–Birgunj broad gauge rail link for Nepal's third-country trade through Mongla Sea Port, and for bilateral trade between Bangladesh and Nepal
- ▶ Constructing Akhaura–Agartala rail link and designating Ashuganj as a new port of call and a transshipment port for Indian transit traffic by IWT and then for onward movement to Tripura by road transport

F. Combating terrorism through SAARC

- South Asia as the epicenter of international terrorism?
- Cross border terrorism strain and stress bilateral relations.
- Dhaka Summit in 1985 recognized the need 'to examine the problem of terrorism as it affects' the security and stability of member states of SAARC'.
- Instruments against terrorism adopted:
SAARC Regional Convention on the Suppression of Terrorism of 1987 and its Additional Protocol that came against the backdrop of the 9/11 and also to meet the obligations of the UN Security Council resolution 1373,
Regional Convention on Narcotics Drugs and Psychotropic Substance of 1990,
SAARC Convention on Preventing and Combating Trafficking in Women and Children for Prostitution of 2002, a Convention on Mutual Assistance in criminal Matters of 2010.
SAARC Terrorist Offences Monitoring Desk (STOMD).
- Unless the ground realities are adequately and honestly addressed, decisions implemented in true spirit, the present conditions provide a fertile ground to the growth of terrorism.

G. Promoting integration through WTO accession

- International trade as an instrument for economic growth, employment creation, poverty reduction and sustainable development.
- LDCs to be meaningfully and effectively integrated into the MTS.
- Of 49 LDCs, four are in South Asia.
- Two of the SAARC LDCs are members of the World Trade Organization. Nepal was the first LDC to have joined the WTO through accession process.
- SAARC joint communiqué on the sidelines of WTO ministerial meetings.
- Format to be widened to other forums.
- GATT Article XXIV endorses the concept of regional integration which refers to 'the desirability of increasing freedom of trade by the development, through voluntary agreements, of closer integration between the economies of such agreements.'

5. SAARC Balance sheet: Assessing the process

- Assessment against the background: *difficult circumstances at its birth, regional situation prevailing at present, and the dynamics of in bilateral relations.*
- SAARC - an alliance of contrasts and commonalities.
- Start was cautious than enthusiastic.
- Analysts opine that the SAARC has a mixed bag. Nothing imaginative had come out of SAARC for decades.
- SAARC forums as talk shop, 'super bazaar' and PR exercises. They meet to decide when and where to meet next.
- Meetings have been more ceremonial than substantive, more imitations than innovations.

- Terrorism –a biggest threat to peace, stability and development.
- 'Credible and visible actions' needed in fight against terrorism.
- Priorities need to be on the implementation of agreed decisions on terrorism.
- SAARC - a silent observer of growth and development process elsewhere.
- SAARC economic road map has been too slow and painful.
- A doable and implementable road map is needed.
- 'The Association has taken deep root in South Asia branching out to virtually every area of national and regional activity. It has however spread like a tree with extensive foliage but inadequate fruit. The tree requires pruning of all that unproductive and the careful nurturing of what could yield fruitful results.' (Kumaratunga:1997).
- Group of Eminent Persons (GEP) and mandated to 'undertake a comprehensive appraisal of SAARC and identify measures including mechanisms to further vitalize and enhance the effectiveness of the Association.' Report need to be taken up seriously.

- Lack of political will, non-implementation of decisions, over ambitious goals, overlapping memberships, structural impediments, and endemic instability.
- SAARC has every potential to develop as a vibrant regional cooperation organization for advancing regional integration and act as conflict resolution mechanism.
- SAARC meetings provide opportunities for bilateral discussions. Retreat is the biggest opportunity for SAARC leaders.
- SAARC has created a number of institutions, initiatives, bodies and committees. Resources and energies remain dispersed across a wide spectrum. Activities need to be specific and focused. Efforts should be directed towards creating strong institutions and structures to develop and deliver regional diplomacy and resources for building regional capacity.
- Form common positions on common issues at international forums.
- With Doha development round at deadlock, SAARC as one of the promising regions and emerging areas could work to put in place a number of important milestones at multilateral forums.

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- What is needed is the transformational leadership. Paper commitments and timetables are no solution.
- Development of water resources in South Asia - a testing ground for political leadership. 'Planning Prosperity Together' is possible through the development of water resources, which could have electrifying effects on development in South Asia.
- SAARC is the most politicized region and it appears least equipped to deal with the fundamental causes of the conflict.
- Closer integration could contribute towards conflict prevention, terrorism, non-proliferation, human rights and produce South Asian solutions to South Asian problems.
- Development of human resources is a must. The development of China and India was not achieved overnight. It was due to decades of investment in human resources that they have been able to reach where they are today.

- People in the margins are considered to have marginal minds. SAARC challenge is to reach them and mainstream in the SAARC process.
- Sharing of best practices, and experiences.

To conclude:

Asia has come to be 'the world's brightest spot for the 21st century'.

Asian countries have turned 'from dominoes to dynamos' and possess 'amazing and unprecedented commercial opportunities'.

External interest in South Asia has never been stronger. There is a growing involvement of extra-regional powers like the US, EU, Canada; Australia; Iran; and China.

Powerful members have special responsibilities to keep the SAARC house in order and warming. Their gestures and actions central to regional cooperation and regional integration in South Asia. They need to be proactive, positive and engaged, and also sensitive to the perceptions of smaller countries.

As the rise of India in SAARC region is bringing new dynamics, as one analyst says, 'a dead SAARC at India's behest will only make India's neighborhood policy more difficult and its international image more unpalatable.'

- US President Barrack Obama, has placed top priority on Asia. Hillary Clinton has declared Asia and the Pacific as the driver of global politics.

Need for a security framework in SAARC?

- Difficulties in the South Asian region have their roots in bilateral relationship.
- A confluence of varied factors make the South Asian region critical for international peace and security.
- Terrorism is deliberately created and nurtured in South Asia to achieve tactical objectives.
- Security arrangements like ASEAN Regional Forum (ARF) in SAARC can make a beginning to build a cooperative security framework.
- As international forces withdraw from Afghanistan in 2014, SAARC countries have a challenge to find a common position. What can they do to put together regional security arrangements which will lead to minimize/contain the play of extra-regional powers and prevent disorder?
- South Asian solution to South Asian problem?

- Regional integration has not suffered in South Asia due to lack of ideas, schemes, and visions. SAARC has been overshadowed due to its inactions, and indifferences towards the implementation of commitments/decisions it makes.
- South Asian integration is not only desirable, it is feasible and it is a necessity.
- SAARC is an indispensable tool in the process.

**NO ONE CAN UNDERMINE SOUTH
ASIA, IF SOUTH ASIANS DO NOT
UNDERMINE EACH OTHER.**

**THANK YOU
FOR YOUR KIND ATTENTION**