

## **Chapter I**

### **INTRODUCTION**

We are living in an era of regional cooperation. The emerging trend of regionalism helps to effectively address economic, social and political problems. The Economic Cooperation Organization (ECO), European Union (EU), North Atlantic Treaty Organization (NATO), Association of Southeast Asian Nations (ASEAN), African Union, Arab League and South Asian Association for Regional Cooperation (SAARC) are good examples of regional cooperation. The present study of the SAARC is being undertaken in order to understand its dynamics and performance but also to compare it with two other regional organizations, ASEAN and ECO. This comparison will enable us to examine the nature, working and performance of SAARC in a comparative context. The study will examine the commonalities and differences among these organizations to understand dynamics of the regional cooperation in South Asia.

In South Asia, SAARC has not shown much performance. This association could not bring peace, harmony and economic prosperity. It is in the interest of the states of the region to strengthen the SAARC through greater cooperation and by learning from the experience of ASEAN and EU. This study addresses the question of regional cooperation in South Asia by focusing on its performance and problems which will be compared with other regional organizations like ASEAN and ECO. This would help to understand why SAARC could not really become an effective organization. The hypothesis of the study is: the greater the harmony and trust in the security and political domains in a region, the more are the chances of a regional organization becoming viable and functional.

### **REGIONAL COOPERATION**

The concept of regional cooperation generated a lot of hope and optimism particularly in those regions of the world where the level of development, progress and interaction remained quite marginal and low. The prospects of meaningful cooperation in order to deal with critical issue remained bright under the framework of regionalism. The process of regional cooperation got an impetus after the end of

Second World War. During 1970s and 1980s, regional entities emerged as a major force in global politics.

Regional cooperation if not integration was considered an uphill task because of deep rooted distrust, suspicion and paranoia kept these states away from meaningful regional cooperation. Their mutual differences made it difficult for them to engage with each other in a positive manner. These negative trends began to grow weaker when the states learnt about the benefits of cooperation by studying other regional organizations as some benefits were accrued by initial cooperation, regional get together.

The idea of regional cooperation in South Asia was presented more than three decades ago by President Zia-ur-Rehman of Bangladesh. He presented the original idea of cooperation on the thought that regional cooperation will help these states to come together and work for economic collaboration and trade relations.

Regionalism can produce positive results if the member states work requirements of mutual towards building trust, confidence, goodwill, prudence and welfare oriented policies. If there is a lack of political will and commitment to better socio-economic future is non-existent, regional cooperation cannot be promoted. The failure of regionalism can only deepen pessimism and gloom and may put a question mark on a bright future of that region. Defining a region may be a bit problematic because of enormous variation in seeking a better understanding of the term of region. Most writers are of the view that “a region can develop cooperation if there is greater homogeneity in terms of ethnicity, religion and development goals. These commodities can be promoted through political accommodation and a realistic approach to the problem. Above all the political to promote harmony and cooperation holds the key to success.”<sup>1</sup>

The problem in defining a region only occurs when these exists great diversity in that region or when some states join a particular regional organization on political grounds. One state may be a member of two regional organizations at the same time. Afghanistan and Pakistan are simultaneously in SAARC and also in ECO, because both are simultaneously in South Asia and also have proximity to Central and West Asia ‘Because of two main reasons one cannot predict a smooth sailing of the process of regionalism. First, the adverse role of those forces who thrive by sustaining non-

cooperation and antagonism and second, when bureaucratic impediments derail efforts for regional cooperation.

South Asia is very relevant example to prove how since its formation, SAARC in December 1985 till today, the region is still a hostage of paranoia and mistrust between the two major countries of South Asia i.e., India and Pakistan. Therefore, even when there is substantial paperwork and pledges made on the occasions of summits and other SAARC meetings to foster the process of regional cooperation qualitative change does not occur when the approach and mindset of major stakeholders remain retrogressive. One major reason of the smooth sailing of EU and ASEAN is concerns among member states that they will formulate policies which only ensure benefit for regional cooperation rather individual gains. Collective regional benefit rather than state centric interests strengthened the bond of regional cooperation in Europe and South East Asia.

Regionalism within states is thus a very broad based set of idea and aspirations which may see much or little conflict between the concept of the region and the concept of centre.<sup>2</sup> Regionalism can be developed from below i.e. from the decision by companies to invest and by people to move within a region or from above i.e. from political, state-based efforts to create cohesive regional units and economic policies from them.<sup>3</sup>

Regionalism is primarily a 20<sup>th</sup> century phenomenon in which following factors made significant contribution.

- i. "Process of decolonization and the emergence of new states particularly in Asia, Africa and Latin America."
- ii. "Process of industrialization, urbanization and modernization in the means of communication and transportation."
- iii. "Emergence of critical issues like refugees and displaced persons, scarcity of food and energy resources, outbreak of inter and intra-state conflicts and environmental degradation."
- iv. "Growing consciousness among people about their regional identity."
- v. "Limitation of international organizations to deal with issues which requires regional solutions."

- vi. “Successful modes of regionalism particularly in Europe (EU) and South East Asia (ASEAN).”

## **A HISTORICAL REVIEW**

In order to have more insight in the evolution and growth of regionalism, one can discuss it in the following forms:

### **1. First phase of Regionalism:**

This includes the concert of Europe, 1815, Little Entente composed of Czechoslovakia, Yugoslavia and Rumania after the end of the first world war.

### **2. Second phase of Regionalism**

The Arab League (1945), Charter of Organization of American States (1948), Council of Europe (1948), West European Union (1948), Europe Coal and Steel Community (ECSC 1952), European Economic Community (1957), which was renamed the European Union in 1993, Europe Free Trade Association (1960), Organization of African Unity (OAU, 1963), renamed as African Union in 2002, Regional Cooperation for Development (RCD) established in 1964 and dissolved in 1979 and the ASEAN in 1967.

### **3. Third phase of Regionalism:**

Other important regional organization in the 1980s, and the 1990s; Gulf Cooperation Council (1981), South Asian Association for Regional Cooperation (1985), Economic Cooperation Organization (1985), Asia Pacific Economic Cooperation (1989), Common Wealth of Independent States (1991), North American Free Trade Agreement (1994).

### **4. Fourth Phase of Regionalism:**

Eurasian Economic Community (2001) Shanghai Cooperation Organization (2001), Union of South American Nations (2005).

It seems that all the four waves of regionalism passed through a process of concerted efforts for cooperation amidst conflict and the role of leadership to build the culture of regional cooperation.

“As far as regional organizations are concerned, these are defined, ‘often on the basis of geographical proximity of

the members. Such definitions are subject to the difficulty of delimiting geographic regions, for there is no general agreement on any natural division into which the world may be clearly and conveniently divided.”<sup>4</sup>

In fact, it is the chapter VII of the UN Charter which encourages regional initiatives for the maintenance of peace. However, the Article 52 of the UN Charter has a parochial relevance to regionalism as the main thrust of United Nations rested on peaceful settlement of disputes.

“Regional organization is a segment of the world bound together by a common set of objectives based on geographical social, cultural, economic or political ties and possessing a formal structure provided for informal inter-government agreement.”<sup>5</sup>

We must examine the causes of the inability of SAARC to achieve its objectives and identify the contentious areas that obstruct its progress and development. One significant area which needs to be studied is its feeble structure. Without restructuring SAARC in terms of its structure and functioning, it is very difficult to expect some break-through as far as the challenge of regional cooperation in South Asia is concerned.

Following other models of regional cooperation of the world, i.e. like EU and ASEAN. There is need to examine in depth why SAARC has not been able to perform better and to what extent restructuring of this organization may help in promoting regional cooperation in South Asia. Regionalism in Europe has come about due to the leading role of governments whereas in East Asia it is more a function of uncoordinated impact of corporations and investments in the region.

“South Asia is one of the most densely populated regions of the world. The total population of the region has been estimated 1326 million (2000). The region contains nearly 23 percent of world’s total population. But it generates only 1.2 percent of world’s total income. The average population growth of the region (1995-2000) has been 1.8 percent annually. The highest annual population growth is in Maldives 3.7 and lowest Sri Lanka 1.1 percent. At the current rate of population growth the population of the region will be double by 2030. The adult literacy rate of South Asia (2000) is 54 percent while that of the developing countries is 74 percent.”<sup>6</sup>

The per capita GNP (US\$ 2000) of South Asia was 444, while that of developing countries US\$1230. The GDP growth has been 4.2 percent during 1999 to 2000, South Asia's human development index has been 0.560 (2000). Thirty five percent population of South Asia is below poverty line. Nearly 22 percent population is without access to health services, 63 percent population without access to sanitation and 11 percent without access to safe drinking water.<sup>7</sup> These data clearly indicate that the South Asian countries are faced with numerous challenges of development.

The South Asian states are challenged by the problems of competing ideologies, systematic diversities and conflicting political systems. There has been a conflict between democratic urges and authoritarian forces. South Asia as a region has strong and weak features. Since there is lot of intermixing of people, religion and culture, the region has acquired a complex nature. The factors which provide a regional solidarity also work as the disintegrative force. Normally the economic system among the South Asian countries is the same as that of mixed economy because of their underdevelopment characteristics and adoption of planning process for their development. These countries are having various economic features in common like poverty, income inequality, large productivity and mass unemployment. Industrial production accounts for about one-fourth of the gross domestic product and provides employment to less than 15% population.”<sup>8</sup>

“In South Asia, India is at the centre and all the other countries are bordering on its periphery. It is said to be the fulcrum of the area. The neighbouring countries among themselves have very few common attributes and their relations with each other both economic and political are very minimal. The crux of their diplomacy is how to gain maximum leverage. In other words, India is the axis around which the wheel of South Asia revolves.”<sup>9</sup>

“The South Asian region remains one of the poorest regions of the world. In terms of per capita gross national product among 128 countries listed in the world tables of the World Bank, Bangladesh comes at No. 126, Nepal at No. 124, India at No. 114, Sri Lanka at 113, and Pakistan at No. 107. The region as a whole faces heavy demographic pressure and their economies are predominantly rural and agricultural. Although industrialization has made some progress in India and Pakistan, agriculture still remains the basis of all South Asian economies.”<sup>10</sup>

According to the world development report of the world bank, India's population is three times more than the combined population of the other six regional states and nearly eight times bigger than that of Bangladesh, the second most popular state in the region.

“India occupies 73 percent of the total region and is four times bigger than Pakistan, the second largest state in South Asia in area.<sup>11</sup> Within South Asia, India is said to account roughly 76% of the population; 79% GOP; 68% of manufacturing exports; 62% of the import earnings; 79% of manufacturing value added; 59% of the import market; 41% of external reserves; 46% of the total armed forces; and 72% of estimated defense spending.”<sup>12</sup>

Despite the grim economic picture there are several areas of success and achievements in South Asia which provide hope for future. South Asia has a significant scientific and technological capabilities. But the high level of disparity between South Asian countries and asymmetrical relations between them has perhaps been the single most important factor impinging on cooperation in the region the cause of tension and dissensions amongst them.<sup>13</sup> All the small and not so small<sup>14</sup> neighbor of India have misgiving, misapprehensions and anxieties about India's intentions and fear of it actions and behavior. As Dilip Bobb said:

“India represents a menacing and aggressive monster that sends nervous tremors through the region every time it shrugs ... India accounts for 76 percent of the region's population, 72 percent of its area and 78 percent of its GNP. Its military strength in comparison to the rest is awesome ... Indian regional preponderance is recognized due to it proximity to the Russia in geopolitical terms gives India an added air of invisible menace.”<sup>15</sup>

This mistrust and suspicion has led to high walls which have been built between countries of the region by an interplay of global regional and bilateral animosities. It may be noted that because of geographical and historical factors, the intra-regional security of South Asian states has been marked by absence of any bilateral or multilateral issues among the six smaller nations of the region. At the same time, India is a common factor in all major disputes existing within the region. “It must be noted that India is the only country which has common land or sea frontiers with all other members of the group. Since the five countries have common

borders only with India and not with each other, the entire security problem tends to be blown up out of proportion as India versus other states.”<sup>16</sup>

India's neighbor countries (Sri Lanka, Maldives, Nepal, Bhutan and Bangladesh) feel themselves threatened by the bigger state of India and assume it of hegemonistic designs.<sup>17</sup> Relations between India and its four smaller neighbours (Pakistan, Bangladesh, Nepal and Sri Lanka) have been marked by continuing tension which have varied in intensity at different times. In case of Pakistan, this hostility has led to four wars. India and Bangladesh have not been able to solve their river-water dispute maritime borders, and the problem of immigrant. With Sri Lanka and India, the ethnic issue of Tamil minority has remained an irritant. Even landlocked Nepal is unhappy with India about hindrance to its trade with the rest of the world and India's reluctance to accept Nepal as a zone of peace. India is also blamed by its neighbours for their political conflicts, for using strong arm tactics” and “bullying and intimidating” its smaller neighbours in its ruthless pursuit of becoming “the dominant power of south Asia.<sup>18</sup> Inter relations in the region ever since their Independence; have been characterized by a state of flux, distortions, endemic tensions, mutual distrust, bilateral discords and occasional hostilities.<sup>19</sup>

Despite the abject poverty of its masses India's role in world's economy has led to anxieties in the smaller nations of the region that regionalism might lead to unequal perhaps hegemonic relations in south Asia. It is apparent that India manipulates its economic leverage over its neighbours for political ends. These states, there for favour a scheme of formal multilateral cooperation involving collective action which might help them in resisting the unwelcome aspects of India's economic domination in the region.<sup>20</sup> Being an important member state in the region, Pakistan negates Indian domination and hegemony. India's urge to greatness was resented by its neighbours who not regard itself as a fourth of India, or in any way smaller and weaker than India. Pakistan speaks of parity. India with its belligerent posture forced Pakistan into the arms of the west.<sup>21</sup>

Pakistan to seek alliances outside the region and develop extra – regional options with a view to balancing Indian domination and hegemony. The other South Asian countries also felt the need or compulsion to develop extra – regional ties to offset India's pressure. Bangladesh, having failed to settle its Ganges water dispute with India an a bilateral level, sought to internationalize some of these issues by

forging new linkages with Southeast Asia, Middle East, China and the US in order to find support at the international forums. Similarly Nepal finding itself politically and economically dependent on India and feeling insecure between India and China wanted to be declared a “zone of peace” seeking support of other countries to obviate the perceived Indian hegemony.<sup>22</sup> Nepal also wanted to widen its relationships and choices. Even Sri Lanka sought the help of extra – regional power to solve its ethnic problem and even tried to get into ASEAN as one of its member much to the dismay of India.<sup>23</sup>

“South Asian countries are said to be driven by deep political and psychological strains, which spill over into their diverse external relationship. Their economies tend to be inward looking and inefficient. Political and economic environment for SAARC is said to be much less favourable than was, for instance, the case of ASEAN at the same stage. Politics and size diversities, it is stressed, are strong than the force of commonality and psychological factor. In no other regional organization in the third world countries does one member completely overshadow the rest. Moreover, India’s arrogant attitude, its perception of itself as a colossus is said to reinforce doubts and apprehensions in its smaller neighbours about the role of this Big Brother.”<sup>24</sup>

The South Asian region has provided home to different types of political systems and forms of governance. In India democracy was established in 1947 after long struggle against the colonial role. Pakistan on the other hand has been facing the challenges of democracy and stability during the last 63 year of its existence. India has succeeded in establishing secular democratic order in the country. In Pakistan, the military came to power towards the end of the fifties. Since then military has been ruling the country invariably. The experiment of basic democracy has failed in the sixties. Pakistan also shifted from parliamentary to presidential form of democracy. Pakistan has experienced frequent constitutional changes.<sup>25</sup>

Sri Lanka also began with a parliamentary form of governance. But in Sri Lanka religion and language have been important factors in politics. As a result there have been a majoritarian – minority conflict. Sri Lanka later on shifted to the presidential model. The island country has also experienced more constitutions. Bangladesh began with a parliamentary democracy soon after its independence 1971. In 1974 it adopted the presidential system. But in 1975 military came to power and

ruled the country till 1990. In 1990 democracy was restored and Bangladesh again followed the model of parliamentary democracy.<sup>26</sup>

Nepal adopted parliamentary system in 1950 under a monarchical system. However, it faced instability. The 1959 elections could not produce stable government. Thus in 1960 the monarchy took over power, replacing multi-party democracy. Later it adopted a new constitution in 1962 that introduced the Panchayat Raj system with most knows with the king.

Bhutan has a monarchic system since 1907. However over the last few decades the Bhutan monarchy has tried to decentralize the powers and now it is heading towards the adoption of a constitutional system.

Maldives has one party and one man rule has been elected for the sixth time as the president of Maldives. It is clear from this brief overview of the nature and patterns of political systems of South Asia that there are varieties of political systems.<sup>27</sup>

“India shared 4046km land border with Bangladesh, 310km with Bhutan, apart from maritime border with Sri Lanka. India has major or minor border disputes with all these countries except Bhutan. No other country of the region shares border with any country except India.”<sup>28</sup>

The borders between different countries out across communities, religion and ethnic groups, resulting in the existence of similar religions and ethnic groups across the boundaries. These ethno – cultural affinities arouse fear or irredentism and have been source of tension between the concerned countries. South Asian countries constituting one of the poorest regions of the world, the imperative need for a mutually beneficial cooperation have generally been ignored by them. It is a fact that South Asian region is quite rich in a number of natural resources. Because of a threat perception of India, the smaller state of the region tends to follow divergent foreign policy approaches. Most of the South Asian states share a common legacy of British imperialism.<sup>29</sup>

“The social political and economic development of South Asian has been seriously hindered by internal, or intra-state conflicts. The region is one of the most ethnically, culturally and linguistically diverse, as well as most populous, in the world. However, communal violence and numerous wars, both inter and intra-state. Some of these conflicts, such as

those in Kashmir and Sri Lanka, are well documented, while many others receive minimal attention.”<sup>30</sup>

In South Asia is a diversified region in terms of ethnicity language, religion and culture. Bangladesh, India, the Maldives and Sri Lanka are democratic republics, Bhutan is a monarchy and Pakistan has been experiencing military and democratic forms of government. Nepal started as a monarchy. In 2008 it adopted republican system with or elected government.<sup>31</sup>

“Bangladesh, India and Sri Lanka have secular systems, though Bangladesh describes Islam as state religion. Pakistan, however, is formally an Islamic republic. Nepal used to be a Hindu kingdom. In 2008 it becomes a secular republic. One common feature is that all these states have some kind of electoral process.”<sup>32</sup>

There are religious and ethnic divisions within the states. There are also important cross-border ethnic, linguistic and religious connections. State boundaries do not have exclusive ethnic and religious homogeneity. This diversity often caused intra-state communal conflict that caused inter-state tensions. The region is characterized by both cross – border cultural and ethnic contiguity, and an equal intensity of diversity

“Diverse political experience ideologies, ethnic identities and economic conditions across and within the states poses significant challenges, a priority for conflict management in the region. As it is the case in many other regions, South Asia has been increasing by over whelmed with what has been termed non-traditional security threats such as ethnic and enthno-nationalistic insurgencies that undermine the ability of state institutions to manage conflict. Thus while the root cause of conflict and the levels at which they occur are important to understand the impact that conflict has on communities in South Asia is also of great interest to study.”<sup>33</sup>

Regional security in South Asia is dominated by rivalry between India and Pakistan. They compete with each other in every field which adversely affects regional environment. One of the major problems pertains to the Kashmir dispute. While visiting this region in “March 2000, the then U.S. president Bill Clinton described Kashmir to be the most dangerous place on earth. His assessment was based on an evaluation of day-to-day security threats faced by the civilians in Kashmir and also on the concern that the Kashmir might become the cause of a nuclear exchange between India and Pakistan with far-reaching effects on the rest of the world.”<sup>34</sup>

There were conflicts in all the countries constituting South Asia apart from Bhutan and Maldives during the period 1989 to 2006. For example Bangladesh (Chittagong Hill-Tracts) up to 1992, India (The Punjab in the 1980s and Kashmir which continues the present) continuing, India (Manipur) continuing, India (Nagaland) up to 1997, India (Tripura) continuing, India (Jharkhand) only in 1993, India – Pakistan (Kashmir) continuing, Nepal (Maoists) continuing, Sri Lankan (Tamils) are still continuing.

“The scope of internal conflict in the region is wide, occasionally interlinked with the Inter-state conflicts and some – times also extremely complexed. South Asia is a peculiar region in that nuclear and conventional arms build up goes hand in hand with the flow of small arms and drugs. Communities in the region have also suffered from insurgencies, sectarian and communal violence, as well as from extra-parliamentary political violence and instabilities.”<sup>35</sup>

## **REGIONAL INTEGRATION: NEEDS AND COMPULSIONS**

It has been estimated that South Asia occupies 4,488,300 sq kms of the world’s surface area and one fifth of world population lives in this region, it has limited value of global trade. A long number of the population is financially ill equipped to have even the basic amenities of life. The quality of life of these underprivileged people can only be bolstered by focusing on collectively pursued steps, characterized by a spirit of working together in close cooperation.

Economic integration is a process of steadily peeling away the strands of obstacles that are created by national borders and tariff and non-tariff barriers. These obstacles adversely affect the flow of goods and services. These problems can be addressed by working towards regional integration that has five major stages: such as, customs unions, free trade, common market, economic union and total economic integration. Regional cooperation and integration is beneficial to all. South Asian states have some strengths and weaknesses. These weaknesses and deficiencies can be overcome by free flow of goods and devices across their borders.

Globalization, the process that allowed relatively free movement of capital, trade and information across national frontiers was meant to create a new economic reality. As the name given to these processes suggest, countries around the globe were expected to come together and begin to work as the constituents of one economic

order.<sup>36</sup> The “globalization” would reshape the world economy happened but only to the limited extent.

The first development that went counter to globalization was the organization of hundreds of arrangements involve a limited number of states. Some countries come together because of geographic proximity, some because they shared common history, and some because of shared culture and religion.

“Geography was the most common reason for the organization of economic and trading arrangements. By the end of 20<sup>th</sup> century, the global economy had acquired another layer by dividing itself into number of economic trading blocs.”<sup>37</sup>

In December 1985 South Asian countries agreed in Dhaka to formally setup a regional organization under the name of South Asian Association for Regional Cooperation (the SAARC) when they met in Dhaka. There is no need to repeat the history of SAARC, but the question is: what are the reasons which have not allowed SAARC and SAFTA to expand in terms of regional cooperation? Are there lessons that the countries in the SAARC could draw from the experience of other part of the world, in particular from South East Asian Nations (ASEAN)? It is now an organization that includes ten countries; the original five members are Indonesia, the Philippines, Malaysia Singapore and Thailand. After the war in Vietnam, three countries of Indo China, Cambodia, Laos and Vietnam, as well as Brunei joined it Myanmar has recently been admitted to it.

“It was infact the United States that was behind the move. It wanted the non-communist countries of the region to work together to workout their differences and to present a slid front to block the advance of communism.”<sup>38</sup>

It was the attitude of Indonesia, the largest country in the association in terms of the size of the population as well as the economy that made the organization to become an effective regional enterprise. While it was prepared to be treated as an equal, the smaller countries were, at the same time, prepared to treat Indonesia as the first among equals. While it is a more dominant economy in South Asia compared to Indonesia in South East Asia, it has to lower its profile in order to provide comfort to the region’s smaller countries. At the same time, the region’s smaller nations and economies have to treat India as by far the prominent player. The other important thing is that ASEAN experience is the pragmatic response of several generations of

leaders that have guided its evolution over time. South Asian regional economic and security cooperation also requires the common regional awareness as the prerequisite. Conversely, progress of the regional economic and security cooperation can also have the effect of promoting regional awareness.

There are three types of driving force of the regional cooperation and even the regional integration.

- i. The driving force exerted by big powers promoting regional integration by a single power may be perceived to be ensuring its dominant role. However, the regional integration promoted by two big powers may prevent them from over-competition and will be conducive to joint maintenance of regional orders.
- ii. The driving force of middle and small countries. The motives of these countries are to ensure their equality or to dominate the regional order so as to prevent big powers from dominating the regional order through regional integration.
- iii. The driving force of cooperation mechanism with progress of regional integration if every country believes it can get benefits from regional cooperation, the regional integration itself will become a driving force of self-development.

The economic integration, security integration and cultural integration will be the ultimate goal of the regional community. Therefore, South Asian cooperation should be focused on the three pillars namely economic, mutual benefits, win-win cooperation on security and common identity. The ultimate form of which will be an East Asia community and South East Asian nations on the three integration.<sup>39</sup> Although European integration started with the “coal and steel community” in the economic area, the in-depth motive behind is the strong political will of the major western European countries to prevent a war or to never fight a war again. However, the process of the South Asian integration mainly begin from economic integration.

Upto now ASEAN has played a role of “a small-countries block pushes big powers” by using balancing tactics and successfully led the process of economic and security cooperation in East Asia. After the Asian financial crises the strength and cohesion of ASEAN has been dramatically weakened, however it still remains

vigilant against the possible dominating role which might be acquired by China or Japan.

In the areas of security, although ASEAN Regional Forum has made some progress, the actual results have showed significant limitation. Up to now, ASEAN, has not been able to play a substantial role in promoting the Northeast Asia security. Does ASEAN have the capability and will to bring every country in East Asia into a “regional community”?

“The essence that East Asia cooperation develops from a low level to a higher stage is a kind of general order the regional countries intend to build. ASEAN member countries also have differences on the two security strategies thoughts, namely depending on the United States or on regional cooperation.”<sup>40</sup>

The ASEAN countries have gradually stepped out of the shadow of the financial crises and the regional unity has scored some new progress. The increased strength makes these countries become more concerned about who will be the dominant, players, more concerned about redistribution of the incoming interests and more easily bogged into the issue that the major West European countries used to face before the Second World War.

Many ASEAN member countries are small or medium-sized countries, only by getting united; they jointly promote economic development, meet the competitive pressure of other regional organizations, and make their voices louder. Indonesia, a relatively large country, played a leading role at the time of economic prosperity, raised its international standing, and can also accumulated strength by relying on the regional organizations during economic slow-down. Singapore, a relative small

“ASEAN member, through the regional organization has resolved the predicaments in which Singapore-Chinese constitute the majority of population surrounded by the indigenous Malays.”<sup>41</sup>

Peaceful and stable mechanisms are being guaranteed by laws and treaties. In the past, the academia held a common view that European regional configuration attached importance to legal guarantee, but East Asia lacked the rule of law. However, things are changing now. China and ASEAN, Japan and ASEAN, the ROK and

ASEAN, India and ASEAN have all signed bilateral treaties of amity and cooperation for their 10+1 cooperation, stipulating that neither side resorts to military means to confront each other, and nor threatens to use force to settle disputes, but if either side is threatened by force of a third party, the other side should offer aid. Signed at the Summit of the Shanghai Cooperation Organization in 2007 in Bishkek, the Treaty of Neighborly Relations has eliminated the possibilities of wars and conflicts between the signatories in form of a treaty, the first treaty of its kind in Europe and Asia with significant importance. There still exist disputes and problems among the above-mentioned countries, but every country prefers peaceful approaches for settlement, and shelves those disputes that can not be solved at the moment.

Many factor shaping the regional awareness, for example, closer relationship between economic relations and economic interests, the push by external force, aspirations of preventing aware and maintaining peace, democracy and equality of international relations. Regionalism needed to harmonise the macroeconomic politics around a common vision of development. In turn this required a stronger link with the domestic politics and its demands thereof, as against such an assumption in the “there is no alterative” model.

“The region’s democratization means that the rise of popular nationalism will have an impact on the decision making at the highest levels... In countries such as Indonesia, Malaysia, Thailand, South Korea and even Japan, there are signs that nationalism has intensified in the wake of crisis .... the difference in approach to economic policy within the region that have emerged in the wake of the Asian economic crisis and under-score the cultural and institutional diversity of the east Asian region could also limit regional economic cooperation under the (APT) framework.”<sup>42</sup>

The newly independent states of Asia and Africa took the initiative of meeting at Bandung in Indonesia in 1955 to assert their role in the international system. The Cold War competition between the U.S and the Soviet Union stimulated their thinking. They enunciated five principles of international conduct, labeled as the Panchshila, against the backdrop of anti-colonial sentiments in these countries. In 1960s this grouping of states created the Non-Alignment Movement. Which served as an important global forum and it has survived after the end of the Cold War.

Despite problems, the states of South Asia are working for promoting regional

cooperation. The major focuses on trade and economic cooperation. Several declarations have been made for this purpose. The SAFTA provides a detailed framework for trade cooperation but its implementation has faced problems. A writer analyzes the problems of South Asia in these words:

“Amidst such entrenched cultural entrapments, institutionalised regional cooperation began as late as in 1985 when the SAARC was established. SAARC continues to shun cooperation in hardcore economic issues and formed the South Asian Free Trade Agreement (SAFTA) only at the end of the Islamabad SAARC summit in January 2004.”<sup>43</sup>

The SAFTA also suffered because of India-Pakistan problems. Pakistan has generally been reluctant to open up for trade with India.

Even during the previous 14<sup>th</sup> SAARC Summit in New Delhi 2007, the issue of SAFTA remained inconclusive. The member states could not agree on its comprehensive implementation. The states were unable to overcome their suspicion and procedural obstacles.

“Thus, the intra-SAARC trade remains around 4% of the regions total as against 78% of EU, 53% of ASEAN and 50% of NAFTA. Even the late entrant MERCOSUR have substantially enlarged their intra-regional trade.”<sup>44</sup>

ASEAN was established in 1967 as a group of non-communist countries (Philippines, Malaysia, Singapore and Indonesia) for original cooperation including opposition to communism. The same organization is now has good relations with China. ASEAN has now developed formal interaction with a large number of states through its forum.

Given the cultural, linguistic, and political divisions in East Asia, it was difficult to add new members and relations among the old members. The notion of building relations is also emphasized for relations with China. Now China is also cultivating active relations with the states around it. “The SCO is now active with China, Russia, Kazakhstan, Kyrgistan, Uzbekistan as its members. Some new members like India, Pakistan and Iran are expected to be included in the near future. They have already agreed on 125 joint projects relating to trade and investment. Between China and Russia alone bilateral trade has reached \$30 billion, which

amounts to an increase by 37% from 2004. In order to boost other Asian economies China has already announced \$900 m loans for the other SCO countries. There is also along with SCO the Conference on Interaction and Confidence Building Measures in Asia with all the major countries in Asian region including China, Russia, India, Afghanistan, Pakistan, Turkey, Thailand, South Korea and central Asian countries. It would be a platform to act on matters of social development in the region addressing concerns such as underdevelopment, poverty, and literacy among others.”<sup>45</sup>

An Asian experiment in regional cooperation is periodically threatened by ethnic, cultural and political discontinuities. These countries make efforts to overcome these differences and build cooperation beyond each state’s territorial boundaries.

Regional integration is not a new phenomenon. There are so many examples of voluntary regional integration in the past.

“The first major voluntary regional integration initiatives were taken in 1828 in the shape of establishment of customs union between Prussia and Hesse-Darmstadt followed by Bavaria, Wurttemberg custom union etc. The wave of integration spilled over to Switzerland, Italy and Europe with the passage of time.”<sup>46</sup>

Regional cooperation and integration have emerged as major phenomena in the post-world war II era, presenting varying degrees of achievements and setbacks. The European Economic Community (EEC) and EU are viewed as great success stories of these arrangements. In the early phases, integration stretched out as a peace building process by reconstructing regional interdependencies, growing across issue areas, and increasing the number of participating countries. Integration as a process refers to (a) increase cooperation between the states (b) gradual delegation of authority to a supranational institution (c) homogenization of values and (d) creation of a global civil society and construction of new forms of political community. There are two levels of integration: (i) system level, whereby states transfer some of their legal, economic and political decision-making powers provide a basis for a collective decision, e.g. UNO, (ii) regional integration like EU, ASEAN.<sup>47</sup>

South Asia, home to one fifth of world's population that has progressed in the field of technology. Rapid modernization and immense economic and political changes that are taking place in and around demand that South Asia keep pace with

them by broadening and deepening contacts with organizations like ASEAN, European Union, etc. There is a need to focus on enhancing economic integration and promoting inter-regional and linkages.

The vast economic potential of the South Asian region, if tapped properly, can help alleviate sufferings of the majority of its people. The cooperation between EU and SAARC can go a long way in ensuring peace and stability in the world. The EU aims at strengthening ongoing cooperation by encouraging economic interaction in the region. The EU is convinced that SAARC could play a useful role in regional co-operation and dialogue. The European Commission is at present designing a broader plan of collaboration with SAARC, to promote "harmonisation of standards; facilitate trade; raise awareness about the benefits of regional cooperation; and promote business networking in the SAARC."<sup>48</sup>

It is important to note that economic integration played a vital role in development as a powerful regional organization. Economic integration occurs when different features of economy are assimilated. Economic integration takes place in six phases viz "preferential trading area, free trade area, customs union, common market, economic and monetary union, complete economic integration".

“A Preferential Trade Area (also Preferential trade agreement, PTA) is a trading bloc which, by reducing tariffs, provides preferential access to certain products from the participating countries. Free Trade Area, the second stage of economic integration is a designated group of countries that have agreed to eliminate tariffs, quotas and preferences on most goods and services traded between them.”

“Established through trade pacts, a Customs Union is a free trade area with a common external tariff. Its purposes include increasing economic efficiency and establishing closer political and cultural ties between the member countries.”

“Common Market is- a customs union with common policies on product regulation, and freedom of movement of the factors of production (capital and labour) and of enterprise. The purpose is that the movement of capital, labour, goods, and services between the members is as easy as within them.”

“An Economic and Monetary Union is a single

market with a common currency. After complete economic integration, the integrated units have no or negligible control of economic policy, including full monetary union and complete or near-complete fiscal policy harmonisation. Complete economic integration is most common within countries, rather than within supranational institutions.”<sup>49</sup>

With an increase in the process of economic integration in the EU, the trade barriers between regional markets reduced gradually. EU has a "euroarea," (or eurozone) a geographic and economic region comprising 16 European Union countries that have fully included the euro as their national currency. Hence Europe, through regional cooperation and economic integration, has achieved what it could have never imagined to have through wars.

Apart from political and economic spheres, Europe is actively and successfully cooperating regionally in fields of "human activity such as science, technology and environment." Considering the current level of EU's accomplishments, it would be no exaggeration to say that it is becoming the hub of world's economic, political, social, scientific and technological cooperation.

## **THE SOUTH ASIAN EXPERIENCE**

No country can remain isolated in today's world. Regional cooperation has altered the course of history. It has proved to be an important way for achieving peace, progress and excellence. Nations are trying varied mechanisms for constructing regional cooperation in order to banish war, eradicate inter-state tensions and improve their living conditions.

Cooperation among SAARC countries has yet to gain impetus. Since its inception in 1985, SAARC has initiated some decisive actions in this direction. The rapid changes at the global level compelled the South Asian nations to move together, notwithstanding their differences, towards regional cooperation. The wave of regional integration process in Asia symbolizes a more pragmatic shift on the part of its nation states towards resolving the ticklish problems facing the particular regions of the continent.<sup>50</sup> The process of establishing regional cooperation in South Asia began in the early 1980s. The official level meetings were held in 1981-85. On 8 December 1985, SAARC became a reality with the formal adoption of the Charter of the Association by the South Asian heads of state/government of Bangladesh, Nepal,

Bhutan, Sri Lanka, Maldives, Pakistan and India. This was a demonstration of the desire of the governments of these countries to collaborate with each other and address their shared problems.<sup>51</sup> The SAARC Charter declared its objectives as: (i) "To promote the welfare of the peoples of South Asia and to improve their quality of life, (ii) to accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potentials; (iii) to promote and strengthen collective reliance among the countries of South Asia; (iv) to contribute to mutual trust, understanding and appreciation of one another's problems; (v) to promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields; (vi) to strengthen cooperation with other developing countries; (vii) to strengthen cooperation among themselves in international forums on matters of common interests and; (viii) to cooperate with international and regional organizations with similar aims and purposes."<sup>52</sup>

At the 13th SAARC summit, held on 12-13 November 2005, Afghanistan was included as another SAARC member, while China and Japan as observers. Iran, South Korea, European Union and the US became observers at the 14th SAARC summit, held at New Delhi in April 2007.<sup>53</sup>

Out of sufficient basis for promotion of regional cooperation between South Asian states, geographic propinquity, identical experiences, common problems like poverty and development provided ample grounds for creation of SAARC.

"There is a poignant realization in the members of SAARC to outgrow narrow prejudices and individualistic advantages for promoting intraregional cooperation for the common betterment of their peoples."<sup>54</sup>

It is heartening to note that a lot of improvement of relations has taken place between the member states especially the two main conflicting states - India and Pakistan - yet, the fact remains that the core issue of Jammu and Kashmir which has been hanging fire since 1947 is the major stumbling block in a better understanding between India and Pakistan in particular and SAARC in general.<sup>55</sup>

Being beyond the ambit of SAARC this issue cannot be resolved by this organisation. The slow pace of SAARC in gaining momentum in the field of economics can be attributed to the emergence of western trading blocs, which directly

and indirectly prevail upon the underdeveloped countries to adopt and harmonize their policies. These and alike impediments leave little room for the SAARC countries to protect their economic interests in the region and elsewhere.

Despite having been beset by the said problems, SAARC has not only survived until now but has taken up burning issues like terrorism, population explosion, poverty and underdevelopment, environmental degradation, food and energy scarcity, drug trafficking, etc.

“The 12th and 13th SAARC summit conferences convened in Islamabad and Dhaka in 2004 and 2005, respectively, took crucial decisions which augur well for the future of the organisation. It was identified that poverty was the greatest challenge and its alleviation was the main goal of SAARC activities. The most significant step forward to boost economic cooperation was the adoption of the agreement on South Asian Free Trade Area (SAFTA).”<sup>56</sup>

Official and non-official circles want the SAARC to become as active as the EU or the ASEAN. Some have advocated enhanced regional trade and free movement of people, goods and services in the region. However the hard fact remains that performance and integration process has stayed far below the broadly shared expectations. The SAARC could not show much success efficacy and positive role as a regional organization. In the face of internal division, conflicts and misunderstanding’s not been encouraging.

## **ASEAN – SAARC REGIONAL CONFIGURATION**

A region is a geographic and political entity comprising a group of states which are contiguous and interdependent. There is geographic relatedness and cultural affinities. The states in a region are expected to take into consideration the interests and concerns of the neighbours. The criteria used by scholars for identifying region include

“Social and cultural homogeneity, political attitude towards external powers, cultural affinities and perceived interdependence. The most important features of a regional configuration are the relative degree of balance and complementarity and the extent to which the component state are oriented to integrative behavior.”<sup>57</sup>

In any region there are some core states depending their economic resources and technology. Others are placed with reference to this criterion. Other factors in club levels and a regional unanimity protect the interests of the small members. Apart complementarily, level of domestic political development and foreign policy orientations which shape the integrative or cooperative behavior in a region.

It will be pertinent to look at the experience of ASEAN established in 1967. Here we shall study the ASEAN experience of regional cooperation, both successes and failures and taking the economic, strategic and political elements of the cooperative experience into consideration. The ASEAN policy and experience of into-regional areas, institutional mechanism and problems faces by ASEAN are very important to study. Moreover lesson for the SAARC, if any from ASEAN experiences in regional and inter regional cooperation is very essential. We can draw a sketch or model for the possibilities of beneficial cooperation between SAARC and other regional organizations including ASEAN, ECO, EU etc.

South Asia is one of the fastest growing regions of the world. It's real GDP by "7 percent in the year 2005". Despite institutional problems inter-state conflicts and infrastructural limitations. It is blessed with skilled human resources, an expanding middle class and advanced technologies. Emergence of a dynamic business class is another good sign for the region's development. Economically, South Asia accounts for "2.0% of world GNP" and for "2.2% of the EU "external trade". India being a big country by virtue of having 77% of total South Asian population and almost 80% of the regional GNP is the potential investment attraction for ASEAN and European companies. Poverty is one of the biggest impediments in the way to progress in South Asia. However, during the period 1981 to 2005 the poverty rate in South Asia fell from 59% to 40%.

## **GENESIS AND EVOLUTION OF THE ASEAN**

The Association of South East Asian Nations (ASEAN) came into being in 1967 amidst underdevelopment, chronic instability, inter-state conflicts in the region. The conflict legacy also impacted their policies.

"When the original five members of the organization – Indonesia, Malaysia, the Philippines, Singapore and Thailand – signed the Bangkok Declaration in 1967, they had little in common apart from climate and natural resources and

somewhat similar ideological orientation. Apart from diversity in language, religion and ethnic identity, these nations were isolated from each other politically and economically (linked separately to western metropolis) despite geographical and semblance of cultural bonds.”<sup>58</sup>

“However, certain development in the region in the early 1960s and specially, during 1965-66 paved the way for a broader based and enduring regional organization, that is the present ASEAN. In the first place, the New Order Government of Suharto was committed to bring about qualitative change in relationship with neighbours. This was accompanied by an end of the period of Konfrontasi between Indonesia and Malaysia. Secondly, in the Philippines president Marcos began to soft-pedal the Sabah claim by the Philippines Government, and consequently Filipino-Malaysian relations improved.”<sup>59</sup>

Thirdly, Singapore recognized that her security was linked to cooperation with the neighbours. She sought for regional cooperation. Fourthly, other countries, like Malaysia, Philippines and Indonesia, were faced by communist insurgencies. They also sought regional cooperation. When the ASEAN was set up in 1967, it issued the Bangkok Declaration. Indonesia, Malaysia, Philippines, Singapore and Thailand were the five members until 1984 when Brunei also joined the association as the sixth member. Later others seined it.

### **THE AIMS AND OBJECTIVES OF THE ASEAN**

- i. “To accelerate the economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality, and partnership in order to strengthen the foundation for a prosperous and peaceful community of Southeast Asian nations.”
- ii. “To promote regional peace and stability through abiding respect for justice and the rule of law in the relationship among countries of the region and adherence to the principle of the United Nations charter.”
- iii. “To promote active collaboration and mutual assistance on matters of common interest in the economic, social, cultural, technical, scientific and administrative fields.”

- iv. “To provide assistance to each other in the form of training and research facilities, in the educational, professional, technical, and administrative sphere.”
- v. “To collaborate more effectively for the greater utilization of their agriculture and industries, the expansion of their trade, including the study of the problems of international commodity trade, the improvement of their transportation and communication facilities and the raising of the living standards of their people.”
- vi. “To promote the Southeast Asian Studies.”
- vii. “To maintain close and beneficial cooperation with existing international and regional organizations with similar aims and purposes, and explore all avenues for the ever closer cooperation among themselves.”<sup>60</sup>

“In the context of South Asia’ regionalism has been a multidimensional phenomenon. Actually the people of a region have an emotional attachment towards that region. They aspire its development and all round progress. This emotional attachment gives rise to the feeling of regionalism when they realize that their region is left behind in the race of development.”<sup>61</sup>

South Asia is a region predominantly characterized by common historical legacies, socio-cultural and ethno-linguistic similarities, geo-strategic and economic interlinkages on one hand, and deep routed turbulence, hostilities, misperceptions and small power apprehensions on other hand. South Asian region dominating the northern half of the Indian ocean occupies an important strategic position. It is the largest geographical reality of the Indian ocean community and almost a continental whole. The region is easily identifiable in socio-economic and geographic terms.<sup>62</sup>

“South Asia is one of the most popular regions of the continent. It contains nearly one fifth of world’s total population. It is one of the poorest regions of the world. The South Asian countries have been faced with the problem of competing ideologies, systemic diversities and conflicting politics. The political boundaries have given rise to number of contentious issues. The imperative need for a mutually beneficial cooperation has generally been ignored by them; the South Asian countries have accorded more importance to extra-regional linkages which have been responsible for inviting the

super power rivalry in South Asia and contributed to inter-state hostilities in the region.”<sup>63</sup>

The South Asian states are faced with numerous problems. It has also adversely affected bilateral relations between the countries of the region.

Some of the questions which are raised about regionalism in South Asia are:

1. Is South Asia a region?
2. What are the major critical realities which negates South Asia as a region?
3. To what extent SAARC has been able to deal with the process of regionalism in South Asia?

In South Asia, still the regional characteristics which should be present for a viable process of regionalism seem to be missing to a large extent because of the three main reasons:

- i. The geographical configuration of South Asia is such which negate a stable and balanced condition. Around two-third of South Asia is composed of India which has borders with almost all the South Asian countries but no South Asian country except India has borders with other. For example Sri Lanka has no border with Bangladesh or Nepal and Pakistan has no border with Nepal, Bangladesh or Bhutan. Only Pakistan and Afghanistan the two countries of SAARC apart from India share mutual borders. In other regions, geographical asymmetry is not so obvious like South Asia.
- ii. A critical review of South Asia as a region would reveal that power asymmetry is also a cause of stagnation as far as progress on regional cooperation is concerned. Again, it is India which has enormous economic, military and political power which is cause of insecurity and fear among its neighbor.
- iii. The feeling of ownership and commitment for transforming from a poor, under-developed and illiterate to a developed and modern region is missing in South Asia. When a task of regional cooperation is left to bureaucracy and people are not involved in promoting meaningful cooperation at the grassroots level, how can one expect the phenomenon of regionalism to succeed in South Asia? For bringing a qualitative change in the lives of millions of people of

South Asia, not only government, but also non-official groups should be allowed to play their role. It is the issue of Indo-Pakistan hostility which is considered as a single most important impediment for a successful regional cooperation in South Asia.

It does not mean that the People of South Asia should be deprived of a good life and a promising future. Five measures if taken at the government and non governmental level can strengthen the process of regional cooperation.

- i. In order to create proper awareness in South Asia about the process of regionalism, it is essential that the concept must be made a part of syllabi in all South Asian educational institutions both at undergraduate and graduate level.
- ii. Media, both print and electronic must play a positive role while covering inter and intra-state conflicts in South Asia by presenting a problem solving approach instead of escalating the conflict.
- iii. In order to build trust and confidence among the South Asian countries, particularly between India and Pakistan. It is essential that bureaucratic obstacles which are created for the free movement of people, goods, services and capital are gradually removed. SAARC must realized that without soft borders, the very task of regional cooperation would remain unattainable. Unfortunately, contentious issues between India and Pakistan tend to cause a serious damage to the process of regional cooperation in South Asia, and the two countries must change their approach on their unresolved bilateral issues if they want a better prosperous future of this region.
- iv. In the areas of trade and commerce, under the framework of SAARC and outside, restrictions which impede regional trade must be removed so that trade among the South Asian countries is promoted. In order to achieve this objective, trade and commercial relations between India and Pakistan must not be a hostage of their unresolved conflicts.
- v. There is a need to revise the charter of SAARC and to make it amenable to current and future demand. Article X of the charter of SAARC which prohibits the discussion of contentious bilateral disputes under the auspices of SAARC must be removed. Because, without serious thought process and brainstorming

among members of SAARC one cannot expect any viable progress as far as regional cooperation is concerned.

As far as the future of regionalism is concerned, the solution of major problems faced by various countries because given the scarcity of resources and impending environment crises, without a regional approach it will be difficult to deal with such issues. There, the regionalism is the 'ware of future' and there is no escape as far as successfully dealing with present and future challenges are concerned. Without dealing with the fault lines in regionalism, it will be rather impossible to move in the direction of regional integration particularly in those countries where unresolved conflicts, geographical and power symmetry cause stagnation in the process of regional cooperation. Internationalism however, cannot be considered as the only option for ensuring a safer, peaceful and developed world. It all depends on how regional organizations are able to deliver and deal with the issues which threaten the very survival of mankind. As things stand today, it seems, regionalism has a bright future because of decentralized approach is being pursued in different parts of the world.

With disproportionate size and population India bears heavy responsibility for SAARC as a regional organization. Either it could act as an engine or its paralysis. Regionalism is in infancy in many parts of the developing world but nevertheless it bears potential as demonstrated by examples of EU Arab Leagues, NAFTA, CARICOM and ASEAN. As compare to some organizations like EU, and ASEAN, South Asia is left way behind. Now the trends are not only for regionalism but also about post regionalism as it is necessary but inadequate response to global problems. In Europe, where regionalism has reached a high level of integration and given the nature of common global problems, it may be think that the next stage should be the "world government".

Although European regionalism came about after negative experience of major wars the change in the last years in global travel and communication has catalyzed the process. Globalization has occurred at the fast and unprecedented pace as never before. Inter-regionalism is also a new trend occurring between regions whereby different regions are cooperating with one another. Asia Europe Meeting (ASEM) being an example: but in South Asia it has to start from the first thing first aim first at making regionalism work and then graduate to other higher levels of

cooperation. Many of the SAARC institutions and programmes have expanded in terms of their technical complexity and required connectivity with each other, as well as their reach beyond South Asia.

The vital need to strengthen SAARC is to move more rapidly from its “declaratory” stages to one of actual ‘implementation’. It is demanded the application of “continuity, consistency and close coordination in working towards the practical implementation of SAARC objectives and programmes. SAARC is moving out of adolescence into a rather unhealthy, even stultifying global environment.

Regional grouping at the governmental and non-governmental level are active in different regions of the world. While regional cooperation has positively changed the lives of millions of people; however, the situation is somewhat different in South Asia because little progress has been made on strengthening cooperation among the regional countries. South Asian Association for Regional Cooperation (SAARC) has been functioning for 25 years it is still passing through a difficult phase. The SAARC came up with innovative ideas from time to time to deal with the issues which impeded the process of regional cooperation. Several summits and ministerial meetings held over the years have failed to come up with the expectation of the people of South Asia.

SAARC’s predicament of not emerging as a successful regional organization is no doubt a collective failure of all the South Asian countries because as an intergovernmental organization representing more than 1.6 billion people, SAARC is dependent on political will and determination to accomplish objectives for which it was established quarter of a century ago. Composed of 20% of the global population, South Asia remained vulnerable to numerous inter and intra-state conflicts. The issues ranging from poverty to under-development, malnutrition, illiteracy, environmental degradation and scarcity of water and energy had negative impact on the efforts to transform South Asia from a region troubled by inter and intra-state conflicts and other economic and societal problems to a developed and secure region. The SAARC is almost quarter of a century old, but it is a long way to go in order implement its decisions on strengthening the bonds of regional economic cooperation. The problems of SAARC prevent its transformation into a viable regional organization. Some of the major problems are:

- i. “Lack of political will among SAARC members to effectively deal with the issues which relate to easing restriction on the free movement of people, goods, services and capital.”
- ii. “The conservative nature of SAARC charter which needs to be revised according to the new realities since its inception in 1985.”
- iii. “The ineffectiveness of SAARC headquarters and its inability to play a leadership role in the region.”
- iv. “India’s failure to dispel insecurity, suspicion and mistrust among its neighbours about India’s perceived quest for regional domination.”
- v. “Lack of ownership of SAARC at the official level.”<sup>64</sup>

The limits of SAARC are exposed by its to promote intra-region trade, remove travel restrictions and holds the summits regularly. SAARC comprises the states through their government. Therefore it is a governmental organization. “When the governments are politically weak and faced with domestic and external pressures, it becomes difficult for SAARC to perform and play a leadership role in the region. Since 1985 the South Asian countries under the umbrella of SAARC discussed mutual cooperation and made some headway in identifying issues for helping the people of this region.”<sup>65</sup>

The membership of SAARC has risen from seven to eight and several extra-regional states, including some major world powers now have observer status. But as there are unresolved conflicts in the region and the states continue to distrust, suspicions and exhorter, SAARC has been unable to demonstrate clear success in regional cooperation.

Regionalism is an integrative process taking place at a supranational level in a certain geographical area. “It implies significant coordinated economics interactions and security dimensions, with accompanying social consequences. Regional economic integration is defined as the process of reducing the economic significance of national boundaries within a geographic area.”<sup>66</sup>

Although a ‘coming age of regionalism’ was heralded more than ten years ago as ‘the metaphor for our time’ in other regions. In many regions, regional cooperation has to go a long way to show results. Forty-five years passed between the formation

of the European Movement in 1948 and the Maastricht Treaty of 1992, which change the EEC to EU. The final destination of the EU may be a new kind of federalism. This may be a long way but the EU is viewed as an outstanding example of regional cooperation.”<sup>67</sup>

The African continent has the African Economic Community (AEC) and some sub-regional organizations like the Economic Community of West African States (ECOWAS), the Southern African Development Community (SADC) and the Arab Maghreb Union (UMA). The existence of these regional groupings and organizations gives some hope that efforts continue for promoting regional economic and political cooperation.

Another important development in regional cooperation is the Asia Europe Meeting Process (ASEM), established in the mid-1990s. It was formed primarily to enhance economic relations. The Asian membership includes most of the ASEAN countries plus the East Asian states of China, Japan and South Korea.<sup>68</sup>

Australia and New Zealand, although deeply enmeshed in regional trade and geographically contiguous with the ASEAN area, are not regarded as ‘Asian’ in cultural sense and have therefore been explicitly excluded from consideration as potential member. It has also been suggested that regionalism can sometimes be viewed as ‘an anti-hegemonic strategy to control great power and particularly American or Western dominance. This has also exemplified clearly in the promotion of Asian values. Although regional schemes have existed for decades, the post-cold war world has seen a much stronger pattern of regionalization emerging.

The process of the EU’s deepening and widening has been given a significant boost by the collapse of the strategic and ideological structures that supported bipolarity as a prime element in the world order of the cold war period. However the EU model of ‘pooling sovereignty’ has little support outside the region. In South-East Asia, for example ‘the notion of ‘regional society’ has been used in ASEAN. It is designed to promote the principle of non-intervention in the internal affairs of the member states.

The decade of the nineties opened up with changes of lasting importance in the international politics. In many respects, it presented a striking departure from the past. The disintegration of the Soviet Union was a significant development. It

witnessed the collapse of a vast multi-ethnic society, a country of the biggest land mass and a global military and nuclear power.<sup>69</sup> The breakup of the Soviet Union was followed by the weakening of communism as an ideological force in international relations. In the context of world politics it meant: (i) the end of cold-war era in international relations; (ii) the end of the need for building military alliances; and (iii) the opening of possibilities for global cooperation.<sup>70</sup>

The collapse of the Soviet Union was followed by the redrawing of the map of Europe without a war. The east European countries began to look towards west and to democratize their politics and liberalize their economies. Sustained growth through a democratic frame of governance became a slogan all over the world.

The economic forces assumed greater premium. The globalization of national economies, expansion of market forces based on the principles of privatization and liberalization and expansion of multi-national corporations assumed significance. The emerging new world order was also characterized by the diffusion of scientific and technological knowledge.<sup>71</sup> These changes underlined the fact that geo-economics was becoming important in place of geo-politics. There was also a growing concern for environmental degradation all over the world. It was realized that the implications of environmental deterioration not necessarily remain confined to the national boundaries. Hence, the maintenance of eco-system also called for a meaningful cooperation at the regional and international level.

The emergence of European community as a strong economic entity, integration of Germany, weakening of the United States as an economic power, etc., were other major developments which influenced the international political scenario.

It was being realized that cooperation at the regional level was a necessity in order to adjust with the forces of globalization and liberalization. Notwithstanding the emergence of new forces, the traditional concepts of sovereignty, nationalism, self-identity and independence continued to acquire the same relevance in the context of the nation-state paradigm. However, it was accepted that the national boundaries were bound to become less formidable due to the growing economic inter-dependence and the expansion of market forces. Post cold war period in international politics was marked by significant changes in the patterns of international relations. It became a pressing need for the individual countries to reshape their foreign policies so as to

adjust them with the changing scenario. It also called for an increased emphasis on building strong regional ties, by improving relations with the immediate neighbours.<sup>72</sup>

Since its inception in 1985, South Asian entity called SAARC is struggling to come to terms with the dynamics in the regional context and also facing the formidable onslaught of globalization forces. As 1.2 billion people inhabit this area, the problem of poverty is a challenging task. The territorial division in the wake of decolonization has left territorial border disputes to be addressed and is a source of continuing distrust between peoples and governments. Different faiths and system of governments present odds that impede the process of normalization to facilitate cooperation. These factors present differences making it difficult to identify the commonalities to promote cooperation.

The globalization paradigm with its attendant consequences in the formative phase of SAARC distracted the focus of these countries as they were tempted and lured by the free market economic forces. This has further dampened the movement within the SAARC as temptation to interact with the industrialized world was viewed as more beneficial. Having failed to liberate themselves from historical, geo-political and social diversities baggage and overwhelmed by globalization forces, SAARC is experiencing hiccups and its smooth functioning and performance is seriously affected.

## Chapter 2

### SAARC: INTER STATE CONFLICTS AND CHALLENGES FOR REGIONALISM

It was in the early 1980s that efforts were made to create institutional framework for regional integration in South Asia. These efforts were meant to fostering of a common regional identity and a cooperative growth strategy, the best possible use of inter-regional trade and social and political development. SAARC chiefly focuses on social and economic matters, forms decisions by unanimity, and remains tight lipped on strife-ridden bilateral issues. According to SAARC charter,

“Members states aspire of peace, stability, friendship and progress in the region through unyielding adherence to the principles of the United Nations charter and un-alignment, and particularly respect for the canons of sovereign, equality, territorial integrity, national independence, non-use of force and non-interference in the internal affairs of other states together with pacific settlement of all disputes”.<sup>1</sup>

In South Asia, regionalism faces many daunting challenges. They are written below:

SAARC as an organization is almost 25 years old but faces structural weaknesses: smaller countries pitted against a country that harbours hegemony based ambitions and designs. Due to peculiar size and configuration of South Asia all South Asian countries stand isolated with no proximity to each other. This prevents South Asian cooperation. Unlike Indonesia in ASEAN the biggest country i.e. India has not been still able to resolve and harmonize its differences with small neighbors including Pakistan. It may be a big entity but hardly large enough in terms of mind and attitude. The two rivals in South Asia (Pakistan and India) have not been able to sort out their problems unlike Germany and France who have overcome their past hostilities on the basis of functionalist dynamics. Today, the Paris-Berlin axis is the motor of Europe and despite problems in EU there is a commitment for the future. In Asia, despite Asian values no such ‘entente’ is seen between Japan and China. Moreover, the level of intra-Asian or intra-SAARC trade is nowhere near the bulk of EU and ASEAN.

While this lack of regional consciousness is widespread in Asia it is more pronounced in the Indo-Pak subcontinent.

There is generally lack of awareness perhaps this should have come in South Asia after wars and destruction in recent history. Although poverty, hunger and overpopulation are rampant the realization has still eluded leadership of the region especially those in South Asia. Perhaps this is a reflection of poverty, lack of education and poor civil societies.

Weak and fragile civil societies hamper the benefits of regional cooperation. Civil societies arise from democratic set up which in turn is shaped by education, political awareness, assertive but responsible media, role of non-governmental civic bodies and institutions.

Big powers can act as facilitators but also as road blocs in regionalism. To the extent that Regional Corporation helps maintain security of investment and business it is welcome but when certain countries are not on good terms with a major power the tendency is to actively discourage the resolution of disputes and strengthening of SAARC forum. The US is averse to any cooperation with Iran in any joint venture e.g. the Iran-Pakistan-India gas pipeline project.

Whenever the theoretical framework has been agreed the problem of poor implementation ensues. Just to take an example of SAARC anti-terrorism convention agreed upon in 1987 and reinforced by the adoption of additional protocol at the 12<sup>th</sup> SAARC Summit Dhaka Summit. There has been a reluctance and general lack of interest in SAARC by India. It has always desired to negotiate with its neighbours on a bilateral basis. There seems to be a gut feeling on its part that other member state might gang up against it. There is a little realization that India cannot rise as a regional power without its other neighbours also rising alongside with it.

This region of SAARC is marked by Stark low levels of intra-regional trade which accumulates to hardly 5 percent as compared to 62 percent for EU and 55 percent for NAFTA. This region accounts for less than one percent of global trade, 1.5 percent of global GDP (leaving 450 millions as the poorest in the world) and 50 percent of world illiterate within the seven member nations.

For any meaningful cooperation to occur there has to be institutional cooperation. This helps to share information, develop trust and learn to predict each

others' behaviors. The European experience of EC demonstrates that the greater the institutionalization greater the chances of success. Unlike Europe there was no Asian Robert Shuman to boldly declare a major project that would bind the nations and galvanize the process of regional integration, dampen chauvinistic impulses and hold vision of common prosperous future.

Although cooperation in some sectors of education, agriculture, meteorology and communication was well intentioned it could not inspire the leaderships to make the organization take off. Poverty alleviation, free trade area and terrorism came later and that too rather half heartedly. Many pious declarations at the end of the summit were passed each year and number of lower level meeting was held but the outcome remained dismal.

“The SAARC charter was signed by heads of state of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka in 1985 at Dhaka. Over the years, SAARC has strived to address several regional concerns, for instance drug and human trafficking, economic cooperation among South Asian states and crafting a South Asian social identity and most recently efforts have been made neutralize the scourge of terrorism. Despite its overt intentions, SAARC as a regional body has for years confronted with interstate, intra-state and regional conflicts. SAARC has been censured for its failure to cement an effective regional identity. Interstate conflicts and bilateral interests of member states have had a decisive influence on the achievements of SAARC; the regional body has also been influenced by external stakeholders and other regional organizations. But, in an interdependent and rapidly globalizing world, it would be naïve to believe that SAARC can flourish like an oasis in the desert. South Asian integration efforts are often impinged upon either directly or indirectly by great power politics and alliances in other regions. It is absolutely essential for SAARC to transcend bilateral conflicts and to foster closer relationships with other regional and international organizations, in order to transform into an effective regional organization.”<sup>2</sup>

“Despite phenomenal economic growth spurt in South Asia leading to decline in poverty and higher human development level, the total number of people languishing in penury has not diminished and health and education indicators are still reveal a bleak picture”.<sup>3</sup>

The huge human deprivations still reign supreme in the region. “Despite an overall decline in poverty rates in all South Asian countries over the last decade, pace of reduction remains painfully slower than the much rapid economic growth.”

According to the report entitle “Human Development in South Asia, a ten year review” by Mahbub ul Haq Human Development Centre, Islamabad, the progress in life expectancy in Pakistan during the last ten year has been the slowest in the region. “The percentage of malnourished children under five years of age is stagnant at 38 percent compared to 40 percent in 1994. The rate of maternal mortality per 100,000 live births increased from 340 deaths in 1993 to 500 deaths in 2000. The cases of tuberculosis have also increased from 150 in 1995 to 181 in 2004 out of 1,000,000 populations. Public spending on health care as percentage of GDP showed a downward trend 0.8 percent in 1995 to 0.4 percent in 2004.”<sup>4</sup>

The report also says there has not been a significant decline in the absolute number of poor with the result that the share of South Asia in the total number of poor in the world has substantially gone up from 40 percent in 1993 to 47 percent in 2004. Rural poverty still remains an area of concern in many South Asian countries and income inequality is on the rise.

In the area of education, despite improvement in literacy and enrolment rate, most indicators remain dismal, worse than any region in the world including sub-Saharan Africa illiterate adults. In term of health, despite an improvement in the overall health indicators such as life expectancy and adult mortality, health indicators of the most vulnerable groups in South Asia – women and children – failed to show any improvement. The number of malnourished people is also very high. The governments in the South Asian countries need to adopt people-centered development policies. Rarely one sees a policy document that does not use as a baseline the indicators of education, health, women empowerment or poverty reduction, a rare feat not seen before in development policies: the contribution of agriculture in GDP has

declined. The economy of the some South Asian countries is undergoing significant structural changes.

Apart from its goal of economic integration, a significant focus of SAARC is social integration among member countries in order to promote a vigorous South Asian identity.

“The SAARC social charter was signed in Islamabad in 2004, with intent to address such issues as population stabilization, empowerment of women, human resource development, youth mobilization, promotion of health and nutrition and adequate safeguard of children, all of which are central issues for the betterment and benefit of South Asian population”.<sup>5</sup>

Some initiatives taken by SAARC are enumerated below:

- (i) “SAARC Regional Convention on Suppression of Terrorism, 1987.”
- (ii) “Association of SAARC Speaker and Parliaments, 1992.”
- (iii) “SAARC Law: An association for professionals from the legal communities of the SAARC countries 1992.”
- (iv) “SAARC conventions on prevention and combating trafficking in women and children for prostitution, 2002.”
- (v) “The Additional Protocol on Suppression of Terrorism, 2004.”
- (vi) “SAARC Scheme for promotion of organized tourism; the scheme was launched with the aim of increasing people-to-people contact in the region, more specifically as a step to facilitate development of intra-regional tourism.”
- (vii) “SAARC Chairs, Fellowship and Scholarship Scheme: This initiative intends to provide cross-fertilization of ideas through increased engagements among students, scholars and academics.”
- (viii) “SAARC Youth Volunteers Programme (SYVOP): The main objective of SYVOP is to tap the burgeoning idealism of youth for regional cooperation programmes by enabling them to work in other countries in the field of agriculture and forestry.”

“Advancing SAARC objectives, at the 14<sup>th</sup> SAARC summit held in New Delhi in April 2007, member states agreed to launch the SAARC Development Fund,

create the South Asian University, form a SAARC Food Bank, and setup the SAARC Arbitration Council. As an important move, Afghanistan was formally invited to become part of the Association; China, the European Union – were invited as observers to enrich the agenda of SAARC with their valued wisdom and irreplaceable experience. There were suggestions to give full member status to China and Iran. In the wake of a request by Iran, at the 14<sup>th</sup> SAARC summit in April 2007 in New Delhi, observer status was bestowed upon Iran.”<sup>6</sup>

## **CHALLENGES TO REGIONALISM IN SOUTH ASIA**

SAARC has been unable to fulfill its major promise. “It is for this reason that SAARC is often been criticized for its failures and shortcomings. Some of the impediments that can be identified in this regard are its inability to resolve interstate conflicts and the national interests of member states. Further an Indo-centric strategic perception dominates the region. Due widespread mutual distrust among South Asian elites, SAARC has faced serious handicaps. It adopted a functional approach to cooperation in non-controversial areas like social and cultural fields. The hope was that if successful in these areas, greater cooperation will be facilitated in important sectors. This clearly displays a weaker interstate relationship towards fair participation in policy making for South Asian people.”<sup>7</sup>

“Regionalism acquires different nuances of meaning and purposes for each nation when it becomes a part of a regional organization. In most cases, states which combine together in any regional cooperation mechanism have certain basic differences as most regional cooperation is limited to the economic field through free trade agreements. Differences among member states of regional organizations are greater in the presence of interstate conflict(s) among member states. Even if states seem to be nodding their heads affirmatively as a symbol of acceptance on some issues at the platform of that particular regional organization, their intentions behind the concept and purposes of regionalism are different in principal. Interstate conflicts have posed roadblocks to regionalism. This phenomenon appears to be thinly disguised in the functioning of SAARC. The distrust among the member states has periodically manifested in the ineffective enforcement of the initiatives. The most known case is that of the SAFTA. SAARC members implemented the first tariff reduction from July 1, 2006 under SAFTA. Pakistan and India did not allow these facilities to each other. India accused Pakistan of backing away from its commitment

under the SAFTA Agreement.”<sup>8</sup> This is not the only case of non implementation and confrontation among its members. There have been several instances when India and Pakistan contest each other, delaying the actual implementation of important regional arrangements.

The cold war and the politics that came with it pushed Pakistan toward the USA, and India moved in the direction of the Soviet Union. A hostile confrontation began, culminating in wars, 1948, 1965 and 1971. Pakistan became obsessed by Kashmir issue and India later by so called cross border terrorism.<sup>9</sup>

“India was aroused into activity in 1991, when faced by foreign exchange crises it was forced to liberalize its economy. Both India and Pakistan can do better, provided they give treat economy as a more urgent issue as opposed to politics. International trade, the main agent for the stupendous success of the “Asian Tiger” was overlooked by India and Pakistan, being considered by them for only their balance of payments provision. A regional trading association like ASEAN became an influential presence while SAARC was a non-starter”.<sup>10</sup>

More relevant to the South Asian region, however, are the “Asian Tigers” – South Korea, Taiwan, Singapore, and Hong Kong. Although they had brief interludes of dictatorship, they mostly flourished under democracy, though in Singapore’s case one man Lee Kuan Yew tolerated no opposition. And this was quite convincingly portrayed by the “Asian Tigers” as the key to economic success.

## **Business**

In Bangladesh, it takes 74 days and in India 33 days to fulfill the requirements for starting a business. In Nepal fewer numbers of days are needed to pursue a business proposal. The Maldives has a relatively simpler process that takes lesser time than in Bangladesh, India and Nepal.

“Bangladesh provides ample legal framework to protect rights of borrowers and lenders and corporate governance. Although faring dismally in the global ranking, in terms of court efficiency, the Maldives is ranked higher as compared to India and Bangladesh. In the region, Maldives is ranked the best in terms of ‘tax pay-able and compliance’ indicator. It is also intriguing to know that in Maldives’ entrepreneurs have to make fewer number of tax payments and it takes zero hour to pay taxes. Regarding trading across the border, Pakistani entrepreneurs need the least amount of

time to import whereas Indian entrepreneurs spend fewer days in exporting goods.”<sup>11</sup>

### **Entrepreneurs**

In Afghanistan the governmental machinery moves very slowly. “Everything takes more time than in any other SAARC country. From the regional analysis of facts and figures it appears that there is no single country presumed to be perfect to establish a sound business environment in terms of the above indicators in the region. In such varying environmental factors among the nations, we all have to try to intensely focus on our strengths and weakness to improve the current indicators of business environment.”<sup>12</sup>

### **Import and Export**

The SAARC states can learn from each other's best a practice to improve the business environment. “India has improved its ranking so far as doing business. The Maldives has also improved the process of doing business, dealing with license, tax payable and compliance and to make our court more efficient. Bangladesh presents a good example of protecting rights of investors. From Pakistan we have minimize the cost of import and export. In fact, without learning from one another's strengths and weakness it would be next to impossible to cultivate a sound business environment in the region.”<sup>13</sup>

In the recent years SAARC had also focused on an increased collaboration with the Association of South East Asian Nations (ASEAN), Asian Development Bank and World Bank. SAARC region is facing disparate challenges. These challenges are poverty, degradation of environment, narcotic trade, food scarcity, threat of terrorism and extremism, threat of epidemic diseases and the impact of global financial crises.<sup>14</sup>

Economics underdevelopment, which triggers widespread poverty, gross illiteracy and diseases, is the greatest challenge facing South Asia.

“SAARC countries’ major strength resides in their demographics and the vast opportunities of globalization can yield benefits if human resources of this region are properly tapped. Another challenge is to nurture transport and communication infrastructure to link SAARC countries with each other as well as with South East Asian Nations”.<sup>15</sup>

The dominating role of India causes concern in South Asia. The differences of size and power between India, a nation of over one billion people, and all its neighbours causes concerns among the neighbouring states.

“At different times, this has been a significant strand in the policy thinking of states such as Bangladesh, Nepal, and Sri Lanka, and had led them to seek security assistance from external forces when they need it.<sup>16</sup> Cooperative policies of SAARC are overwhelmingly influenced by the fear among some of the smaller states around India that interdependence will lead to the erosion of their political autonomies and therefore seriously dent their advantages for securing honourable settlement of bilateral disputes with India”.<sup>17</sup>

Nepal hopes that SAARC would provide it with opportunities to voice its important concerns, about security, sovereignty and economic development. Most of these issues relate with India, especially with regard to its water issues. “Bangladesh had serious complaints over the sharing the Ganges water with India. Therefore, Bangladesh leadership hoped to seek solution of the Ganges waters issue and similar matter through the SAARC platform. Sri Lanka was initially hesitant to join SAARC, considering its greater and favourable economic ties with South East Asian Nations. However Sri Lanka’s internal conflict forced it to join SAARC with the hope of addressing its fears emanating from India. Similarly Pakistan joined SAARC to further these strengthen its ties with other South Asian states. Constant spurt in military expenditures also adversely affects the regional environment. Increasing defence spending aggravates the countries’ internal and external disputes, and diminishes human security in the region.”<sup>18</sup>

According to statistics the defence expenditures of the South Asian states are as follows.

**Table            Defence Expenditure of South Asian Countries**

Country	Defence Expenditure
India	21.7 billion dollars
Pakistan	4.14 billion dollars
Bangladesh	840 million dollars
Sri Lanka	686 million dollars

Nepal	139 million dollars
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Source: "IISS, The Military Balance 2007, The International Institute for Strategic Studies, London, 2007."

A functional SAARC could have led to enhanced regional cooperation as well as intra-regional trade, thus providing the producers and farmers with an opportunity to sell their products in others market in the region as well. The member countries of SAARC are not serious in taking the association's agenda forward.

“One can assess the level of their engagement from the fact that during the last 23 years of SAARC's existence, only 15 annual summits have been staged, while eight annual summits had to be cancelled due to the non-serious attitude of the member countries. One of the major achievements of SAARC, at least on paper, has been South Asian Free Trade Area (SAFTA) which was signed in 2004. Despite this free trade agreement, regional trade in South Asia is still less than 5 percent of the total trade volume of its member countries”.<sup>19</sup>

The trade in SAARC region is based on negative lists i.e. goods that cannot be traded. “The trade between Pakistan and India is one under a special arrangement – on basis of a positive list. Only the products included in ‘positive list’ can be traded between Indian and Pakistan. It is expected that SAARC would take care of most of the intra-regional issues. The Colombo Declaration issued at the conclusion of 15<sup>th</sup> SAARC Summit, August 2-3, 2008 was as dismaying for many South Asian as were the previous in declarations. Partnership for the growth for people was the pivotal theme of the Colombo Declaration and it emphasizes extensively on robust partnership for people-centric development. However, it is felt, that much of what was agreed in Colombo was completely delinked either with partnership or with people-centric development”.<sup>20</sup>

The SAARC can be made into an effective organization by addressing fundamental issues. “Non-proliferation and demilitarization are absolutely essential for people-centric development in South Asia. It is important to focus how South Asian countries contribute to peace, stability and development. They need to spend more resources on people's welfare. Sri Lanka and Nepal follow a policy on arrival issuing visas to Asian visitors, the visa regime between two Pakistan and India is a ticklish affair to put it in mild terms. General visas are issued for a maximum of three mode cities. There are restrictions on travel, and points of entry and departure. Besides, the visitors are compelled to report to the local police station at their

destination. There are additional requirements of filling residential permit forms and carrying immigration forms in the host country. All these formalities are irritants in the expansion of intra-regional tourism.”<sup>21</sup>

The field of education also require immediate attention. They need to cooperate with each other to improve the quality of education.

The 15<sup>th</sup> SAARC Summit has emphasized improving intra-regional connectivity for regional integration. However, the SAARC region lacks those direct flights even among all SAARC capitals. For example, there is no direct flight from Islamabad to any other SAARC capital, except Kabul. Therefore,

“It is far more cost effective to fly from Islamabad to a European destination than to Kathmandu or Colombo. There is no allowance of international roaming service between Pakistan and India, and Pakistan and Nepal. It is five to 10 times more economical to make a call to the United States, the United Kingdom or Canada from South Asia than to make an intra-regional call. The pivotal issue, however, is to bring about an improvement in the connectivity of the region's decision-makers, so that they may in turn improve intra-regional connectivity”.<sup>22</sup>

SAARC heads of state/government have quite rightly identified that “there must be increased intra-regional cooperation to deal with the challenges of climate change, energy scarcity and alarming food security situation. However, these challenges require concrete responses from the member countries. A clear direction, pooling of resources and responsibilities, and working with a 'win-win' mindset is required to collectively deliver on these challenges. The ideas of SAARC food bank development fund and commission on climate change are still quite sketchy and awaiting ratification from the member countries. SAARC heads of state / government rightly lambasted all forms of terrorist violence, and expressed their qualms over the life consuming dangers posed by terrorism to the peace, stability and security of the region. They emphasized their commitment to reinforce the legal regime against terrorism, including undertaking to implement all international conventions concerning combating terrorism to which the member countries are parties, as well as the SAARC Regional Convention on Suppression of Terrorism and the Additional Protocol to the SAARC Regional Convention on the Suppression of Terrorism.”<sup>23</sup>

SAARC is gaining international prestige. At the moment, “Australia, China,

the European Union, Iran, Japan, Korea, Mauritius, Myanmar and the US are observers to the association. However, it is quite disappointing to note that broader civil society (not merely NGOs) is conspicuous by their absence in the process. Concerned citizens of South Asia, including academicians, advocacy groups, development practitioners, lawyers, journalists, , the private sector, human rights activist, women's groups, peace proponents, youth groups, and many other non-governmental actors have been bending over backwards to make this dream a realistic aspiration.”<sup>24</sup>

“People's initiatives seek to sensitize the member countries of SAARC on the urgency of regional cooperation in all potential forms and in all possible ways, and impel them to act expeditiously so that South Asians break free from the juggernaut of years of poverty. They are conscious of the fact that developing awareness among the people of the region, to generate pressure on the policymaking processes and structures, is the most effective solution to bring about the desired changes, if the governments and SAARC fail to come out of their stereotyped positions. Major external forces have also been influential in South Asia, especially in terms of intra-regional politics and economics. On some occasions pressure has been exerted on South Asian state to show seriousness towards exploring possibilities for cooperation and peaceful resolution of conflicts. In this regard, there have been efforts by the US for a meaningful detente between India and Pakistan, and the Norwegian government has been acting as a credible mediator between the government of Sri Lanka and the Liberation Tigers of Tamil Eelam (LTTE).”<sup>25</sup>

According to some analysts, South Asian regional stability has been rocked by the absence of an institutionalized security structure. Although SAARC did not develop a bilateral conflict resolution mechanism, it has dealt with a few contentious issues such as terrorism and human trafficking.

The declaration adopted at the SAARC summit of 2004 held in Islamabad, stated

“There is a commitment of member nations to the objectives and principles of SAARC and pledge to reinvigorate cooperation of all people of South Asia.<sup>26</sup> We envision South Asia to be a peaceful and stable region where each nation is at peace with itself and its neighbours through peaceful means and dialogue”.<sup>27</sup>

In this declaration “the importance of peaceful resolution of conflicts was adequately emphasized, but the outcome has not been very positive in either forcing member states to engage in any dialogue towards resolving their interstate conflicts, or SAARC becoming a springboard for these vital issues.”<sup>28</sup> If an organization wishes to transform itself into a force which could resolve bilateral conflicts in a regional setting, its impartiality must be clearly established. In the case of “South Asia, due to its socio-cultural linkages and political history, it is difficult grant this status to any country. Given India’s, economic strength and geographical advantages, it could play the role of facilitator in resolving intra-regional conflicts. But that is not possible because India has its platter full with many interstate South Asian conflicts. One option is to take benefit from the SAARC observers (EU, US, China, South Korea, Japan and Iran). Observer status allows these countries to participate in the meetings, influence its thinking through their interactions, but cannot be the part of decision making in SAARC towards resolving bilateral conflicts in South Asia. Nevertheless, even among the observers there are ongoing tensions, for instance the troubled relations between the Iran, U.S and China. To rely on the ineffective conflict resolution mechanism of the UN would also be a fruitless endeavour.”<sup>29</sup>

“Apart from the conflicts among member states, there are also differences among them on the need for a South Asian conflict resolution mechanism to deal with bilateral disputes. India, Nepal and Sri Lanka are disinclined to consider conflict resolution as a domain of SAARC. However SAARC has shown potential for emerging as a forum for dialogue, negotiation, preventive diplomacy, and confidence and peace construction. The South Asian community broadly depends on three interlinked economic and political factors. First, the character of economic transactions such as formal and informal trade relationships and whether there has been an honest attempt to remove the imbalance which informs trade. Second, the leaders’ perceptions about the outstanding regional problems, especially bilateral ones, such as India Pakistan conflicts, India-Bangladesh border disputes, and their efforts to reduce tensions and third, the degree of consciousness among citizens of the region towards the status of human rights in the region.”<sup>30</sup>

“Dispute resolution has recently found a place in the SAARC framework. At the 2005 SAARC summit in Dhaka, the member states agreed to establish a SAARC Arbitration Council in Pakistan. The Council is geared towards creating favourable

conditions for supporting greater investment by investors of one member state in the territory of another member state. This initiative is directed towards creating a South Asian forum for the settlement of commercial disputes by conciliation and arbitration. However, SAARC has failed to take meaningful steps to fully tackle the issue of interstate conflicts between its member states.”<sup>31</sup>

“The failure of the region to run regular flight between the South Asian capitals throws into sharp relief the irrational ascendancy of politics over people’s concerns. At the moment, only one airline from each country (India-Pakistan) operates between the Pakistani cities of Lahore and Karachi and the Indian cities of Mumbai and New Delhi. For the last three years, bus and train between India and Pakistan has been operational but Pakistan refused to extend transit facility to India for trade with Afghanistan. A lot of reflection has been made on ‘peace pipelines’ between the concerned states to deal with potential energy crises in South Asia. There are two proposals on peace pipelines: Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline project and the Iran-Pakistan-India (IPI) gas pipelines project. Both these projects are yet to be completed.”<sup>32</sup>

“Societal desires for substantive cooperation in the fields of developing natural resources, human resources and infrastructure remain patchy at best. Specific areas of cooperation in the field of natural gas, water resources, ports and water ways, transportation, communications and hydropower remain unexplored. Enormous areas of the service sectors of human development opportunities utilizing regional human and development infrastructure have remained woefully neglected. The present low level intra-regional trade is a consequence of ill conceived policies. Kashmir dispute and conflicts have been stage-managed to strangle the people of India and Pakistan from economic and social opportunities by some influential policy makers. What South Asian people face today is a deep absence of pro-people governments and policies for scaling back poverty, ending violence, controlling environmental contamination and improving human development status, balancing inter and intra-regional trade, and fostering peace and harmony.”<sup>33</sup>

Despite criticism, the SAARC forum has enabled a constructive space for dialogue for member states. A significant success of SAARC has been

“The nourishment of relationship it has allowed at the sideline of its formal meeting. Apart from official institutions established under the ambit of SAARC, there also exists an unconventional channel of communication and interaction among member states. This informal route deals with various issues, especially for the promotion of human rights, conflict resolution, health, business and performing arts.<sup>34</sup> This unpublicized avenue will be the stimulating force behind the official SAARC process. This is some sort of ‘new regionalism’ that is a fact engulfing the entire South Asian region”.<sup>35</sup>

Despite the woofs and warts in political relations among South Asian countries, “the civil society organization has been continuously making efforts to improve relations and create space for government to develop agendas for forthcoming meetings. It was extrapolated that in 1998-99 alone, there were over 38 track-II channels working in South Asia.”<sup>36</sup> This shows the involvement of actors of civil society. This unofficial SAARC channel is fast emerging at domestic and regional peace constituencies.

## **SAARC AND OTHER REGIONAL COOPERATION MECHANISMS**

In the light of state-oriented interests who dominate “the regional agenda, SAARC’s relationship with external players is also crucial. India’s growing authority in global politics is being suspiciously viewed and concern by smaller states in SAARC and the current strategic partnership between India and United States further lends credence to this suspicion. Thus, external players through their economic and political influences could provide useful instruction and guideline for regional integration, but they could also act as an impediment in the nascent South Asian integration process.”<sup>37</sup>

Lately, the culmination of prolonged and violent interstate conflicts in Southeast Asia has been characterized and solidified by “the strengthening of the Association of South East Asian Nations (ASEAN), its extension to such countries as Cambodia, Laos, Myanmar and Vietnam, and its increasingly formalized cooperation and negotiation-based relationships with Asia’s larger powers. China and Russia’s relationship, although still complicated, has been stabilized with the help of the Shanghai Cooperation Organization (SCO). The multilateral organizations of Latin

America and the Caribbean are generally seen as spineless organizations, not least because of their multiplicity and overlapping, but their overt efforts for confidence building and conflict containment or resolution have certainly contributed in the gradual phasing out of interstate conflicts in the region and the containment of outstanding intra-state conflicts for instance, in Colombia and Haiti.”<sup>38</sup>

“Despite the existence of 14 interstate conflicts (territorial and maritime), disappearance of war among the member countries is no doubt a major achievement of ASEAN. Since the creation of ASEAN in 1967, not only has ASEAN itself been emancipated from war, but also none of the ASEAN member states has fought a fully fledged war with a non-ASEAN state. Unlike SAARC, ASEAN has not held itself back in dealing with issues of interstate conflicts and, simultaneously, it has applied the same approach of conflict prevention to the Asia-Pacific region. In this regard, since 1994, the ASEAN Regional Forum (ARF) has been working as ASEAN’S paradigm of preventive diplomacy and conflict resolution”.<sup>39</sup>

Regional communities such as “the EU and ASEAN have prospered due to a host of integrative factors. These constructs of ‘cooperative security and ‘comprehensive security’ were used in ASEAN for designing the basic objectives of this forum. They were meant to foster constructive dialogue and consultation on political security issues of common interest and concerns and make substantial contribution towards confidence building and preventive diplomacy in the region. It created a three-stage process comprising CBMs, preventives diplomacy and conflict resolution.”<sup>40</sup> India and Pakistan are also members of ARF.

### **SAARC MEMBERS IN OTHER REGIONAL ORGANIZATIONS**

<b>Organizations</b>	<b>SAARC Member(s)</b>
ASEAN Post-Ministerial Conferences (ASEAN PMC)	India
Asia Cooperation Dialogue (ACD), created in 2002	Pakistan, India, and Bangladesh (founding members), Sri Lanka (joined in 2003)
ASEAN Regional Forum (ARF), functioning since 1994	India, Pakistan, Bangladesh and Sri Lanka.
Economic Cooperation Organization (ECO), founded in 1985	Afghanistan and Pakistan (founding members)

East Asian Summit (EAS), working since 2005	India
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SAARC, on the other hand, has not witnessed these integrative factors in any substantive way and would be required to do so, if the region desires to generate any sense of community. “Strong regional cooperation will never be effective unless both people and their leaders can realize the mutual benefits of cooperation. Unless the comparative advantages of intraregional trade are understood in letter and spirit by trade and economic leaders and until the cost of non-cooperation is comprehensively assessed by the elites of each member country, the development of SAARC as a community will not materialize.”<sup>41</sup>

Member states of SAARC are attached to multilateral cooperation frameworks beyond the South Asian region, thus getting a remarkable chance to learn and assimilate some of these effective mechanisms. It is often argued that “the participation of SAARC members in other regional frameworks will water down the interests of member states in SAARC and, therefore, will undermine the advancement of this regional cooperation mechanism. However, there are others who believe that the formal and informal interaction with other regional frameworks will help SAARC in uplifting its progress by learning from the experiences of others.”<sup>42</sup>

“South Asia has been unable to act with cohesion, even in terms of lucidly projecting common afflictions like poverty, while dealing with global leaders setting the stage of future trade, environment protection and poverty reduction strategies all over the world.”<sup>43</sup> India Pakistan conflict continues to impinge upon functioning of SAARC. The worrying phenomenon of religious extremism may catapult the region towards different external partners and frames of reference. In the recent years SAARC had also seen an increased collaboration with the Association of South East Asian Nations (ASEAN), Asian Development Bank (ADB), and World Bank.

“In the 14<sup>th</sup> summit of the heads of the state of the SAARC staged in New Delhi on 3-4 April 2007 with the inclusion of its newest member Afghanistan. It has to be noted that both European Union and China have attended the New Delhi summit as observers. Pakistan had institutionalized collaboration in economic and political spheres with the countries of the Association of South East Asian Nations

(ASEAN) on a bilateral basis and is ready to become a ‘full negotiation-based partner’ of the regional forum. Pakistan is ready to provide all facilities to assist ASEAN entrepreneurs to benefit from the large market in Pakistan and beyond”.<sup>44</sup>

ASEAN as a vibrant regional forum had transformed South East Asia into a rapidly growing region. Pakistan had made a breakthrough in upgrading its relation with ASEAN, had acquired the ARF membership in 2004, accorded to the Treaty of Amity and Cooperation (TAC) and signed a joint declaration to confront terrorism with the support of the ASEAN.

“Afghanistan joined the association as its eighth member at the 14<sup>th</sup> summit held in April 2007. SAARC is an amazing combination of national interests, religious (Hinduism, Islam and Buddhism) orientation and ideologies yet eight member’ association has been relentlessly advancing the cause of regional integration and progress despite inherent roadblocks.”<sup>45</sup> SAARC aspires to emulate other successful regional organization. However replicating the enormous success of ASEAN or EU is a remote possibility and a distant dream.

“The two-day 15th SAARC Summit was staged at the Sri Lankan capital of Colombo on August 2-3. In consideration of looming global economic meltdown, South Asia future hangs in the balance. The 41-point Colombo Declaration captioned “Partnership for Growth of Our People” stressed upon collective efforts for energy security, climate change, fighting the scourge of terrorism, facilitation of trade, and increased economic growth as well undertaking collective efforts for food security. The focus on combating terrorism was so overwhelming in the discourse conducted at Colombo that other issues were eclipsed. Leaders without an iota of a doubt identified terrorism as an impediment to peace and development in the region. Indian and Afghan-centric opinion on terrorism attempted to depict Pakistan as a source of regional terrorism. The story, however, is a gross distortion of facts. In subcontinent, terrorism, rather state-sponsored terrorism, was the offshoot of the Indian government aggression targeted against the innocent and hapless people of Jammu and Kashmir.”<sup>46</sup>

So far, in “the region of 100,000 innocent Kashmiri people have been buried through a systemic ethnic extermination simply because they wanted to exercise their right to self-determination under a UN Security Council (UNSC) resolution adopted

on January 17, 1948, only 139 days after the creation of Pakistan as an independent Islamic State out of partition of India on August 14, 1947. Again, the UNSC passed another resolution in the succeeding year to determine the fate and future of Kashmir through a public fair and free plebiscite under UN ambit which never became a reality even after the passage of the overstretched 6 decades of savage state-run aggression and terrorism unleashed by the Indian government by grossly transgressing the UN Charter, UNSC resolutions, and peoples' right to self-determination and plebiscite. Indeed, the SAARC's Colombo Declaration is spot on in pinpointing that peace and development in the region has been held hostage to terrorism.”<sup>47</sup>

Until terrorism is not eradicated comprehensively, peace and development cannot be achieved. SAARC must address the root-cause of terrorism in Kashmir. Otherwise, the future of the region does not bode well. “UN also needs to implement its resolution on Kashmir. Kashmir is one of the few flashpoints pending before the UNSC, which is not only causing state-led terrorism but also can possibly be the harbinger of a nuclear conflagration between India and Pakistan, looming large over the past decade after both countries conducted nuclear tests in 1998. The event of August 11, 2008, leave alone hundreds of thousands of other events, when over 100,000 Kashmiris decided to cross the Line of Control (LoC) in protest of killing of Sheikh Abdul Aziz, a former chairman of the All Parties Hurriyat Conference (APHC), the other day. Killings, curfews, and discrimination against the Kashmiris would never create room for peace and progress particularly between Pakistan and India locked in a seemingly endless conflict.”<sup>48</sup>

The SAARC members need to cooperate with each other for elimination of terrorism and control of drug trafficking. These two problems threaten peace and stability in the region with negative ramifications for the rest of the world. Drug / narcotics trafficking from Afghanistan is a major challenge which requires joint action. Similarly, terrorism cannot be controlled without a joint effort. Accusing each other like India accusing Pakistan on terrorism, will not help. There are internal dissident movement in India, Pakistan and Afghanistan, these countries will have to work together. Regional cooperation offers the possible to these problems.

## Chapter 3

### SAARC

#### PERFORMANCE AND ACHIEVEMENTS

The South Asian Association for Regional Cooperation (SAARC) is the latest phenomenon on the stage of regional cooperation that has stamped their authority on the international scene in the past World War II period. Other regions have worked on this idea for some decade. South Asia moved in this direction rather reluctantly in the early 1980s.

Some regional organizations have shown good performance while others are working towards better performance.

“The very basic ingredients for successful regional cooperation in the case of European Economic Committee (EEC) have been industrialization, pluralism and democracy in addition to cultural, geographic, political and economic compatibility. Above and beyond these minimal conditions, commonly perceived external threat and an external military guarantee are additional factors that contribute towards successful regional cooperation. Once these conditions are met, differences of language, historical experience and style of government, etc. do not greatly affect compatibility”.<sup>1</sup>

The EEC was the first successful experiment of regional cooperation. The second important experiment in region driven collaboration is the Association of South East Asian Nations.<sup>2</sup> Unlike to EEC (presently known as EU), ASEAN was formed with a politico-security objective, serving as a ‘bulwark’ against the expansion. Of Chinese communism of the three categories of variables, the common perception of external threat was the major binding force.

“ASEAN was a product of combination of common fears and weaknesses, not of common strength”<sup>3</sup> The fact that the founder member states of ASEAN, Indonesia, Malaysia, Thailand, Philippines, and Singapore also agreed to strengthen economic cooperation served as an additional incentive towards regional cooperation. In their case, the first category of variable, viz; industrialism, pluralism and democracy, hardly applied. In addition, their cultural and political differences, which are many, could have proved an obstacle, yet, despite differing aims and expectations and

stresses and strains in their mutual relationship. ASEAN has survived because they realized how important it was to keep it alive during a period of great uncertainty for the region.” They have had several notable achievements in the direction of closer regional cooperation. These include the creation of greater understanding and goodwill, a high level of economic cooperation and political realignments in the backdrop of the transition.

Like the EEC, the success of ASEAN is under-written by the large scale military presence of United States in the area. In other words, the security of the ASEAN is guaranteed by the external power. It is clear that although the first category of variables does not apply in this case, what is similar is the regime type and the level of economic development. This similarly serves the same purpose as industrialism, pluralism and democracy serve in the case of Western Europe. In other words, the categories of variables identified in the case of EEC are also applicable in the case of ASEAN.

The third successful experiment in the field of regional cooperation is the Gulf Cooperation Council (GCC). Its member Kuwait, Bahrain, United Arab Emirates, Qatar, Oman, and Saudi Arabia. The GCC member states share a common religion, similar political system, economies based on petroleum and many other similar characteristics. The third category, viz; external guarantor of security also applicable in so far as the United States has committed itself through the ‘Carter Doctrine’ to protect the security of Gulf States militarily, if the need arises. The GCC is expected to serve the twin purposes of cooperation and coordination in all fields, including security. In other words successful economic cooperation is a defensive mechanism which reinforces common security perceptions. This multifaceted regional cooperation seems to be a more profitable and successful response to a commonly perceived external threat.<sup>4</sup>

In case of SAARC, the question is pertinent in the face of the fact that there are contradictions in its organization itself, not to mention its goals. They are of dissimilar nature: three democracies, two monarchies and two military regimes. They are generally referred to as developing countries; the level of economic development is grossly dissimilar. Nepal, Bhutan and Maldives are underdeveloped countries. Pakistan, Sri Lanka and Nepal regard India as the most important threat to their security. The condition of common external guarantor of security does not arise.

There is no external guarantor of security. In fact, Pakistan and Sri Lanka are looking for outside support to ensure their security against India's hegemonistic intentions. Nepal turns to China to counter India's 'high-handedness.' The South Asian Association for Regional Cooperation thus depicts an anomalous case in the fore mentioned pattern of regional cooperation.

The prospect of regional cooperation is rather dim because the vital ingredient for successful cooperation – trust is missing. India can, by words and deeds, create the confidence necessary to make a beginning. A survey of SAARC's achievements so far suggests that it has definitely emerged as a forum where the leaders of the region can meet to sort out bilateral and multilateral tensions and actively search for channels of affective cooperation. There is also recognition that it has the potential of accelerating the developmental process through mutual socio-economic and cultural cooperation directed toward self-reliance. The degree of success that SAARC can achieve will be dependent on India's support to the notion of regional cooperation. It cannot pursue a policy of regional dominance and regional cooperation in the same time. In the pursuit of its goal of regional dominance, it is compelled towards course of action that is non-conducive to fostering trust.

“The initiative for greater and more meaningful cooperation must lie with India, which has to ‘by words and deeds’ show its neighbours that it does not harbor hostile intentions against them. It must take the neighbours into confidence on all matters affecting their interests. The building of trust is a long and tedious process and the initiatives and effort in that direction must come from the largest constituent of SAARC. Once that basic condition is met, all other dimensions of cooperation can become meaningful. But until that can happen, SAARC is doomed to remain a weak experiment which goes through the formality of cooperation without becoming the vital and vibrant forum of multifaceted cooperation that can be”.<sup>5</sup>

## **SOUTH ASIAN CONTRIBUTION TOWARDS MILLENNIUM DEVELOPMENT GOALS (MDGS)**

The United Nations General Assembly in its 55<sup>th</sup> session in 2000 adopted the Millennium Declaration. This declaration affirmed the principle of peace, security and disarmament, development and poverty alleviation, the need of preserving our

common environment, promoting human rights, democracy and good governance, protecting the susceptible, and fortification of the United Nations. It said:

“South Asia with Gross National Income (GNI) of \$594 in 2004 inhabits 47% of the world’s poor living below the poverty line. World Bank projections show that the goal of reducing poverty by almost 50% by 2015 would be realized. Mortality of children under five has been significantly brought down between 1990 and 2004 from 129 to 92 per thousand. During this period, it declined from 149 to 77 in Nepal, from 145 to 76 in Bangladesh, and in Sri Lanka from 32 to 14. However, the decline at the regional level (largely on account of slow progress in India) the decline is far less than the rate required to bring it down by 50% by 2015”.<sup>6</sup>

The maternal mortality rate remains high in South Asia at 580 per 100,000 live births, next only to sub-Sahara Africa. Some gains have been recorded in school enrolment at the primary and secondary levels. The primary education appears to be on track, but the ratio of girls to boys in primary and secondary education is low. It needs to be considerably accelerated to meet the targets.

## **MILLENNIUM DEVELOPMENT GOALS AND TARGETS**

The following are the Millennium Development Goals. The SAARC members are trying to implement them:

### **Goal 1: Eliminate absolute poverty and hunger**

“Target 1: Reduce by 50% between 1990 and 2015, the proportion of people whose income is less than \$1 a day.”

Target 2: Reduce by 50% between 1990 and 2015, the number of people who are languishing in hunger

### **Goal 2: Achieve universal primary education**

“Target 3: Ensure that, by 2015, children everywhere, both boys and girls, will be able to complete their primary education.”

### **Goal 3: Promote gender equality and empower women**

“Target 4: phase out gender discrimination in primary and secondary education preferably by 2005 and in all levels of education at the latest by 2015.”

### **Goal 4: Reduce child mortality**

“Target 5: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.”

**Goal 5: Build upon maternal health**

“Target 6: Reduce by three-quarters, between 1990 and 2015, the maternal mortality ratio.”

**Goal 6: Combat HIV/AIDS, malaria and other diseases**

“Target 7: Stop its growth by 2015 and begin to reverse the dissemination of HIV”

“Target 8: Stop its expansion by 2015 and begin to reverse the incidence frequency of malaria and other major diseases.”

**Goal 7: Ensure environmental sustainability**

“Target 9: Enmesh the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.”

“Target 10: Reduce by 50% by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.”

“Target 11: To accomplish, by 2020, a significant improvement in the lives of at least 100 million slum occupants.”

**Goal 8: Develop an transnational partnership for development**

“Target 12: Develop further an open, rule-based, predictable, nondiscriminatory trading and financial system (including a commitment to good governance, development, and poverty reduction—both nationally and internationally)”

“Target 13: Address the special needs of the least developed countries (including tariff and quota-free access for exports enhanced programme of debt relief for HIPC and retraction of official bilateral debt, and more generous ODA for countries dedicated to poverty reduction)”

“Target 14: Deal with the special needs of landlocked countries and small island developing nations (through the Programme of Action for the Sustainable Development of Small Island Developing States and 22nd General Assembly provisions)”

“Target 15: Effectively deal with the debt problems of developing countries through

national and international measures in to make debt sustainable on a long term basis.”

“Target 16: In cooperation with developing countries, develop and implement strategies for constructive engagement of youth.”

“Target 17: In collaboration with pharmaceutical companies, provide access to essential drugs in developing countries in a cost effective way.”

“Target 18: Engage the private sector comprehensively to extract and harness the best possible benefits of new technologies, especially information and communications.”<sup>7</sup>

### **Afghanistan**

Afghanistan had to realign the global timetable and benchmarks to its local needs. Thus for Afghanistan the baseline is 2002-2005 and target for the year 2020.

Afghanistan lost over two decades in war. The country's human development index is perched lowest on the pecking order, similar to only a few of the poorest, landlocked or war-torn countries of sub-Saharan Africa. Available data suggests that about 20 % of rural Afghanistan is facing chronic food deficit, and about 18 % per cent vulnerable.

“In Afghanistan, the life expectancy at birth is among the lowest in the world, being only 45 years which is 20 years less than any Asian country. Over 20% of Afghan children die before five years (mostly during the first year). Only 30% of the population in rural and 60% of the population in the urban areas has access to clean drinking water. Afghanistan has the highest maternal mortality proportion in the world with the exception of Sierra Leone and Angola. The maternal mortality rate is approximately between 1600-2200 deaths per 1, 00,000 population! Less than 15% of births are handled by medically trained personnel and only 10 % by traditional obstetricians”.<sup>8</sup>

## **The Performance of Member States**

### **Bangladesh**

Bangladesh has received international acclaim for having substantially improved some of its social indicators at a relatively low level of development as also at relatively low level of literacy. Attention is generally drawn to its having brought down its population growth rate from 2.9% in mid seventies to 1.5% in late nineties by bringing down substantially its fertility rate.

The decline in Bangladesh's fertility rate is likely to have been induced by the remarkable decline in the country's infant and child mortality rates which was among the fastest in the developing world. This has been achieved mainly by the country's impressive gains in reducing the malnutrition rates in the last decade as reflected in substantial decline in stunting and wasting among children.

Another notable feature of Bangladesh is its considerable success in mainstreaming women into the country's development process. Ahead of the MDG target, Bangladesh has already achieved gender parity in primary education and about to achieve the same in secondary education. The country is also close to achieving gender parity in life expectancy at birth.

It may look somewhat paradoxical that Bangladesh, generally considered to be a weak state and poor in governance, should achieve so much success in the improvement of its social indicators. A partial answer to this paradox is that Bangladesh is also characterized by active civic and grass roots movements led by community based non-governmental organizations that have demonstrated that services to the poor can be more economically provided than by the state. To this extent misgovernance that pervades at the official bureaucratic level has, to some extent, been 'compensated by the activities of civil societies.

In the backdrop of acute vulnerability to natural disasters, Bangladesh has demonstrated appreciable disaster preparedness in coping with the same and also in ensuring minimum food entitlements for the poorest through targeted food employment programmes.<sup>9</sup>

## **Bhutan**

Bhutan is on course to achieve most of the MDGs well ahead of 2015. The goal of reducing poverty and completely eradicating massive penury and excruciating hunger are likely to be achieved before 2015. Malnutrition among children reflects steady progress. The indicator of reducing the proportion of under-five children suffering from underweight and under-height is already reduced by over half and by one-third respectively. Strides in reducing child mortality and improving maternal health is also quite on track. Universal access to primary school education is also likely to be achieved well in advance of 2015. In Bhutan gender parity in education already prevails at the primary and secondary levels. While gender parity does not yet

prevail at the tertiary level, this gap is expected to be bridged quite soon. Women's participation at the workplace and at the highest national level remains a challenge. The prevalence of HIV/AIDS is well contained in Bhutan. The incidence of tuberculosis and malaria has been reduced drastically in Bhutan. The number of people who are denied approach to hazardless drinking water has been reduced by two thirds already and the target achieved. The country's environment remains evergreen with the total land area under forest cover exceeding 72% and with protected area encompassing over 29%.<sup>10</sup>

## **India**

India's performance in relation to human development indicators has been a mixed one. High growth rate post-reforms has led to substantial decline in the national poverty ratio, currently being a quarter to the population. Thus the reduction of poverty ratio by half by 2015 appears to be feasible.

India's educational indicators in terms of enrolment ratios and decline in illiteracy have also been phenomenal, and some educationally backward states such as Madhya Pradesh have done well. In a marked contrast, India's health indicators, while showing improvement over time, highlight astonishingly high rates of malnutrition and mortality, especially among women and children and widespread paucity of medical care.

The prevalence of child under nutrition in India is among the highest in the world; namely, twice that of sub-Saharan Africa with serious consequences for morbidity, mortality, future growth in productivity and its sustainability. To make matters worse, nutritional disparities across states, socioeconomic and demographic groups are not only quite marked, but also appear to have increased over the nineties

## **The Maldives**

Maldives has already achieved MDG of target 1. The proportion of people who live below the poverty line has been more than halved during the period 1997-2004. In 1994, less than 1% of the population had less than one dollar a day compared to 3% in 1997. However, the foremost challenge is reducing differences between Male and the atolls and within the atolls.

Another challenge faced by Maldives is youth unemployment which is

substantial and increasing. Recent studies on nutritional status of children indicate that Maldives is well suited to meet the MDG target of halving the prevalence of underweight children by 2015. Nevertheless, the prevalence of underweight, stunting and wasting children is still very high in the atolls of Maldives.

In the field of primary education, net enrolment of 100% has been achieved both for boys and girls. There is no significant gender disparity in net enrolments in primary and lower secondary education. There is also significant gender disparity in labour force participation and in the proportion of seats held in national parliament. Maldives has accomplished laudable progress in reducing child mortality. It is quite probable that it will achieve the MDG target to, reduce by two thirds the under-five mortality rate in 1990 by 2015. There is no significant difference in the rates of decline. Maldives has ostensibly achieved MDG target 6 to reduce maternal mortality. Maldives has low prevalence of HIV/AIDS while malaria and tuberculosis has been eradicated in the country. In Maldives, 100% of the population has access to clean drinking water which is a great achievement.<sup>11</sup>

## **Nepal**

Nepal has succeeded in reducing the percentage of population below \$ 1 per day (PPP value) from 33.5% in 1990 to 24.15% in 2005. It therefore seems likely that the country would be able to reduce this to 17% by 2015. The percentage of population below national poverty line was 42% in 1996 which declined to 31% in 2003-04. Thus the target to reduce the level to 21% appears to be quite feasible. However, wide variations in poverty levels were also reported based on rural-urban divide, ecological zones, gender, ethnic groups and occupational castes.

Given the modest reduction in child mortality over the last decades, it seems unlikely that Nepal will achieve the target by reducing 50% the proportion of population who suffer from hunger by 2015. In the light of the recent progress in net enrolment rate in primary education, it seems a remote possibility that Nepal will achieve the target of universal primary education by 2015. However, the ratio of girls to boys in primary and secondary education is consistent with the target for 2015. In Nepal, remarkable reductions have been seen in child mortality over the last decades. Reduction in infant and under-five child mortality rates have been in line with the

target set for 2015. This has been achieved in spite of the slower than target progress achieved for deliveries attended by health care workers. The prevalence rate for HIV infections in Nepal is substantial, being 0.5% in the age group 15-49. The incidence of malaria cases has come down, but modestly.<sup>12</sup> The ongoing civil strife in the country until recently has taken a heavy toll on the economy and the people. The total security expenditure has increased significantly since 1998. Various initiatives in decentralization and social mobilization have been under severe threat due to ongoing conflict that has ceased only recently. Consequently, social expenditures have been affected adversely.

## **Pakistan**

The nineties are often characterized as a lost decade for Pakistan. In 1990-91 Pakistan's headcount poverty ratio, which was 26%, went up to 32% in 2000-01. Since then even though Pakistan's economy has to some extent revived, and economic growth has been robust, the task of reducing the poverty ratio to the level of 13% by 2015 appears beyond the country's feasibility.

As in case of Pakistan's increasing poverty ratio witnessed during the nineties, the common presence of underweight children under five years of age and also the proportion of population below minimum level of dietary consumption have also surged quite drastically during the same decade.

In Pakistan the literacy rate and net primary enrolment ratio are low not only as absolutes, but also in comparison with other countries in the same development bracket. However, some encouraging trend is visible regarding the proportion of pupils taking admission in Grade 1 and entering Grade 5.

Pakistan's holistic record of promoting and delivering gender equality is a quite shaky. Even though the country's record of improving the proportion of girls to boys at all levels of education has been positive, given the slow pace of progress, it is doubtful if the goal of gender parity would be reached by 2015.

Pakistan's infant and under-five mortality rates have also been spiraling down in the nineties and till the early years of the new millennium. However, the pace of progress in these indicators has been too mild to warrant the optimism that the goal set for 2015 would be achieved.

The proportion of underweight children in Pakistan remained stuck at a high level during the nineties. Thus the possibility of reducing by half the incidence of underweight children by two-thirds by 2015 appears to be quite remote. The same can be said with respect to the possibility of Pakistan reducing its maternal mortality rate by two-thirds by 2015.<sup>13</sup>

### **Sri Lanka**

Sri Lanka school enrolment rate together with its literacy rate is above 95%. All children within the age group 5-14 are have entrenched their relationship with school. Nevertheless a tiny fraction of children from underprivileged groups have snapped their ties with the schooling system. However, there is no gender disparity in enrolment of boys and girls at the primary and secondary levels. In Sri Lanka, women have a relatively superior position than their counterparts in many other developing countries. Sri Lanka's infant and under-five mortality rate indicators are the best in the region. Immunization drive has also been successful in most sectors with 88% of one-year-old children immunized against measles. Sri Lanka's success in reducing maternal mortality ratio is has been hailed globally as stupendous success. The steady reduction in maternal mortality rates for over five decades is traceable to network of maternal services which has been enmeshed with child care and a trained cadre of public health midwives. The prevalence of HIV/AIDS is not a cause for concern in Sri Lanka, but the number of reported cases has been rising since 1987. While the incidence of malaria has declined by 70% during the period 1994-2001, regional disparities exist. In recent years, Sri Lanka has been facing major environmental problems such as land degradation, disappearance of biodiversity, air pollution, declining availability of fresh water. A better part of the country's wealth and economic activity is concentrated in the western province and poverty in the rural areas, particularly in the plantation sector in central Sri Lanka, is quite minced.<sup>14</sup>

The 14<sup>th</sup> summit of the Heads of State of SAARC – with the inclusion of its newest member, Afghanistan – is scheduled to convene in New Delhi on 3-4 April 2007. SAARC member states have keen desired to promote all-round economic, cultural, and educational exchanges to encourage tourism and to work for peace, especially by countering the threat posed by terrorism, drug trafficking and all illegal migration. The Dhaka Declaration had emphasized that the SAARC Agenda remained focused on stimulating the development of the people of South Asia, giving impetus

to economic growth, social progress and cultural development, and cementing collective self-reliance among the countries of South Asia. The decade of poverty alleviation and decided to establish a SAARC Poverty Alleviation Fund which would function as a part of the SAARC Development Fund (SDF). The SAARC Development Fund will serve as the main financial institution for all SAARC projects and programmes and comprises three components, namely, social, infrastructure and economic with permanent secretariat. The heads of state underscored the need of implementing SAFTA as agreed from 1 January 2006, and that would be a significant landmark on the road to a South Asia Economic Union.

In spite of the serious and chronic regional disputes and differences the member states of SAARC agreed to work together for phasing out of poverty from South Asia and to trigger economic cooperation in a variety of fields. The problem of poverty was to be tackled through step by step collaboration and mutual assistance in the agreed programmes in social economic technical and scientific fields. It is hoped that cooperation in these areas will help to improve trust, understanding and appreciation of one another's problems. The development of mutual trust amongst the member states was believed to have replanted the seeds of tranquility and consolidation in the region. The members expressed their determination to work with a spirit of solidarity towards finding solution to their common problems.

Here we will assess the achievements of SAARC in the agreed areas of cooperation despite political disputes which existed among the member states. Here we will not deal with these political disputes. SAARC possessed great potential and could, if properly utilized, provide both economic and political benefits to the economically backward and politically divided member states. The SAARC, through its gradual and step by step approach can fully utilize the existing vast human and material resources of the region.

In South Asian countries more than 40 percent of the population hardly manages to subsist, 45 percent were without exposed to insanitary conditions, ten children died every minute and hundreds of thousands of women lost their lives during child birth. These adverse economic conditions were due to the lack of regional economic cooperation.

“Poverty is no longer contained within national boundaries. It has become

globalized. It travels across borders, without a passport, in the form of drugs, diseases, population, migration, terrorism and political instability.”<sup>15</sup> “Poverty is a complex, multidimensional problem that casts adverse shadows over many areas of existence. Poverty is an enormous threat to the political stability, social cohesion and environmental health of the SAARC region. The World Health Organization termed it as the world’s deadliest disease.”<sup>16</sup> Therefore, rooting out poverty has been placed high on the social agenda of the SAARC since the Sixth SAARC summit in Colombo in 1991.

“The summit attached highest priority to the sublime cause of alleviation of poverty in South Asia. It was decided to create an independent South Asian Commission on Poverty Alleviation (ISACP) comprising distinguished persons from member states to conduct a profound study of the disparate experience of member states and report their recommendation on the elimination of poverty to the seventh summit. The SAARC leaders have taken various steps to banish the ‘Himalayan poverty of South Asia’.”<sup>17</sup>

A resolution on poverty eradication was adopted at the seventh summit in Dhaka on April 11, 1993 that welcomed the ISCSPA report and committed to eradicate poverty through an agenda of action that included social mobilization, decentralized agricultural development and small scale labour incentive industrialization and human resource development.

SAARC and Economic and Social Commission for Asia and the Pacific (ESCAP) signed a cooperation agreement in February 1994. A Memorandum of Understanding between SAARC and UNDP (United Nations Development Programme) was also signed in July 1995. The Cooperation between SAARC and UNDP has been useful for poverty eradication. The SAARC heads of government declared 1995 as the ‘SAARC year of poverty.’<sup>18</sup> The heads of states or government during the Eighth SAARC summit (New Delhi) agreed that ‘the governments of SAARC countries will have to play a vital role in cultivating the support structures needed for poverty eradication.’<sup>19</sup>

“In the course of the Ninth Summit of South Asian Association for Regional Cooperation at Male, Maldives on May 14, 1997 the leaders were emphatic in their commitment to the eradication of poverty by the year 2002. They observed with gratification the establishment of a three-layered mechanism on poverty eradication. The leaders of SAARC

have decided to stipulate 1997 as the “SAARC year of participatory governance”.<sup>20</sup>

The heads of states or government advised the council of ministers to “initiate work on drawing up a social charter.” The social charter would revolve around fixing targets with “an extensive range to be achieved across the region in the areas of poverty eradication, empowerment of women, youth mobilization, population stabilization and human resource development, the promotion of health and nutrition and safeguard of children.”<sup>21</sup> Indeed, it is a tremendous accomplishment of SAARC as a regional organization that member countries have adopted pro-poor policies to eradicate the poverty from South Asian region.

## **ECONOMIC COOPERATION AND TRADE**

The accomplishments of SAARC in the economic cooperation field are commendable. It is a fact that mini regional cooperation is useful in diverse ways. The economic cooperation among the capitalist countries has made Western Europe a stronger force in the world. The weakness of individual countries in the global market had caused South Asian counties to rail into the debt trap of the west. It is fact that “regional cooperation may release the political tension in South Asia. Almost all the counties in South Asian region had the same history, culture and problems. Thus, they joined hands to explore the fruits of regional cooperation in South Asian through SAARC.”<sup>22</sup> Regional economic cooperation as envisaged by SAARC, embraced many fields but the thrust is ostensibly on cooperation is the vital economic fields. However the declaration of objectives suggest that the “primary aim was neither political no economic but human and humanistic.”<sup>23</sup>

The SAARC to a great extent has been successful in raising the quality of life and welfare of South Asian people. Hence political, economic and other forms of cooperation contemplated are geared towards the procurement of lofty objective of poverty eradication and economic cooperation. The SAARC as a regional organization has prevailed upon the members to make their economies complementary for a balanced interdependence through proper production planning. The growing maturity of association was demonstrated by the SAARC leaders’ decision to base their cooperation on a more lasting and long term basis.

The SAARC had adopted various steps for economic collaboration among the member states, as it would contribute to the emergence of employment and increase in member country's purchasing power. During sixth SAARC summit held in Colombo on 21 December 1991,

“The heads of states or governments were ecstatic to observe the establishment of a committee for economic cooperation as a significant fall out of the regional study on trade, manufactures and services. They pronounced their unyielding support to the liberalization of trade in the region through a phased approach in such a manner that all countries in the region get some share of the pie of trade expansion equitably”.<sup>24</sup>

The completion of the Regional Study on Trade, Manufacturing and Services (TMS) in 1991 enabled for SAARC strengthen cooperation in trade and services. The study gave several recommendations for promoting regional cooperation in various economic sectors. The SAARC established a highly regarded committee on Economic Cooperation in July 1991 to serve as the forum to address economic and trade issues.

It is a great achievement of the SAARC that all countries became signatories to an agreement on SAARC Preferential Trading Arrangement (SAPTA) on 7<sup>th</sup> Dec 1995. “The leaders underscored their unwavering belief that the functionality of SAPTA will serve as the harbinger of the emergence of a new and significant process of regional economic cooperation and would reinforce SAARC as an institution for projecting the welfare of the peoples of South Asia.”<sup>25</sup> They have decided to establish SAARC Free Trade Area (SAFTA) prior to 2005. Their ultimate goal is to form SAARC union on the pattern of EU and ASEAN by 2008. A preferential trading area by definition is one in which member states reduce the tariff on each other's goods and attach preference to the goods of member state as opposed to those of the rest of the world.

“The SAPTA is an agreement among the SAARC states and establishes a well-defined framework of rules and terms and conditions for progressive and gradual liberalization of intra-SAARC Trade.”<sup>26</sup> The organization of South Asian Trade fair has been a regular feature since 1996 when the first trade fair was staged in India with the theme Cooperation for Growth. The second trade fair organized in Colombo in 1998. Pakistan had the privilege to stage the third trade fair on 16 September 2001. The fourth trade fair was held in Nepal in

2002. These trade fairs have succeeded not only in highlighting the potential of the region but also in publicizing the diversity of products the region produces which are similar in quality and standard”.<sup>27</sup>

## **MUTUALLY AGREED AREAS OF COOPERATION**

The SAARC has made strides regional cooperation in the socio-economic and cultural spheres. The SAARC has achieved this success through integrated programme of action, which is a vital and important part of the SAARC process and include a number of vital areas of cooperation. The successful performances of the areas covered by the enmeshed programme of action are discussed here:

### **Agriculture**

Agriculture surfaced in the “original five areas identified for generating regional cooperation. The inaugural meeting of Technical Committee was staged in 1983. Under the work of this Technical Committee member countries are sharing their experiences in agriculture with each other. In order to surge forward meaningfully in the crucial and vital field of agriculture SAARC has formed a SAARC Agricultural Information Centre at Dhaka in 1988, the first SAARC regional institution of its Kind. Two important projects namely (i) promotion of the Bio Villages, and (ii) Reaching the millions Training of Farmers and women by 2000 have been rounded off with success.”<sup>28</sup> Various meetings have been held in SAARC countries in which elaborate discourse on the theme "SAARC Agricultural Perspective to the year 2020" were completed. Consistent with the crucial theme the “Technical Committee on Agriculture recommended that the member countries should augment attempts to strengthen regional cooperation as a part of a comprehensive strategy to deal with the core challenges facing the agricultural sector in the SAARC region. SAIC – works as a central information institution charged with a network of relevant national information centers in each member countries aimed at rapidly exchanging regionally generated technical information and thus promoting agricultural research and development activities.”<sup>29</sup>

Some of the accomplished programmes are:

“Directory of Agricultural Institutions in SAARC countries;; Database on Fish diseases in the SAARC region; Database on Potatos; Directory of Agricultural Periodicals of

the SAARC countries; Directory of Agricultural Scientist and Technologies of SAARC countries, Bibliography of the Women in Agriculture in the SAARC countries; Bibliography of Agro-forestry in SAARC region”.<sup>30</sup>

### **Communications**

Technical Committee on Telecommunications and Postal Services were amalgamated into a single Technical Committee in 1993. Staying within the framework of overall objective of providing telecommunication services to majority of the population of South Asia by the year 2000, the committee has accomplished its target of promoting technological and human development and management. There has been appreciable progress in implementing the recommendations for the establishment of automatic telex, ISD, and bureau fax facilities improvement of inter-country links, operation and maintenance of communications links. etc. In order to enhance human contacts the member countries have scaled down the telecom tariffs. “The SAARC technical committee on Communication and Transport impelled raised cooperation among the member states for promotion of telecommunication links and consumption of information and Technologies (ICTs) within region.”<sup>31</sup> A detailed action plan was settled in the wake of the conclusion of two-day deliberations of the third meeting of the SAARC Technical Committee on Transport and Communication held in Islamabad on 1 December 2003. The committee was of the opinion that it was “high time to harness telecommunication technologies for the socio-economic uplift of the region through infrastructure development by optimal sharing of available resources and enhanced cooperation in technology transfer, standardization and human resource development”.<sup>32</sup>

### **Education, Culture and Sports**

The SAARC has achieved positive result in these important areas. The heads of States or Governments quite correctly discovered that “illiteracy was a major roadblock to economic headway and social liberation and that the elimination of illiteracy in the region including through co-operative endeavors within SAARC must be continuously sought after.”<sup>33</sup> Therefore, it established Technical Committee on Education, Culture and Sports. The SAARC has made progress in these vital and important fields by identifying themes pertaining to Education. The preferred themes for cooperation in the field of education are Women and Education: Universal

Primary Education; literacy, Post Literacy and continuing education; Educational Research: Science and Technical Education. SAARC has made progress by conducting workshops/seminars on the priority themes. Modernization of curriculum, environmental education including population education, planning and management of education, teacher training, higher education and book production and marketing publication of an Anthology of South Asia poetry. The SAARC has stipulated the year 1996 as the "SAARC year of Literacy".<sup>34</sup> The SAARC countries have pledged to increase in the allocation of funds for education sector and consequently primary school enrolment and the adult literacy rate in South Asia has been increased.

### **Environment and Meteorology**

The SAARC had highlighted environment as an area for an immediate meaningful action. The technical committees on Environment and on Meteorology were transformed into a single committee in January 1996. The SAARC in 1987 established a commission to study on "Causes and Consequences of Natural Disasters and the Protection and Preservation of the Environment" In the wake of this decision at the Third SAARC Summit in Katmandu in 1987, National Studies were pursued and subsequently combined into a Regional Study which was endorsed by the Sixth SAARC Summit held in Colombo in 1991. The SAARC instituted other regional study on the "Greenhouse Effect and its impact on the Region". This study was completed in 1992 and endorsed by the Seventh SAARC Summit held in 1993 in Dhaka. The Heads of States or Government during Eighth Summit organized in New Delhi in 1995 underlined the importance of effective and speedy implementation of the recommendation of the two studies on Environment.

Moreover, the "Tenth Summit urged upon the effective and early implementation of the SAARC Environment Action Plan. In this context, they welcomed the proposal of Maldives to draw a suitability report on the establishment of a coastal Zone Management Centre. The SAARC has successfully prevailed upon the member countries to prepare National Environmental Action Plans. It is really a remarkable feat on the part of SAARC that the member countries adopted a common position before the third session of the Conference of the parties to the United Nations Framework Convention on Climate Change staged in Kyoto, Japan. The Heads of States or Government impelled industrial countries to ratify the Protocol and to pursue urgent and effective steps to implement the commitments undertaken by them to bring

about cuts in their emission of green-house gasses. The SAARC has renamed 1992 as the SAARC year of Environment.”<sup>35</sup>

The SAARC has established a SAARC Meteorological Re-search Centre (SMRC) in Dhaka on 2 January 1995. The centre is functioning successfully and focusing mainly on the research component of weather prediction. In the field of Meteorology, a host of worthwhile seminars / workshops have been organized to share the experiences of each other. An Annual Regional award is bestowed upon a young scientist or group of scientist for a research paper on meteorological topics to nurture research in the field of Meteorology. Another Award has featured in the scheme of things since 1995 for senior scientists to promote research work in the field of Meteorology. Indeed this is a great service by the SAARC.

### **Health, Population Activities and Child Welfare**

The SAARC has achieved tremendous accomplishments in these important areas of cooperation. Health and population activities were a part of the original five areas of cooperation recognized by the member states. The main focus of “SAARC has been on children, population welfare and policy, maternal and child health, primary health care, disabled and handicapped persons, control and eradication of fatal diseases from the region such as malaria, leprosy, tuberculosis, diarrhea, rabies, AIDS, iodine deficiency disorder and very recently SARS.”<sup>36</sup> Significant health issues have also been spotlighted in SAARCs social agenda. The SAARC has been successful to initiate several significant issues relating to population control, serious problem in the area of health care and disease control. The SAARC has been quite successful and some members countries have adopted inter country coordination and cooperation to fight collectively the menace of fatal diseases. Accordingly, the member states have also highlighted centres such as the National Institute of Communicable Diseases, New Delhi and the National Institute of Malaria Training and Research, Lahore Pakistan to act as local mobilization zones. On the different diseases, the SAARC has rendered meritorious services to the people of South Asia by establishing a "SAARC Tuberculosis Centre" at Bhaktapur Nepal in July 1992.

The Centre’s goals are to contribute towards the prevention of tuberculosis in the SAARC region through better coordination of efforts of the member states, especially their tuberculosis programs. Since its formation, the centre has provided a

host of initiatives for the prevention and control of tuberculosis in the region. The centre is vigorously focused on pursuing collection and distribution of information on national tuberculosis programs in SAARC countries.

The sustenance and growth of children are other pivotal elements of cooperation followed by SAARC since its creation. The “Eleventh SAARC Summit has stimulated cooperation among the member states in coming to terms with significant issues concerning women and children. Together with other initiatives, the Heads of States or Government expressed their determination to implement apt policies on a national scale to achieve the targets and objectives spelled out in Rawalpindi Resolution enforced at the culmination of Third SAARC Ministerial Conference on Children of South Asia held in August 1996, including the desire to eliminate the scourge of child labour by the year 2010. The SAARC has realized that the problems impacting children are intertwined with the prevailing socio-economic conditions and problems of the region and ergo, adopted a compassionate approach to bring about their reformation. The SAARC has formed a Convention on Regional Arrangements on the promotion of Child Welfare in South Asia in January 2002. It has devoted 1990 as the SAARC year of the Girl Child. The SAARC also relabeled 1993 as the SAARC year of the Disabled persons. Besides, 1991 - 2000 had been captioned as the SAARC Decade of the Girl Child.”<sup>37</sup>

In the domain of child development, “SAARC has been relentlessly collaborating with International agencies such as UNICEF with which SAARC has struck an MoU in December 1993. The SAARC – UNICEF MOU incorporates the relevant SAARC decisions revolving around children through an annual agenda which includes joint studies, exchange of documents and examination of implementation. The indicators for reproductive and children's health `are showing some positive signs and since 1985, maternal mortality has declined from 87 to 73 per 1,000 live birth in 2000. Mortality rates for children under 5 years have declined from 129 to 99 per 15000 children. Child malnutrition has declined from 140 in 85 to 99 in 2000 in the region.”<sup>38</sup>

### **Prevention of Drug spread and Drug Abuse**

Since its “establishment in 1985 SAARC has worked upon a string of programmes in law enforcement, prevention, treatment and reformation as

fundamental components of a synchronized regional strategy in containing drug trafficking and drug abuses. The SAARC Convention on Narcotic Drugs and Psychotropic Substances which was signed in Male during fifth SAARC Summit in November 1990 was enforced on 15 September 1993, in the wake of ratification by all member states. The SAARC has designated 1989 as the SAARC Year for Combating Drug Abuse and Drug Trafficking. The SAARC has established Drug Offences Monitoring Desk (SDOMD) in Colombo to accumulate, examine and transmit information on drug related violations. The SAARC has struck Memorandum of Understanding with the United Nations International Drug Control Programme (UNDCP).”<sup>39</sup>

### **Rural Development**

The SAARC has chosen rural uplift as one of the five original areas for cooperation under the framework of IPA. “The technical committee has highlighted a clutch of priority areas on which activities under its auspices would be carried out. These priority areas are directed towards income and employment generation on a sustained basis, human resources development in the rural areas and development and maintenance of rural infrastructure.”<sup>40</sup>

### **Science and Technology**

The “SAARC has established a Technical Committee in 1983 with a wide broad spectrum of programmes which include short-term activities such as Seminars/meetings of experts, training programmes, and joint research projects, preparation of the latest AK reports and compilation of directories. Special attention of SAARC has been geared towards the wide and effective dissemination of information technology, as well as the popularization of science.”<sup>41</sup>

### **Tourism**

The SAARC has established a technical committee in 1991 to raise the level of cooperation in the field of tourism. The Heads of states or Governments have come to the conclusion that more intense efforts are required for “South Asia to effectively seize the economic advantage provided by the global tourist industry and also to promote intra-SAARC tourism. They appreciated the organization of the First SAARC Tourism Ministers Meeting in Colombo as a monumental step towards this end and reiterated the effective implementation of its decisions.”<sup>42</sup>

## **Women in Development**

The “SAARC has included Women in Development as an area of cooperation under the IPA in 1986. The Heads of States or Governments thoughtfully observed that many groups of women and girl children in South Asia continue to be languishing in misery and face the unpalatable prospect of lack of equal opportunities for economic and social development.”<sup>43</sup> The committee includes preparation of Regional Plan of Action for women, meaningful transmission of technical information generated by member states.

“The SAARC has exclusively devoted 1990 as the SAARC year of the Girl Child and 1991-2000 as the SAARC decade of the Girl Child. The SAARC in order to curb the illicit women trading and children within and between countries pledged solemnly vowed to integrate efforts of member states to adopt effective steps. The SAARC has broached establishing a Regional Fund for soundly treating victims of trafficking in women and children for prostitution on voluntary basis.”<sup>44</sup>

It took 10 years for SAARC members to agree upon SAPTA and other 10 to come round to a consensus on SAFTA in 2006. It was viewed with immense promise and potential for increasing intra-regional trade which is currently stagnated and less than 2% of GDP. If implemented, SAFTA was expected to have raised the existing scale of intra-regional trade from \$6 billion to \$14billions. SAFTA’s actual performance, however, remains far from satisfactory. Until recently SAARC had made only marginal efforts at opening up to international market and attracting trade and investment. But there is no sign of any visible increase in intra-SAARC trade which has almost reached a plateau between 4 to 5%.

This is due to high tariff and non-tariff barriers, enfeebled trade and transit links and inadequate infrastructure development and lack of commitment. Reluctance to lower tariff and reduce non-tariff barriers is a real concern in the region where economic inequalities are disproportionately high. India’s outsized and resilient economy is perceived as a threat by the much smaller economies of the region. The demand for a formula for equitable and fair trade without which progress on SAFTA will remain stalled.

With one or two exceptions, SAARC countries also struggle in matters of genuine democracy, rule of law and good governance. As a region SAARC is a long

way off in addressing the human rights issue which is not even included in its charter goals. There is no move yet to negotiate or adopt any uniform SAARC Human Rights Convention nor is there any common regional institution or mechanism to promote and monitor compliance with major international human rights conventions and treaties. Afghanistan's admission into SAARC as its eighth member was regarded as a welcome development redefining the geographical limit of this South Asian region and also embracing 'Afghanistan's "Pivotal role" as a potential bridge between this region and central and west Asia. Now with Afghanistan as its full member there is a distinct possibility that SAARC, like the Economic Cooperation Organization (ECO), would become prone to the uncertainties of the turbulent and uncertain environment of this region. In the context of the need for SAARC's revival, suggestions have often been made for learning meaningful lessons from the experiences of world's other regional cooperation organizations like EU, NAFTA and ASEAN. The European Union had a long history beginning in 1951 that is thrown into sharp relief compared. It was imbued with a more conducive political and economic environment with Western Europe rising like a phoenix from the cinders of the war and writing a new chapter of cohesion and collaboration in terms of a group. Similarly, "the history of ASEAN has no comparison with the evolution of regional framework in South Asia. Like the EU, ASEAN was conceived in the backdrop of cold war requirements as an attempt to preempt any transregional security threat and to connect the non-communist economies of this region with global capitalism. ASEAN entered the global economic expressway when the going was fast and smooth."<sup>45</sup> One must admit, however, that both SAARC and ECO remain captive to the geopolitics of the region.

## **SAARC'S PERFORMANCE**

The performance of SAARC can be assessed on the basis of the progress that it has made in the area of social advancement, economic development and political trust building/ cooperation in the region that it had originally aspired for the gap is, in fact, huge and wide.

### **Social Development**

In the area of social development SAARC has made some progress in terms of identifying the areas of cooperation but has been quite weak in terms of implementing its social agenda. In the first stage the association launched "Integrated Programme

for Action (IPA) that covered all areas of its cooperation – education, culture, sports and arts; rural development; agriculture and forestry; tourism; transport and communication; science and technology including energy, health, population and child welfare; meteorology, the prevention of drug trafficking and drug abuse and role of women in development.”<sup>46</sup> Various technical committees formed by the Association have facilitated exchange of views and experiences by bringing together eminent experts from the region.

The IPA got further boost with the official emergence of SAARC Social Charter in 2004. The Social Charter provided a crystallized direction in socio-cultural development in South Asia. It focused on the important concerns concerning the uplift of the South Asian people.' However, the transmutation of this vision into reality is yet to take place because steps to implement have not yet been taken. Meanwhile, SAARC has placed poverty alleviation on its social agenda and a SAARC Food Bank has been created to meet the predicament of food scarcity and construct the foundations for enhanced food security in the region. A SAARC Disaster Management Centre has also been put in place and a Natural Disaster Rapid Response Mechanism has been created to confront emergencies caused by natural disasters. SAARC has also adopted various conventions that tackle preventing the trafficking of women and children, and promoting children welfare but the implementation remains the main problem.

SAARC has tried to build up people-people contacts in South Asia through its various programmes. Significantly, the Association has greatly contributed in developing a regional consciousness and establishing the South Asian identity. The 14th SAARC Declaration pointed out to the vision of a South Asian Community where there is "smooth flow of goods, services, peoples, technologies, knowledge, capital, culture and ideas in the region". A South Asian University is also going to be established in India which can promote South Asian consciousness and help cement cooperation and negotiations on educational matters through exchanges of academics and students. However, in view of lack of physical intra-regional connectivity and restrictive travel and visa regime, the region has yet to go long way in achieving the goal of a South Asian community.

### **Economic Integration**

SAARC could not produce much in the field of economic cooperation or integration and economic relations among the SAARC states continue to be sparse. In fact, it was only during the 1990s that the SAARC stepped into the area of trade and that also quite cautiously. The Association was able to conclude South Asia Preferential Trade Area (SAPTA) in 1993 and South Asia Free Trade Area (SAFTA) in 2004 but they have not yet fully become operational and thereby could not produce the desired results. The main objective of SAPTA was to increase intra-regional trade. A list of 226 commodities for preferential tariff concessions, ranging from 10 to 100 percent, was approved in 1995 Summit when SAPTA came into operation. Its main success was the acknowledgement of differences in development levels of the SAARC countries with extension of favourable terms for the region's least developed countries - Bangladesh, Bhutan, Nepal and Maldives. On ground, however, the movement on SAPTA has been very slow. Eleven years later, in 2004, transformed into SAFTA this came into force in 2006. Under the agreement, SAARC countries would reduce or discard tariffs.

Although SAFTA is an important step towards free trade, the SAARC is a long way away from a genuine trading arrangement in the region. Political fears are hindering progress on economic integration. There are also economic constraints ranging from the issues of poor infrastructure to lack of physical connectivity to economic connectivity. The SAARC process has been "too slow and very painful." SAFTA is described as "meager in its scope and substance" when seen in the backdrop of the regional economic integration taking place elsewhere in South Asia's neighborhood. Experience of the other free trade areas like EU, ASEAN and NAFTA has shown that trade among its members proves beneficial only if it is closely linked to and grows out of investment. The absence of such linkage in SAFTA is likely to constrain the area in the region. In addition the absence of free progress trade economic relations prevailing India and Pakistan and the lack of political will to implement the agreements in the area of trade have marred the process.

As a corollary, despite SAPTA and SAFTA, the volume of intra-regional trade remains around 4 to 5 percent as against 4.1 percent in 1995 when SAPTA came into force. This, however, does not include the huge volume of unofficial trade and trade conducted through third countries. Pakistan has yet to accord Most Favored Nation (MFN) status to India as it continues to link it with resolution of political issues,

especially the Kashmir dispute. It also underscores the political dimension of the economic cooperation in the region. "Economic relations were not significantly securitized at the regional level, and economic interdependence was much too limited to constrain the region's military-political antagonisms."

SAARC has also set a wide spectrum of goals in order to move towards a South Asian Economic Union (SAEU) and Customs Union which seems an uphill task if concrete progress is not achieved in making SAFTA operational notably; the last two summits have largely focused on the regional economic cooperation. The 14th SAARC summit laid emphasis on regional integration in trade, movement of people and flow of ideas while the theme of 15th SAARC summit was "partnership for growth for our people". Also in 2008, SAARC created a Development Fund (SDF) with an initial amount of US\$ 200 million to provide financial support for the economic, social and infrastructure growth of the member states. The resources would be mobilized both from within and outside the region. SDF was officially launched at the 16th SAARC summit and China as an observer proposed to contribute 300,000 US \$ to the Fund. Meanwhile, a South Asia Economic Summit was convened in 2008 as a succeeding step to the 15th SAARC summit which discussed the defining features and shaping influences of economic cooperation in the region. The ideas of trans-border energy cooperation whether it is through shared electricity grids or natural gas pipelines have emerged in the SAARC discourse but it require great political will to get them materialized. Indeed, the ground realities continue to constrain the implementation of the initiatives in economic cooperation.

### **Political Cooperation & Trust Building**

While the association kept the bilateral disputes outside the purview of SAARC, in the preamble and very first Article of the its Charter the leaders desired "promoting peace, stability, amity and progress in the region" and hoped that the SAARC process would foster "mutual understanding, good neighborly relations and meaningful cooperation" among the constituents of the organization and would "contribute to mutual trust, understanding and appreciation of one another's problems". These goals set out by SAARC have remained unfulfilled and it has not been able to bridge trust deficit, enhance political cooperation or depoliticize economic cooperation.

On the positive side, SAARC showed its potential in providing forum for dialogue, negotiations, preemptive diplomacy and confidence building. SAARC meetings provide a valuable opportunity to the leaders of all countries to engage in bilateral discussions. There have been occasions when private discussions between the leaders on the sidelines of the SAARC led to useful results. Bilateral discussions at the 1986 Bangalore summit set the stage for an agreement between India and Pakistan to steer clear of attacking each other's nuclear installations. Discussions at the 1985 Dhaka summit fuelled the formation of working and study groups to examine issue of terrorism and narcotics, which resulted in adoption of the SAARC Regional Convention on Suppression of Terrorism (1988) and the Convention on Narcotics Drugs and Psychotropic substances (1990). In 1997 Male Summit, in their informal discussions between Prime Minister I. K. Gujaral and Prime Minister Nawaz Sharif agreed to iron out outstanding issues by following Simla Agreement. In fact, at the same summit, the leaders made a binding commitment for the first time that a process of informal political consultations would prove useful in promoting peace, stability and bonhomie and pushed up the pace of socio-economic cooperation in the region. The 2004 Islamabad SAARC summit provided diplomatic space to Indian and Pakistani leadership to resume their long stalled dialogue process. Similarly, the 16th SAARC summit provided an opportunity to Indian and Pakistani Prime Ministers to sort out problems in way of resumption of bilateral composite dialogue stalled by Mumbai attacks in November 2008.

On the other hand the SAARC's institutional credibility gets a battering when summits are postponed due to variety of political reasons. The summits did not take place in 1989, 1992, 1994, 1996, 2000, 2003, 2005 due to regional tensions and mistrust among governments. The postponements have played a central role in watering down the functions and objectives of the regional forum. The summits have been postponed as a result of ceaseless turmoil between India and Pakistan, India and Sri Lanka and Nepal and Bhutan. Most of the times, it was due to bad political relations between India and Pakistan. The 11th SAARC summit was postponed because of military take over in Pakistan as India refused to attend the summit. An initiative on the part of Bangladesh to end the deadlock did not work and quiet diplomacy pursued by SAARC Secretary General Nihal Rodrigo to arrange the summit also came to a not. The 2005 SAARC summit was deferred as India decided

not to take part in the summit mentioning a couple of reasons - political development in Nepal and existence of uncertain security situation in Dhaka. In 1989 SAARC summit was postponed due to Sri Lanka's opposition to the presence of Indian Peace Keeping Force (IPKF) on its soil. Indian leaders' "decision to cancel or delay several SAARC summit meetings are seen as part of India's coercive regional diplomacy by her neighbors and have evoked resentment among the leaders of other South Asian countries."

Similarly, while the Association has tried to create consensus instruments to address the issues that divide the region especially India and Pakistan such as terrorism- an Additional Protocol signed in 2004; an agreement on Mutual Legal Assistance in Criminal Matters in 2008; a pronouncement on Cooperation in Combating Terrorism adopted in February 2009 and a SAARC Terrorist Offences Monitoring Desk (STOMD) established in Colombo, the cooperation in combating terrorism remains quite illusive. For instance, the third conference of the interior and home ministers of the SAARC has been postponed many times due to disputes among the members' states. The central component of the conference is the participation of the Indian Union Home Minister P. Chidambaram, who would be the first Indian minister to visit Pakistan since the 26/11 Mumbai attacks. The occasion might be used to hold bilateral discussions on the sidelines of the conference. The conference would bring all intelligence chiefs, home secretaries and interior/home ministers of all SAARC countries to coordinate efforts to root out terrorism, as well as other transnational crimes, through joint efforts. The first meeting was held at Dhaka on 11 May 2006.

### **Political Hurdles**

Since its creation, SAARC has remained a supine organization and has achieved precious little due to bouts of political wrangling among its member states. SAARC could not change the security politics of the region. Indeed, mutual distrust and protracted conflicts have affected the growth of SAARC as an effective instrument of regional confidence building. The bilateral issues that have dominated regional security include the sporadically hardening and softening of tensions between India on the one hand and Nepal (borders, trade and transit agreements, migrants, water) Bangladesh (water allocations, migrants, insurgence spillovers) and Sri Lanka (Tamil politics). Besides, India-Pakistan hostility continues due to long-standing

unresolved issues, such as territorial disputes- Sir Creek, Siachen, especially Kashmir, growing tensions around water and terrorism concerns and unabated strategic rivalry in the region reflected in increasing nuclear weapon and missile capabilities of both sides.

Over the past twenty five years SAARC was unable to fulfill its original objectives or meet new challenges. Most of its programmes and achievements have remained on paper only. It has been unable to push forward its agenda of social development economic cooperation, integration and building trust among the South Asian nations. It has been ineffective to meet the new challenges like that of terrorism and environmental degradation.

The association moved slowly both in terms of its institutions and its programmes. The major chinks in its armour have been its restrictive agenda, spineless secretariat and ineffective implementation machinery. If SAARC wants to become a dynamic regional organization and make its relevant to the changing domestic, regional and international realities, it would have to address its weaknesses and develop mechanisms that can ensure effective implementation of its agreements and sort out the problems arising from the bilateral political issues. The Asian Development Bank (ADB) described SAARC in 2008 as “The least economically integrated regional group” in the world with its intraregional trade at only 5.5% of South Asia’s total global trade volume. The view of the ADB was that this was due, inter alia, to South Asia’s inadequate connectivity (air, sea and land); convoluted regulations for the passage of cross border trade; poor state corporate partnerships; lengthy exclusion lists in the South Asian Free Trade Agreement and other impediments. Let us consider the performance of SAARC on its major charter mandate: economic and social development of the people. At the 9<sup>th</sup> SAARC summit held in Male (1997), a Group of Eminent Persons (GEP) was authorized by the heads of the states of government to “undertake a comprehensive appraisal of SAARC and identify measures including mechanism to further vitalize and enhance the effectiveness of the association in achieving the objectives ... and to develop a long range vision ... and a perspective plan of action including a SAARC agenda for 2000 and beyond which will spell out the target that can and must be achieved by the year 2020”.

The GEP had floated their report in 1998 to the Colombo Summit with comment on it by the Secretary General. The report drew up a road map to move the region toward the eventual destination of an Economic Union by 2020 getting through a Preferential Trading Agreement (already then in place), a Free Trade Agreement (eventually signed in 2004) and a custom union.

The South Asian Free Trade Agreement (SAFTA) is to fully functional for non-least developing countries by 2013 and for the least developing countries by 2016. Obstacles in the process are still intact. This so-called sensitive lists need to be revised to help the Least Developed Countries (LDCs). Non-tariff measures and other road block which obstruct trade flows need to be addressed.

Progress in the services sector in South Asia will help greater connectivity and facilitate trade and economic growth needs. The text of a South Asian Agreement on Services has been conclusively settled and is expected to be signed at the Summit in Bhutan. The agreement would cover transport, travel and tourism; insurance, investment and financial services; migration and medical services. The consultative cooperative connectivity that is gradually being developed between the South Asian region with the region's state sectors economic research institute, professional research institutes / organization and civil society. This needs to be facilitated more and will greatly help to nourish the region's economy as well as the enabling services sectors. No formal restructuring is required but this developing nexus needs to be strengthened, refined and regularized to the extent possible. The SAARC Chamber of Commerce and Industry (SCCI) was created in 1992 and has helped corporate link-ups in South Asia.

The social and human factor requires greater attention. The adoption of the SAARC social Charter in 2004 was significant in this respect. The vital themes included poverty reduction, empowerment of women, youth issues, protection of children health and nutrition and human resource development. This approach would help ensure the people's engagement with as well as a sense of ownership of the regional SAARC social charter. The Foundation of SAARC Writers and Literature (FOSWAL) has been hosting several conferences and festivals reflecting cultural plurality in South Asia and providing opportunities for the articulation of the rich folk traditions in the region.

SAARC needs to structure mutually acceptable cooperative mechanism to enhance its economic trade and services interface with the countries and regional groups that have now been granted status of Observer in the Association, namely Australia, China, Iran, Japan, the Republic of Korea, **Mauritius, Myanmar, the United States of European Union**. ASEAN benefited greatly in its economic outreach from its “plus-3” cooperative arrangements with China, Japan and Republic of Korea. Guidelines for cooperation with the observers approved at the SAARC summit in Colombo in 2008, as a formal basis for cooperation have been shared with all the observers. It has also been agreed that the observers could make financial contributions to the SAARC Development Fund (SDF). Mr. Karma of Bhutan was appointed Chief Executive Officer of the SDF. The Secretariat of SDF would be functional with its three windows covering social, economic and infrastructure development.

SAARC needs to more comprehensively take stock and act on issues fermenting in the international arena which deeply affect South Asia. The SAARC Summit in Colombo (2008) focused on the alarming amalgam now confronting the world as a result of the excessive exploitation of the environment and its subsequent degeneration; the extremities of climatic change with its chaotic, unpredictable consequences; the instability in energy supply and fluctuating pricing situations; and food shortages. The text of the Treaty on Cooperation in the Field of the Environment has been worked out at an inter-governmental expert group held in Bhutan in March 2010 and will be ready to acquire a final shape in the next summit.

SAARC’s complicated, even convoluted, preparatory processes and decision-making at meeting and conferences require improvement and practical approaches. Open, brief ceremonial sessions are necessary at summit level to present to the public and media, the policy positions of the individual state at the opening session, and eventually, to declare the consensual decisions of Head of State and Government at the summit’s closing session. The retreat is correctly not open to the media and the public. It is held between the two open summit sessions and could be developed as an even decisive practical and effective forum.

The SAARC Secretary General, who can anticipate difficulties in policy and implementation on regional issues, should have more frequent telephonic, electronic and other form of direct access to decision-makers in the SAARC capitals concerned

to deal with them as required without delaying for formal meeting at summit venues. Additional specialists and experts could be also included, on an ad hoc basis, in the secretariat staff as advisors on particular areas. More intense focus needs to be given to the functioning of the Regional Centres in the Association. There are at present, a number of Regional Centres, located in virtually all SAARC capitals. Closer coordination among the Regional Centres in respect of the mandates, which are often connected, could also help in their overall performance.

The creation and functioning of the SAARC was shaped by the South Asia's security issues. South Asia like other post-colonial security regions has many conflicts. This has caused a three major conflagrations between the two prominent member states in the region and number of war-like crises giving way to a zero-some security order in the region. The smaller states-Bangladesh, Sri Lanka, Nepal, Bhutan and Maldives are in one way or another tied into the 'regional security complex' by geography and their economic and societal entanglements with India. Their geographical isolation from each other and overarching Indian power generates fears of hegemony and insecurity amongst the smaller South Asian states. The presence of bilateral disputes between India and its neighbors makes the queers the pitch of the security complexion. This is further aggravated by the violent domestic conflicts spilling over the national borders due to boundary crossing affiliations. On balance India's overarching power and geographical advantage makes it a critical factor in determining the region's assessment of both strife and collaboration. The inclusion of Afghanistan is unlikely to change the politics-security equation in the region; rather situation in Afghanistan has added a complexity to it.

Given the geographical asymmetry, conflict ridden relationship, especially between India and Pakistan and mutual suspicions South Asia was painfully sluggish in forming its own regional bloc. While India viewed the creation of a regional organization as an attempt by smaller neighbours to gang up against it and isolate it, Pakistan given its national security concerns vis-à-vis India felt there was very little that such a regional organization could achieve in terms of cooperation. Indeed, the process of regional cooperation began amidst conflicts and mistrust and it was hoped that regional cooperation will eventually lead to confidence building, conflict management and resolution.

**Table 3: Socio-economic Indicators of SAARC Countries**

Country	India	Pakistan	Sri Lanka	Bangladesh	Nepal	Maldives	Bhutan	Afghanistan
Population	962.4	148.7	18.6	135	23.7	280000	782000	
Growth Rate	2	2.1	1.4	2.1	2.5	Na	Na	
Literacy Rate	52	51.6	89	35	36	98	10	
Public Funding	3.4	3	3.4	2.9	2.8	Na	Na	
Life Expectancy Year	63	63	73	62	57	69 (2000)	63 (2003)	
Doctors per 1000	0.4	0.5	0.1	0.2	0.1	Na	Na	
Safe Water Access %	85	62	70	84	59	Na	Na	
Sanitation access %	16	39	75	35	23	Na	Na	
Infant Mortality rate	71	110	14	85	83	58	60.5	
TFR birth per women	3.3	5	2.2	3.2	4.4	Na	Na	
GNP per capita \$	370	492	800	360	231	Na	540	
Poverty %	40	33	39.5	48	71	Na	Na	

Source: World Development Index. 2001  
Economic Survey of Pakistan 2002-2003  
Asia Year Book 2002.

Unfortunately, bilateral tensions are preventing the SAARC from adopting a politico-security role. The disputes between India and Pakistan have played a destructive role in socio-economic progress of SAARC. Kashmir has been described as a tinderbox which can explode anytime. A fair solution to this dispute holds is central to creation of peace in the region.

The poverty eradication will remain unachievable so long as mutual suspicion remains potent and bilateral conflicts continue. All efforts need to be concentrated on either immediate conflict resolution or on arriving at an agreement on normalization of relations pending settlement of disputes, so that resources are released from defence and a programme of poverty eradication is undertaken in right earnest.

At the very least, the SAARC process has engineered a minor coup in the attitudes of the peoples and governments: the idea and the goal of establishing a regional approach has been firmly anchored in the South Asian consciousness. A unified regional security and political perspectives has not been achieved yet.

However the commitment to SAARC has put a process in motion whereby more and more positive outcomes and goals continue to become less and less unthinkable.<sup>47</sup>

“Robert Mc Namara former president of World Bank stated that: security is development and without development there can be no security”.<sup>48</sup>

The similar sentiment expressed by Indian Prime Minister Narasimha Rao that:

“Economic Cooperation and political good will are mutually reinforcing”.<sup>49</sup>

The SAARC has fulfilled some of the functions of a Confidence-Building measure, CBM. A CBM is any measure that communicates the “absence of feared threats”. A brief comparison with ASEAN and the European community puts the achievement of SAARC in perspective.

It has been debated that ASEAN has succeeded against unfavourable dynamics and various incompatibilities. However, what is often not sufficiently emphasized is that, their cooperation is propelled through the shared external threat and hence, at least a confined application of security perspective. In case of European Community, a single market has become possible after 30 years head-start.

SAARC is in its infancy. The obstacles it has to surmount are far greater. There is no perceived common external enemy, as was the case with ASEAN. The states are not in a symmetric level of development, unlike European Community. There are glaring asymmetries. Poor levels of development weigh against a brisk tempo of integration. It is commitment, vision, and statesmanship and to some extent practice, that has provided the engine for regional cooperation.

The critical socio-economic problems in the region require peace and stability for the states to have a chance to make progress with their development plans, cooperation in strategies to tackle the problems, is focusing on economic cooperation as SAARC has done. As areas of effective cooperation proliferate, a cobweb of relations across the region would make the microcosmic “anarchical society” of South Asia less and less anarchic, transcending the fundamentally exclusive imperatives of state behavior in a ‘self-help’ world. SAARC no doubt represents a bold new vision for South Asia: a vision of peace, friendship and cooperation.

Bilateral disputes and conflicts were kept out of the purview of SAARC. India in particular was quite concerned that such discussions would isolate it as it was involved in number of disputes with its neighbours and thereby insisted on this provision in the Charter. The principle of unanimity was also adopted for similar reasons. The founders of SAARC adopted a 'pragmatic approach by focusing on non-controversial social and cultural fields with the hope that cooperation in these areas will facilitate cooperation critical areas. The SAARC Charter in its preamble and objectives has clearly underlined that "increased cooperation, contact and exchanges among the countries of the region would contribute to the promotion of friendship and understanding". This is expected to contribute to improving the quality of life for people. It is hoped that the SAARC countries will pay greater attention to remove obstacles to their cooperation and turn SAARC into functional organization so that it plays a primary role in promoting regional cooperation for trade and socio-economic cooperation. It is a noble desire but this cannot be achieved without a wholesome effort by the governments of the member states.

## Chapter 4

### ASEAN, ECO AND SAARC AS REGIONAL ORGANIZATIONS

The Economic Cooperation Organization (ECO) established in 1985 with its secretariat at Tehran (Iran) is an inter-governmental international organization. It is the successor to another organization i.e. Regional Cooperation for Development (RCD) founded in 1964 by Iran, Pakistan and Turkey. In 1992, seven new member states, i.e. Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan joined. There are historical and cultural linkages among these states but they have limited economic and trade relations with the exception of Pakistan's trade relations with Afghanistan. These states have a great potential for promotion of regional trade and economic development. The ECO provides a platform to discuss and devise ways and means to achieve these objectives.

SAARC is the first major step of a long journey towards the regional integration in South Asia. SAARC is small organization, with only seven original members but it does not reduce its importance. Now Afghanistan has also joined, raising its membership to eight. Pakistan and Afghanistan are members of both SAARC and ECO.

“On August 8, 1967 the ASEAN was founded in Bangkok by the five original member countries. Brunei Dar Ulsalam joined on 8 January 1984, Vietnam on 28 July 1985, Laos and Myanmar on 23 July 1997, and Cambodia became a member on 30 April 1999.”<sup>1</sup> SAARC and ASEAN both are situated in Asia but have divergent look. Three Muslim member states in ASEAN had played an important role for the development of the organization. Unluckily, Pakistan being a major partner in SAARC and ECO does not play as well. Although these member countries are distinct states, emancipated and sovereign and have carved their own identities.

“These nations have a similar history, heritage and culture. It is a homogeneous region, more or less like Central Asia or Western Europe. India, Pakistan, Bangladesh, Sri Lanka and Maldives enjoy a shared colonial past. The remaining two, i.e., Nepal and Bhutan had managed to remain

free of the shackles of direct slavery, but they were also under immense imperial pressure, bounded by enforced treaties”.<sup>2</sup>

The *raison d’être* of the association is to propel the process of economic and social development in member countries through joint action in the specified areas of cooperation.

“The region of SAARC is situated in the South of Himalayas surrounded by Hindukush Mountains. The SAARC countries are of different sizes both geographically and population-wise, and have different resource endowments. They are less developed countries of the world. They account about 21 percent of the world population. Their share in the world output is a mere 1.3 percent. Their share in the world merchandise trade is about 1 percent only”.<sup>3</sup>

The economic structure of these countries is basically agrarian. About three-fourth of their total population subsists on agriculture. The imports of the SAARC countries are mainly composed of manufactured goods from the developed countries. The position of their balance of trade and terms of trade follow an unfavourable trend. The existing international economic order has been operating against the basic interests of the poor countries due to the growing protectionist tendencies among the rich countries. In the world market, the products of the poor countries are facing tough competition with products of the rich countries. As a result, the share of the poor countries has been decreasing in the world market with the passage of time. On the other hand, the share of the rich countries has been increasing in the world market.

The poor countries are left with only one option, i.e. to promote mutual cooperation in order to solve their socio-economic, and politico-ethnic problems and to achieve collective self-reliance. Thus, it is required that the south should explore seriously the ways of mutual cooperation and reduce its dependence on the north. Such cooperation is also beneficial to the poor countries in order to improve their prospects of cooperation with the rich countries in future. There are remarkable prospects of regional economic cooperation among SAARC countries as they share many common concerns and are facing many problems of a similar nature. The regional cooperation among these countries would not only lead to rapid economic development, but also strengthen their mutual relations. Normally the economic system among the SAARC countries is the same as that of mixed economy because of their underdeveloped characteristics and adoption of planning process for their

development. These countries are having various economic features in common like poverty, income inequality, and large population, dependence on agriculture, low productivity and mass unemployment. Industrial backwardness further adds to the already existing underemployment and unemployment in this region.

Among SAARC nations, India has the largest area, population and GDP among SAARC countries, whereas Maldives has the smallest areas, and least population and GDP. However, the annual growth rate of population was as high as 3 percent in Maldives and as low as 1.4 percent in Sri Lanka.

Some facts about SAARC countries

Regional performance figure	Bangladesh	Bhutan	India	Maldives	Nepal	Pakistan	Sri Lanka
Area ('000 Km. sq.)	144	47	3288	0.3	147.2	796	66
Population (million)	140	2.1	1025	0.3	23.6	145	19.1
Annual Population Growth (%)	2.17	2.3	2.14	3.0	2.3	2.82	1.4
Urban Population (%)	18	6	26	26	12	33	22
Life Expectancy (years)	56	49	61	64	54	62	72
Literacy Rate (%)	38.1	42	65.38	93	35.7	42.2	89.3
Per Capita GNP (US %)	245	415	335	1000	180	495	830
Per Capita GDP, Purchasing Power Parity (US %)	1350	1475	1385	1373	1165	2235	3030
GDP (US %)	31.9	0.3	294.7	0.24	4.7	65.6	16.26
GDP Growth Rate (%)	4.7	5.4	7.1	7.2	6.1	6.1	3.7
Rate of Inflation (%)	6.4	7.8	7.6	3.1	8.2	10.3	16.1
Per Capita Exports (US \$)	26.1	50.8	33.2	192	15.4	61.4	204.5
Per Capita Imports (US \$)	54.1	68.4	37.5	1373	35.3	88.0	324.5
Per Capita Foreign Exchange Excluding Gold	14.5	80.7	23.9	243.7	27.1	6.1	118.2
Per Capita Foreign Debt (US \$)	139.2	55.2	98.6	400	90.9	217.3	353.6
Foreign Direct	915.6	0.98	2587	915	110	1102	272

Investment (US \$ million)							
Currency	Taka	Ngultrum	Rupee	Rufiyaa	Rupee	Rupee	Rupee
Exchange Rate (Per US \$ App.)	43.1	36.02	36.02	11.41	57.25	41.25	54.78
People per Doctor	12500	4255	2165	5330	12612	2000	5888
People per Telephone	380	141.5	85	17.9	174	62.7	88.1
Tourist Arrivals ('000)	150	98	2124	324	346	528	451
Power Capacity Installed (MW)	2208	360	83288	15.19	296	12883	1409

Source: World Development Report; Far Eastern Economic Review; and SAARC SCAN (Various Issues).

The report on Human Development in South Asia penned by Dr. Mahbub-ul-Haq speaks volumes about the low profile quality of life in SAARC region.

“Sixty years after independence, about 500 million people in the region are destitute; basic education is denied to some 1200 million individuals; and 260 million are without elementary health facilities. In terms of real per capita income, Pakistan ranks 119 and India 142 in the world. In the face of such a grim situation in the social sector, report says, the countries of South Asia are spending far too much money on arm and far too little in the social sectors. India ranks first in total arm import and Pakistan tenth. Military spending in South Asia has been raised by 12 percent”.<sup>4</sup>

NCAER’s human development profile of India said:

“That about 16 percent of India’s rural population earned Rs .3 per day and other 18 percent only about Rs 5 per day. Accessibility of safe drinking water is denied to nearly 50 percent of the villages”.<sup>5</sup>

## **ASEAN, ECO and SAARC – ORIGIN AND EVOLUTION**

### **The Organization**

SAARC aims at accelerating the process of economic and social development in the region by adopting joint action in different sectors of governance and human development. It initially constituted the seven countries of South Asia, i.e. Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka. The SAARC summit 2007, in Dhaka given the green signal to Afghanistan's request for membership. The present members of SAARC are: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka.<sup>6</sup>

SAARC represents the desire of the people of South Asia to work together for resolving their common problems in the spirit of amity, trust and understanding and to evolve a relationship based on shared credibility, equity and mutual benefits.

“The main motive of the association is the speeding up of process of economic and social development in member states, through shared aggression in unanimously consented areas of cooperation.<sup>7</sup> “World war II period saw the great upsurge of Asian Nationalism and crumbling of colonial empires. At the culmination of the World War II, a number of newly freed states emerged on the map of South Asia”.<sup>8</sup>

The evaluation and steady growth of the European Economic Community (EEC) and an amazingly fast progress made by the neighbouring Association of South East Asian Nations (ASEAN) brought the initially hesitant partners of SAARC together to assess what could be done by concerted effort to foster their economic and social development. The factor of geographical unity promoting such a collective effort could not be overlooked.

The vast river-fed agricultural and hydro-energy resources, the interlinked network of land and river communication the climatic uniformity of the region was suitable to a synchronized high yield exploitation of these sub continental assets. A long history spreading over thousands of year with a prideful civilization of Mohenjo-Daro, Harappa and Taxila was the common heritage of the region. In the very first proposal by the erstwhile president Zia-ur-Rehman of Bangladesh to forge a united effort for the development of the region, it was stated as:

“The countries of South Asia converge on many common values that are based in their social, ethnic, cultural and historical traditions. Their perspectives on certain specific events or political situation of the world may be couched differently but they do not create an unbridgeable space”.<sup>9</sup>

The origin of SAARC in its present form could be traced to the proposals proposed by the late president Zia-ur-Rehman of Bangladesh. He had been preparing the ground for South Asian summit level meeting during his bilateral contacts with regional leaders since 1977. A formal Bangladesh proposal was addressed to the governments of Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka in May 1980. It highlighted the all compelling factors, which necessitated the evaluation of a concerted approach for the economic growth and social regeneration of the region. However, the response to setup the South Asian Regional Cooperation (SAARC), as it was called at that stage was not very encouraging; although all countries accepted the proposal in principle. India and Pakistan, the two most dominant stakeholders of the region, expressed some reservations above the prospects of its success.

“The formal discussions for the establishment of an institution mechanism for regional cooperation in South Asia started with the Colombo meeting of the Foreign Secretaries of the seven states of South Asia i.e. Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka in April, 1981.”<sup>10</sup> The examination of regional organization in South Asia has indeed very little in comparison to various other regions of the world, including Asian regions. The reason generally cited were differences among the states of the region. The most important among them being India and Pakistan. Due to this background the major states of South Asia exercised caution in the talks held at Colombo in April 1981.

“Finally on 7-8 December 1985 at the Dhaka summit, the heads of states of South Asia converged at the same place and the South Asian Association of Regional Cooperation (SAARC) was launched formally”.<sup>11</sup>

Earlier the foreign ministers at their first meeting in New Delhi in August 1983 adopted a declaration on regional cooperation, known as “South Asian Regional Cooperation (SARC) and formally launched the Integrated Programme of Action (IPA) in the five unanimously consented areas of cooperation namely, agriculture, rural development, telecommunications, meteorology, and health population

activities. Later, transport, postal services, sports, scientific and technological cooperation, arts and culture were added to the IPA.”<sup>12</sup>

## **CHARTER OF SAARC**

The charter emphasized that cooperation should be hinge upon sanctity for the principles of sovereign equality, territorial integrity, political independence, non-intervention in internal affairs of other states and mutual benefit. The principles of Non-Alignment and the UN were also affirmed as the guiding principles of SAARC.

“The SAARC charter underscored the convictions of the member states about the obligation and likeability of regional cooperation and declared the SAARC was intended to promote the welfare of the people of South Asia and to improve their quality of life, to expedite economic growth, social progress and cultural development in the region and to stimulate the conception of collective self reliance among the countries of South Asia”.<sup>13</sup>

The Association commenced its activities initially in a few areas under the erstwhile Integrated Program of Action (IPA), which underwent numerous revisions as new vistas of cooperation were dandified. As the process of regionalism evolved under the framework of Association, the core area of trade and economic cooperation and poverty alleviation were subsequently broached upon. In its eighteenth year of its creation today, the Association stands to charter to almost all the domains of human activity impinging upon the lives of the people in the region.

Other principles outlined in the SAARC Charter are:

1. “Strive to promote peace, stability, amity among the region through strict compliance to the principles of the United Nations charter and non-alignment, particularly respect for the idea of sovereign equality, territorial freedom, national independence, non-use of force and non-interference in the internal affairs of other states and peaceful settlement of all disputes.”
2. “Realizing that in an increasingly interlinked world, the objectives of peace, freedom, social equitability and economic affluence are best achieved by instilling mutual understanding, good neighborly relations and meaningful co-operation among the countries of South Asia which are connected by ties of history and culture.”

3. "Aware of the common problems, interests, and wishes of the people of South Asia and the need for collective work and augmented co-operation within their respective political and economic system and cultural traditions."
4. "Convinced that regional co-operation among the countries of South Asia is trickles down to all stakeholders, desirable and necessary for projecting the welfare and building upon the quality of the life of the people of the region."
5. "Convinced further that economic, social and technical co-operation among the countries of South Asia would substantially contribute to their national and collective self-reliance."
6. "Recognizing the heightened co-operation, contacts and exchanges among the countries of region will go a long way in to reinforcing the bond of friendship and understanding among their peoples."
7. "Reminding the declaration signed by their foreign ministers in New Delhi on August 2, 1983 and observing the progress achieved in regional co-operation."
8. "Underscoring their determination to promote such co-operation within an institutional framework."<sup>14</sup>

There is an agreement to establish an organization named South Asian Association, for Regional cooperation, which will be referred to as the Association, with the following objectives, principles, institutional and financial adjustments.

## **THE OBJECTIVES**

1. The objectives of the Association as outlined in the Charter, are:
  - a) "To work for the well being of the peoples of South Asia and to improve the quality of life."
  - b) "To speed up economic growth, social progress and cultural development in the region and to provide all individuals the opportunity of live in an honourable way and exploit their maximum potential"
  - c) "To focus earnestly on fostering collective self-reliance among the countries of South Asia,"
  - d) "To contribute to mutual trust, understanding and realization of one another's problems."

- e) “To stimulate active collaboration and extension of mutual help in the economic, social, cultural, technical and scientific fields,”
- f) “To cement co-operation with other developing countries,”
- g) “To strengthen co-operation among themselves in international fora on matters of common interest, and”
- h) “To co-operate with international regional organizations with uniformity of aims and purposes.”<sup>15</sup>

### **BASIC PRINCIPLES**

- 1. “Cooperation within the framework of the Association will hinge upon respect for the principles of sovereign equality, territorial independence, political independence, non-interference in internal affairs of other states and mutual benefit.”
- 2. “Such co-operation shall not be a subterfuge for bilateral and multilateral co-operation but shall support it in the best possible way.”
- 3. “Such co-operation will not be at variance with bilateral and multilateral obligations of member states.”<sup>16</sup>

### **MEETINGS OF THE HEADS OF STATE OR GOVERNMENT**

The heads of state or government shall meet annually.

### **COUNCIL OF MINISTERS**

- 1. “A council of minister consisting of the foreign ministers of the member state shall be created with the following functions:
  - a) Establishment of the Policies of the Association.
  - b) Reconsideration the progress of co-operation under the Association.
  - c) Establishment of additional mechanism under the Association as considered essential
  - d) Decision on other matters of general interest to the Association.
- 2. The council of ministers shall meet in regular session frequently”<sup>17</sup>

Extraordinary session of the council may be staged by agreement among member states.

### **STANDING COMMITTEE**

1. "The standing committee consisting of the foreign secretaries will perform following functions:
  - a) Holistic examination and coordination of programs of cooperation.
  - b) Endorsement of projects and programs, and the terms and conditions of their financing.
  - c) Getting a measure of inter-sectoral priorities.
  - d) Activation of regional and external resources.
  - e) Discovery of new areas of co-operation based on appropriate studies.
2. The standing committee will be convened as often as it serves the purpose but at least once a year.
3. The standing committee will submit periodic reports to the council of ministers at regular intervals and use it as a frame of reference as and when necessary for decisions on policy matters."<sup>18</sup>

### **TECHNICAL COMMITTEES**

1. "Technical committees consisting of representatives of all member states will regulate the implementation, coordination and monitoring of the programmes in their respective areas of co-operation.

They will be governed by the following terms of reference:

- a) Ascertainment of the potential and the purview of regional co-operation in consensually settled areas
- b) Creation of programmes and preparation of projects.
- c) Fixing financial consequences of sectoral programmes.
- d) Making recommendations concerning costs.
- e) Implementation and coordination of sectoral programmes.
- f) Overseeing progress in implementation.

2. The technical committees will submit periodic reports to the standing committee.
3. The chairmanship of the technical committees will usually shuffle among member states in alphabetical order every two years.
4. The technical committees may, inter alia, use the following mechanisms and terms and conditions, if and when considered a compulsion:
  - a) Meetings of head of national technical agencies.
  - b) Meetings of experts and in particular domains.
  - c) Contacts among recognized centres of excellence in the region.”<sup>19</sup>

### **ACTION COMMITTEES**

The standing committee may formulate action committee consisting of member states concerned for implementation of projects involving more than two but not all member states.

### **SECRETARIAT**

The SAARC Secretariat came into being in Kathmandu on 16 January 1987. Its role is to regulate the implementation of SAARC activities, service the meetings of the Association and serve as the

The following have served as Secretary General:

1. Abdul Ahsan from Bangladesh (16 Jan. 1987 – 5 Oct. 1989)
2. Kant Kashore Ghargave from India (17 Oct. 1989 – 31 Dec. 1991)
3. Ibrahim Hussain Zaki from Maldives (1 Jan. 1992 – 31 Dec. 1993)
4. Yadab Kant Silwal from Nepal (1 Jan. 1994 – 31 Dec. 1995)
5. Naeem-ul-Hasan from Pakistan (1 Jan. 1996 – 31 Dec. 1998)
6. Nihal Rodrigo from Sri Lanka (1 Jan. 1999 – 10 Jan. 2002)
7. Q.A.M.A. Rahim from Bangladesh assumed office on January 11, 2002.
8. Chenkyab Dorji from Bhutan (1 Mar 2005 - 29 Feb 2008)

9. The present Secretary General Sheel Kant Sharma from India (1 Mar 2008 - 28 Feb 2011)

## **FINANCIAL ARRANGEMENTS**

1. Each member state would work towards financing of the activities of the Association of his own accord.
2. Each technical committee will craft recommendations for sharing the costs of implementing the programmes that it broached.
3. In case sufficient financial resources cannot be generated within the region for funding activities of the Association, external financing from appropriate sources may be sought with the endorsement of or by the standing committee.

## **GENERAL PROVISIONS**

1. Decisions at all levels shall be taken on the basis of unanimity.
2. Bilateral and controversial issues will be precluded from the discourse of the Association.

## **THE FRAMEWORK**

As regards the institutional framework of the SAARC, a four-tier institutional set up in envisaged and became operational for SAARC. At the apex level is the summit meeting, which takes place once every year. The second tier of the structure is the Council of Ministers, comprising foreign minister of the member States. The third tier is the standing Committee including foreign secretaries of member countries and the last rung on this seemingly endless ladder consists of technical committees on various subjects of cooperation consisting of representative of the member states.

“The SAARC secretariat came into existence in February 1987 with headquarters stationed at Kathmandu. It is headed by a Secretary General and also consists of seven directors, one each from the member countries”.<sup>20</sup>

SAARC though a late comer on the international scene, has been quite ahead of other regional organizations like ASEAN in matter of institutional framework. SAARC in spite of the existence of social, cultural and ethnic commonalities, the strategic, ideological divergence stemming from religious divergence and antagonistic

political postures is causing most of the damage to the unity of the region. However, the evolution of SAARC indicates the desire of the countries of South Asia to bring about unity to realize the regional cooperation.

A glance at the South Asia map would show that India shares common land boundaries/borders with four states of the South Asian sub-continent and has a marine proximity to the two island nations. The six other countries of the group are located far apart from each other. This geographical decision and historical background of the region have resulted in a number of political economic and ethnic disputes between India on the one hand and all its neighbours, except Maldives, on the other hand. Under the circumstances, India felt somewhat apprehensive of a forum where all its bilateral adversaries, might stand up to it collectively.

It is found that the divergent character of the political system of the region resulted in a varied approach in their external relations. Their ideological postures, strategic perceptions and attitudes to the global issues are also born out by a characteristic differences.

Another divergent factor is the religious composition of these states, while India and Nepal are predominantly Hindu States (though India is secular in its political system and social ethos). Pakistan, Bangladesh and Maldives are Islamic States with string fundamentalism; Sri Lanka and Bhutan have Buddhism as their main religion. The role of religion in most of these states adds a new dimension to the mutual distrust and antagonism of the states of South Asia.

The first regional summit was held at Dhaka during the last quarter of 1985. Further details were thrashed out during the third ministerial meeting at Thimbu in May 1985. The heads of states/governments met at Dhaka on 7-8 December 1985 and formally launched the concerted area-wide effort for development by signing the Charter of organization, henceforth to be called South Asia Association for Regional Cooperation (SAARC). It was agreed that SAARC summit, would be organized once a year and the council of ministers would meet at least a couple of times in a year, to review and approve the programme and projects for regional development.

The following heads of the states represented their countries at the inaugural SAARC summit at Dhaka in December 1985:

1. Bangladesh Lt. Gen. Hussain Muhammad Irshad (President).

2. Bhutan. H. M. Jigme Singhye Wangchuk (king).
3. India. Mr. Rajiv Gandhi (Prime Minister).
4. Maldives. Mr. Maumoon Abdul Gayom (President).
5. Nepal. H. M. Birendra Bir Bikram Shah Deve (King).
6. Pakistan. Gen. Muhammad Zia-Ul-Haq (President).
7. Sri Lanka. Mr. J. R. Jayewardene (President).

Subsequently summit meetings were held at Bangalore (1986), Katmandu (1987) and Islamabad (1988). Bhutan, which was to host the second summit in 1986, according to alphabetical order, voluntarily surrendered its claim to do so. In 1989, Sri Lanka declined to convene the summit because of the continued presence of foreign troops (the Indian Peace Keeping Force) on its soil. Pakistan continued to hold the office of the chairperson of SAARC for two year till the convening of the fifth summit in Male in the autumn of 1990.

The SAARC Charter spells out that among the objectives of the Association will be surge of economic growth, social progress and cultural development in the region, stimulation of active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields and consolidation of the spirit of working together among the member States in international fora on matters of common interest. However, within “the SAARC region a basic dirorientation among the member states, their dissimilar stages of development, including administrative procedures and rules, implied that economic cooperation, although undeniably significant, was likely to be an intricate and elaborate process. Accordingly, the first SAARC Summit in Dhaka (1985) mainly stressed on regional cooperation in areas such as health, population activities and child welfare; culture and sports.”<sup>21</sup>

“The recent discourse on regionalism in South Asia has dealt more with the problems that hinder regional cooperation rather than the prospects that the grouping has in shaping the collective future of the region. Given the faltering steps the South Asian Association to Regional Cooperation (SAARC) has hitherto managed, regionalism in the last two decades, such permission is perhaps justified. As an institution, SAARC has remained an intergovernmental mechanism, which has had little relevance for the inhabitants of South Asia. The association has allowed the political logic to dominate over the

economics, and therefore lags far behind several other regional and multilateral initiatives”.<sup>22</sup>

This does not in any way suggest that the Association had decided to exclude economic cooperation. “In fact, in 1986, the first Ministerial Meeting on International Economic Issues was organized in Islamabad (31 March - 3 April). The pronouncement of this Ministerial Meeting underlined the need for giving an impetus to economic cooperation among SAARC countries and also agreed that SAARC countries should synchronize their positions at various headquarters of regional and international organizations, as well as in relevant international conferences to bolster the common objectives of member countries.”<sup>23</sup>

“In 1987, the representatives of the National Planning Organizations converged together the second time in Islamabad (11-14 October) and recommended that in the light of the unfavourable international economic situation gripping the region, there was a need to share resources for long-term regional cooperation. Recognizing these sticking points at the development levels and the fact that the share of SAARC in world trade had substantially shrunk, the Meeting recommended that analytical studies need to be carried out in the first instance to spot the priority areas for economic cooperation. Consequently, a consultant was entrusted with the task to execute a Study on Trade, Manufactures and Service (TMS) in the South Asian region. Meanwhile, the National Planning Organizations continued to meet and agreed on string of initiatives which would reinvigorate consultative process particularly in basic needs programmes and poverty reduction in a substantive way.”<sup>24</sup>

The TMS Study, which was completed in 1991, considered economic cooperation among the countries of the SAARC region as an essential component for bringing about comprehensive development of the region. In May 1991, the Council of Ministers at their Ninth Session at Male energetically approved the Study and established a high-level Committee known as the Committee on Economic Cooperation (CEC) including Commerce/Trade Secretaries of the SAARC member states.

The CEC was asked to regulate implementation of specific economic measures, policies and programmes to strengthen and expand intraregional cooperation in trade and economic relations. With the creation of the CEC, regional economic cooperation was formally institutionalized. The CEC has staged ten

meetings until 2011.

By now, “the CEC has surfaced as one of the most significant groups within the SAARC having an authority over economic and trade issues. The CEC has come up with recommendations and guidance in identifying new avenues of cooperation on economic and trade related matters as well as considering reports of assembled groups. In fact, the mandate of the CEC includes regulation of cooperation in areas such as standards and measurement; customs and the straightening of procedures; preferential trading arrangement; rules of provenance; agreements for the promotion and protection of investments within the SAARC region as also for the avoidance of double taxation; formulation of a SAARC Arbitration Council; sharing information on economic and trade related matters; taking stock of special circumstances of Least Developed Countries within the region; and formulation of joint strategies to be inculcated in multilateral negotiation fora. The recommendations of the CEC are submitted to the Standing Committee (of Foreign Secretaries) and through it to higher bodies, putatively the Council of Ministers and the Summit. In December 1991, the Sixth Summit staged in Colombo endorsed the establishment of an Inter-Governmental Group (IGG) to craft an agreement to establish a SAARC Preferential Trading Arrangement (SAPTA) by 1997. Given the unanimity within SAARC, the framework Agreement on SAPTA was finalized in 1993, and formally was made operational in December 1995, prior to the date given by the Colombo Summit. The agreement expressed the aspiration of the SAARC countries to promote trade and economic cooperation. Three Rounds of Trade Negotiations have so far been completed under SAPTA. In SAPTA-I, trade concessions were offered to 226 commodities by all the countries. In SAPTA-II, trade concessions were offered to 1868 products reflecting an increase almost ten times over SAPTA-I. In SAPTA-III, trade concessions were increased to 3456 commodities showing a doubling over SAPTA-II. During the First and Second Round, trade negotiations were conducted on a product-by-product basis. In the Third Round, the negotiations were also conducted chapter-wise. For the Fourth Round, it had been decided that the negotiations would as far as possible, be conducted on the basis of chapters, sectoral and Across-the-Board basis.”<sup>25</sup>

“The Tenth Summit (Colombo, 1998) had decided that in order to speed up progress in the next round of SAPTA negotiations, more extensive tariff concessions

should be given to products which are being actively traded, or are likely to be traded, among members states; that discriminatory trends and non-tariff barriers should be simultaneously discarded on items in respect of which tariff concessions are granted or have been granted earlier. Steps to eliminate structural stumbling blocks should also be taken in order to move speedily towards the goal of a South Asian Free Trade Area (SAFTA). The Summit also directed that the domestic content requirements under SAPTA Rules of Origin be brought down. The Summit underscored the need that which necessitated that benefits of the process be equitably shared by all member states. One of the defining principles of the SAPTA Agreement is that there should be special treatment for Least Developed Countries through the taking some extra measures. It was accordingly decided in 1999 to lessen the domestic content requirement further under the SAPTA Rules of Origin to enable the smaller and Least Developed Countries to benefit equitably from economic liberalization. This reduction would relate to all products covered so far in the trade negotiations. Identifying the instrumental role the economic cooperation plays in South Asia, the first meeting of SAARC Commerce Ministers was held in New Delhi (8-9 January, 1996). Since then, two more Ministerial Meetings (29-30 April, 1998 in Islamabad and 2-3 February, 1999 in Dhaka) have been staged which stressed on extending the scope and coverage of regional economic cooperation. SAPTA was conceived mainly as the initiation towards the transition to a South Asian Free Trade Area (SAFTA) leading subsequently, towards a, Common Market, Customs Union and Economic Union. In 1995, the Sixteenth session of the Council of Ministers held in New Delhi (18-19 December) agreed to work diligently towards realization of SAFTA and to this end an Inter-Governmental Expert Group (IGEG) was established in 1996 to recognize the obligatory steps towards moving into a free trade area. The Male Summit in 1997 had realized the importance for achieving a Free Trade Area.”<sup>26</sup>

Recognizing the need to address distortions in development and other complexities that may disrupt such a heavily packed schedule, the Colombo Summit directed that the text of the regulatory framework for creating a Free Trade Area in the Region should be decisively fixed. Regarding this decision, a Committee of Experts has been made to draft a comprehensive treaty which has, following its first meeting in Kathmandu (July 1999) sorted out its broad terms of reference. Finally, the

treaty would envisage, among other things, obligatory time frames for liberalizing trade, measures to facilitate trade, protection of LDCs including mechanisms for compensation of revenue loss, etc. With the formation of the Committee of Experts. The IGEG drew to a close

“SAARC has also launched action on a host of practical measures to ease out the process of economic cohesion. A Group on Customs Cooperation was established in 1996 and so far, has staged three meetings. It was among other things decided to harmonize HS lines and customs rules and regulations; simplify procedures for intra-regional exports; build upon infrastructural facilities and provide training facilities. A Customs Action Plan was finalized in Islamabad (April 1997) and agreed to by all Member States.”<sup>27</sup>

“The need to revamp the transport infrastructure and transit facilities in the region was identified and the 11th Session of the SAARC Council of Ministers in Colombo (8-9 July 1992) instructed the CEC to take necessary steps in this regard. Accordingly a study was commissioned to examine the existing transport infrastructure and transit facilities, including procedural and documental issues in the region vis a vis volume and composition of the existing trade in the region and to give suggestions for their improvement, in order to enhance trade within and outside the SAARC region. The study was concluded in 1994 and had made important recommendations. It is pertinent to mention at this stage that the Technical Committee on Transport was established in 1983, dealing with three major segments of transport, i.e. land transport, divided into railways and roadways; sea transport parceled out into inland waterways and shipping and air transport. Seventeen meetings of this Committee have been convened. Subsequently, according to new arrangements of the Integrated Programme of Action (IPA), the Technical Committee on Transport has been subsumed in Communications forming a single Technical Committee on Transport and Communications effective from January 2000.”<sup>28</sup>

A draft Regional Investment Agreement is under consideration of the member states and is meant to create conditions conducive for promoting and protecting investments in member states by investors from other member states of the region. The objective is to finalize the Regional Investment (Promotion and Protection) Agreement before the initiation of the implementation of SAFTA.

“Closely related to the Regional Investment Agreement is the formation of a SAARC Arbitration Council for which proposals are under scrutiny by Member States. An earnest discourse has also commenced on sorting out the irregularities of tax laws within the Region to estimate the possibility of having a Regional Agreement for the Avoidance of Double Taxation. Identifying the significance of standards and measurement. Standards, Testing and Certification Bodies of the Member States interacted in New Delhi (June 1999) to discover how national standards may be harmonized and bring about unanimity in regional standards.”<sup>29</sup>

In the area of trade and tariff which is “pivotal to individual member states and to the region as a whole, particularly those relating to multilateral negotiations in World Trade Organization, World Customs Organization (WCO), World Intellectual Property Organization (WIPO) etc., regular discussions are held not only at the headquarters of such international organizations, such as Geneva, but also in the member states themselves, so as to effectively integrate, portray and safeguard their collective interests. This process of consultations has been made more intense so that wherever possible, a regional position may be developed which is consistent with the holistic canons of SAARC, and which depicts the needs and requirements of the LDCs in the region through the provision of noteworthy concessions. In this regard, SAARC Commerce Ministers issued a Declaration on the eve of the Second WTO Ministerial Conference (Geneva 1998). Consultations were also held concerning the WTO Ministerial Conference held in Seattle (30 November to 3 December 1999) and the SAARC Commerce Ministers had issued an initial Joint Statement on the issues to be contemplated at that Meeting.”<sup>30</sup>

The important role played by the Chambers of Commerce and Industry in the region has been underscored comprehensively

“The SAARC Chamber of Commerce and Industry (SCCI) was formed in 1992 as the first recognized regional Apex Body. SCCI stitches together under one umbrella the national chambers of commerce and industry of the member states and is dynamically associated with the promotion of trade and the interaction of the business community within the SAARC region. SCCI has been engaged not only in increasing public awareness through workshops and studies they have been working upon, including the publication of books and other material, but also through the interactive sessions between government and industry meant to provide relevant

input to the process of regional economic cooperation”.<sup>31</sup>

The SCCI also stages regular consultations with the SAC Secretariat. The SCCI lately produced a book title “SAARC Means Business: Opportunities for Partnership” which focuses on sectors of cooperative advantage within the region.

Indeed, it was in recognition of the constructive role played by the SCCI that the member states decided to conclude the Technical Committee on Tourism (which was formulated in 1991) to replace it with SCCI Tourism Council based on inputs from the SAARC Chamber of Commerce and Industry. This Council which features the private sector’s vantage point towards enhancing and purposefully harnessing the tourism potential of the region would provide policy and other inputs for the consideration of the Committee on Economic Cooperation (CEC).

“The organization of SAARC Trade Fairs has become an integral part since 1996 when the first Trade Fair was held in India. The Second SAARC Trade Fair was staged in Colombo 1998. Pakistan is scheduled to host the next SAARC Trade Fair. The trade fairs have succeeded not only in depicting the potential of the region but also in publicizing the wide variety of products the region produces which correspond to international quality and standards. The SAARC Secretariat has also pitched stalls at Trade Fairs to inform the public of SAARC activities. At the Colombo Summit, there was an obvious sign of unanimity of the need to strengthen the individual financial systems of the SAARC countries through the expansion of their institutional capacity, monitoring mechanism, as well as through closer consultations on, and integration of, macroeconomic policies where appropriate. It was felt that the region needs to enhance the collective capacity of SAARC vis a vis policy analysis with overwhelming stress on international financial and monetary, trade and investment issues together with their domestic implications. In this regard, meetings of finance officials of the SAARC countries have been held, including among the Governors of Central Banks to not only prepare early warning mechanisms, but also to coordinate policies to effectively respond to global financial and economic developments that impinge upon the region.”<sup>32</sup>

It was also agreed at the “Colombo Summit in 1998 to establish a Network of Researchers constituting members of the private sector, central banks, planning ministries, research institutes and distinguished economists nominated by

Governments to identify, analyze and help SAARC confront current global financial and economic issues affecting the region. Such a network has since been set up and has decided on an immediate and longer-term research agenda which would help discover areas of common concern, together with new areas of cooperation among the member countries. The Network has also brought out a South Asian Economic Journal and would be bringing out a Directory of Research Institutes in South Asia emphasizing on global financial and economic issues. Successive Summits held one after another have acknowledged the importance of SAARC in bringing about mutually beneficial cooperation with regional, UN and other international organizations on the Association's agreed areas of cooperation."<sup>33</sup>

In terms of external linkages, SAARC and United Nations Conference on Trade and Development (UNCTAD) signed a Memorandum of Understanding in February 1993 on UNCTAD Database on Trade Control Measures and Trade Analysis and Information System (TRAINS). As conceived under the MOU, the UNCTAD Database is updated for the SAARC Member States by the SAARC Secretariat. The most recent issue of CD-ROM TRAINS (Spring 2000 Version 7.0) contains trade control measures of 113 countries of the world including 51 tariff schedules of 1999 as well as 1998 import data by origin at the Harmonized System 6-digit level for 49 countries. The data regarding all SAARC countries, with the exception of the Maldives, is also available in the CD-ROM TRAINS. Similarly, a Framework Cooperation Agreement was struck between SAARC and Economic and Social Commission for Asia and the Pacific (ESCAP) (February 1994) to cater for cooperation on developmental issues through joint studies, workshops and seminars and exchange of information and documentation in poverty alleviation, trade promotion, human resource development, , foreign direct investment, environmental protection and prevention of drug trafficking, infrastructure development, etc. ESCAP has also established an institutional framework of Consultative Meetings of the Executive Heads of Sub-regional Organizations in Asia and the Pacific (SAARC, Economic Cooperation Organization (ECO), Association of South East Asian Nations (ASEAN), South Pacific Forum) and ESCAP.

A Memorandum of Understanding on Administrative Cooperation between SAARC and the European Commission (now European Union) was formalized (July 1996). The Secretary-General was mandated by the Twenty-sixth Session of the

Council of Ministers in Nuwara Eliya, (18-19 March 1999) to discuss with EC, particular areas of possible cooperation under the MOU. 'There has been consensus on four programmes as follows:

- (a) Easing access into the Single European market;
- (b) implementation of the EU-GSP Scheme including cumulative rules of origin;
- (c) Tapping on the EU experience for the SAFTA process; and
- (d) evolving common SAARC standards and compatibility with international obligations including certification, testing, etc.

Since 1998, SAARC has had an informal Ministerial-level dialogue with ASEAN and the European Union on the sidelines of the UN General Assembly in New York. Informal discussions having a sketchy orientation at the level of Secretary-General have also been started with the Gulf Cooperation Council.

Among the various areas of cooperation within SAARC, economic cooperation seems to have made considerable progress. This is derived to some measure from the state of flux shaping the global economic environment and its apparent unpredictability. The Tenth Summit Declaration (Colombo, 1998) had expressed serious concern over the critical distortions spawned by the process of unchecked globalization as has been proved in the declining fortunes of economies of several Asian states. At the same time, negotiations in the multilateral economic forum put developing and Least Developed Countries in a state of comparative disadvantage and there is a compulsion to not only develop joint positions and strategies but also to discover ways and means of safeguarding natural resources, heritage and knowledge. In addition to both the above compulsions is the recognition within the region that it is imbued with ample resources, both natural and human, which not only projects it as a market but also as a major trading partner given that it is in a position to build on its competitive and comparative advantages.

The SAARC brings together countries which, in combination, offer a wide range of opportunities for development. The region is already the powerhouse for manpower to the Middle East and to the burgeoning economies of South-East Asia. It would be fair to say that labour inputs from SAARC nations provided the boost these economies needed in order to reduce manpower costs and to remain competitive. The SAARC region is already a significant provider of agricultural produce from tea to

exotic fruits to coconut oil, manufactured goods from garments to gloves to industrial machinery, 'services from tourism to construction to software development. However, much of the potential in all these areas remains untapped. The SAARC region represents an untapped market of over a billion people, the majority of whose incomes have now started to rise. An integrated approach towards development, which SAARC hopes to promote with the establishment of SAPTA and SAFTA, would finally provide access to the whole of South Asia, as a common market.<sup>34</sup>

## **ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN)**

### **Establishment**

“The Association of Southeast Asian Nations (ASEAN) was established on 8th August 1967 in Bangkok by the five original Member Countries, namely, Indonesia, Malaysia, Philippines, Singapore, and Thailand. Brunei Darussalam joined on 8 January 1984, Vietnam became a member on 28 July 1995, Lao PDR and Myanmar tied themselves with the organization on 23 July 1997, and Cambodia on 30 April 1999. The ASEAN region consists of a population of about 500 million, a total area of 4.5 million square kilometers, a combined gross domestic product of almost US\$ 700 billion, and a consolidated trade of about US\$ 850 billion.”<sup>35</sup>

### **Objectives**

“The ASEAN Declaration states that the aims and purposes of the Association are: (1) to catalyze economic growth, bring about social progress and cultural development in the region and (2) to promote regional tranquillity and stability through enduring respect for justice and the rule of law in the relationship among countries in the region and sticking to the canons of the United Nations Charter.”

“The ASEAN Vision 2020, adopted by the ASEAN Leaders on the 30th Anniversary of ASEAN, agreed on a shared vision of ASEAN as an alliance of Southeast Asian nations, externally oriented, living in peace, stability and affluence, united in partnership in dynamic development and in a community of caring societies. In 2003, the ASEAN Leaders agreed to establish an ASEAN Community comprising three pillars, namely, ASEAN Security Community, ASEAN Economic Community and ASEAN Socio-Cultural Community.”

### **Fundamental Principles**

“ASEAN Member Countries have adopted the following basic principles in their relations with one another, as enshrined in the Treaty of Amity and Cooperation in Southeast Asia (TAC):”

- “mutual respect for the independence, sovereignty, equality, territorial integrity, and national identity of all nations;”
- “the right of every State to lead its national existence free from external interference, subversion or application of force;”
- “non-interference in the internal affairs of one another;”
- “settlement of differences or disputes in a pacific manner”
- “rejection of the threat or use of force; and”
- “productive cooperation among themselves.”

## **ASEAN SECURITY COMMUNITY**

“Through political dialogue and confidence building, no tension has transformed into armed confrontation among ASEAN Member Countries since its inception more than four decades ago.”

“To build on what has been constructed over the years in the field of political and security cooperation, the ASEAN Leaders have agreed to construct the ASEAN Security Community (ASC). The ASC aims to ensure that countries in the region live at peace with one another and with the world in a just, democratic and peaceful ambience.”

“The members of the Community vow to rely exclusively on peaceful processes in resolving of intra-regional differences and have a firm belief that their security is inextricably linked to one another and bound by geographic location, common vision and objectives. It has the following components: political development;; conflict prevention; conflict resolution; post-conflict peace building; shaping and sharing of norms and implementing mechanisms. It will be built on the strong foundation of ASEAN processes, principles, agreements, and structures, which developed over the years and are enshrined in the following major political agreements:”

- “ASEAN Declaration, Bangkok, 8 August 1967;”

- “Zone of Peace, Freedom and Neutrality Declaration, Kuala Lumpur, 27 November 1971;”
- “Declaration of ASEAN Agreement, Bali, 24 February 1976;”
- “Treaty of Amity and Cooperation in Southeast Asia, Bali, 24 February 1976;”
- “ASEAN Declaration on the South China Sea, Manila, 22 July 1992;”
- “Treaty on the Southeast Asia Nuclear Weapon-Free Zone, Bangkok, 15 December 1997;”
- “ASEAN Vision 2020, Kuala Lumpur, 15 December 1997; and”
- “Declaration of ASEAN Concord II, Bali, 7 October 2003.”

In recognition of security interdependence in the Asia-Pacific region, ASEAN planted the seeds of the ASEAN Regional Forum (ARF) in 1994. The ARF's agenda aims to develop in three broad stages, namely the promotion of confidence building, development of preventive diplomacy and elaboration of approaches to conflicts.

## **ASEAN ECONOMIC COMMUNITY**

The ASEAN Economic Community will be the final goal of economic integration measures as outlined in the ASEAN Vision 2020. Its goal is to create a stable, affluent and highly competitive ASEAN economic region in which there is an unrestrained movement of goods, services, investment and a relatively liberal flow of capital, equitable economic development and shrunk poverty and an absence of glaring socio-economic disparities in year 2020.

The ASEAN Economic Community will turn ASEAN into a single market and production base, turning the phenomenal disparities that inform the region into opportunities for business support and making the ASEAN a more dynamic and stronger segment of the global supply chain. ASEAN's strategy would consist of the integration of ASEAN and enhancement of ASEAN's economic competitiveness.

In moving towards the ASEAN Economic Community, ASEAN has embraced the following terms

- Formulate new mechanisms and measures to fortify the implementation of its existing economic measures including the), ASEAN Framework Agreement on Services (AFAS), ASEAN Free Trade Area (AFTA) and ASEAN

Investment Area (AIA);

- propel regional cohesion in the following priority sectors by 2010: air travel, e-commerce, agro-based products, automotives, electronics, fisheries, healthcare, rubber-based products, textiles and apparels, tourism, and wood-based products.
- Ease up mobility of business persons, skilled labour and talents; and
- Consolidate the institutional working arrangement of ASEAN, including the improvement of the existing ASEAN Dispute Settlement Mechanism to ensure swift and legally-compulsive resolution of any economic disputes.

Launched in 1992, the ASEAN Free Trade Area (AFTA) is operational. It years to give impetus to the region's competitive advantage as a single production unit. The removal of tariff and non-tariff barriers among Member Countries is expected to promote greater economic efficiency, productivity, and competitiveness.

As of 1 January 2005, tariffs on almost 99 percent of the products in the Inclusion List of the ASEAN-6 (Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, and Thailand) have been scaled back to about 5 percent. More than 60 percent of these products have non-existent tariff. The average tariff for ASEAN-6 has diminished from more than 12 percent when AFTA started, to 2 percent presently. For the newer Member Countries, namely, Cambodia, Laos PDR, Myanmar, and Viet Nam (CLMV), tariffs on about 81 percent of their Inclusion List have been reduced to within the 0-5 percent range.

Other major integration-related economic activities of ASEAN are centred on the following:

- Roadmap for Financial and Monetary Integration of ASEAN in four areas, namely, capital account liberalization, capital market development, , liberalization of financial services and currency cooperation;
- trans-ASEAN transportation network comprising major inter-state highway and railway networks, including the Singapore to Kunming Rail-Link, inland waterway transport, principal ports, sea lanes for maritime traffic and major civil aviation links;
- Roadmap for Integration of Air Travel Sector;

- interoperability and interconnectivity of national telecommunications equipment and services, including the ASEAN Telecommunications Regulators Council Sectoral Mutual Recognition Arrangement (ATRCMRA) on Conformity Assessment for Telecommunications Equipment;
- Initiative for ASEAN Integration (IAI) focusing on infrastructure, human resource development, information and communications technology, and regional economic integration primarily in the CLMV countries;
- Visit ASEAN Campaign and the private sector-led ASEAN Hip-Hop Pass to promote intra-ASEAN tourism; and
- trans-ASEAN energy networks, which consist of the ASEAN Power Grid and the Trans-ASEAN Gas Pipeline Projects;
- Agreement on the ASEAN Food Security Reserve.

## **ASEAN SOCIO-CULTURAL COMMUNITY**

The ASEAN Socio-Cultural Community, consistent with the objective framed by ASEAN Vision 2020, conceives a Southeast Asia united together in partnership as a community of caring societies and established on a common regional identity.

The Community would trigger cooperation in social development aimed at elevating the standard of living of disadvantaged groups and the rural population, and will seek the vibrant participation of all sectors of society, in particular women, youth, and local communities.

ASEAN will ensure that its work force is fully prepared and in a pole position, to extract benefits from economic integration by investing more resources for elementary and higher education, training, science and technology development, job creation and social protection. ASEAN will further consolidate cooperation in the area of public health, including the prevention and control of infectious and communicable diseases. The development and enhancement of human resources is a pivotal for employment generation, alleviating poverty and socio-economic disparities and providing economic growth with equity.

Among the on-going activities of ASEAN in this area include the following:

- ASEAN Work Programme for Social Welfare, Family, and Population;
- ASEAN Work Programme on Community-Based Care for the Elderly;
- ASEAN Occupational Safety and Health Network;
- ASEAN Work Programme on Preparing ASEAN Youth for Sustainable Employment and Other Challenges of Globalization;
- ASEAN Work Programme on HIV/AIDS;
- ASEAN University Network (AUN) promoting collaboration among seventeen member universities ASEAN;
- ASEAN Students Exchange Programme, Youth Cultural Forum, and the ASEAN Young Speakers Forum;
- The Annual ASEAN Culture Week, ASEAN Youth Camp and ASEAN Quiz;
- Framework for Environmentally Sustainable Cities (ESC) and ASEAN Agreement on Transboundary Haze Pollution. ASEAN Media Exchange Programme; and

## **EXTERNAL RELATIONS**

“The ASEAN Vision 2020 conceives an outward-looking ASEAN playing a fundamental role in the international community and promoting ASEAN's common interests. Building on the Joint Statement on East Asia Cooperation of 1999, collaboration between the Southeast and Northeast Asian countries has sped up with the staging of an annual summit among the leaders of ASEAN, China, Japan, and the Republic of Korea (ROK) within the ASEAN plus three processes.”

“ASEAN Plus Three relations continue to thrive and consolidate in the areas of security dialogue and cooperation, transnational crime, trade and investment, environment, finance and monetary domains, , energy, tourism, health, agriculture and forestry, labour, culture and the arts, science and technology, information and communication technology, social welfare and development, youth, and rural development and poverty eradication. There are now thirteen ministerial-level meetings under the ASEAN plus three processes. Bilateral trading arrangements have been or are being shaped up between ASEAN Member Countries and China, Japan, and the ROK. These arrangements will serve as the building blocks of an East Asian

Free Trade Area as a long term objective.”

“ASEAN continues to forge a cooperative relationship with its Dialogue Partners, namely, Australia, Canada, China, the European Union, India, Japan, the ROK, New Zealand, the Russian Federation, the United States of America, and the United Nations Development Programme. ASEAN also stimulates collaboration with Pakistan in some areas of mutual interest.”

“Aligned with its determination to enhance cooperation with other developing regions, ASEAN maintains contact with other inter-governmental organizations, namely, the Economic Cooperation Organization, Rio Group, the Gulf Cooperation Council, the South Asian Association for Regional Cooperation, the South Pacific Forum, and through the recently created Asian-African Sub-Regional Organization Conference.”

“Most ASEAN Member Countries also participate actively in the activities of the Asia-Pacific Economic Cooperation (APEC), the Asia-Europe Meeting (ASEM), and the East Asia-Latin America Forum (EALAF).”<sup>36</sup>

## **STRUCTURES AND MECHANISMS**

The top decision-making component of ASEAN is the Meeting of the ASEAN Heads of State and Government. The ASEAN Summit is arranged every year. The ASEAN Ministerial Meeting (Foreign Ministers) is held annually. Ministerial meetings on the following sectors are also held regularly: agriculture and forestry, economics (trade), energy, health, information, investment, labour, law, regional haze, rural development and poverty alleviation, environment, finance, science and technology, social welfare, telecommunications, transnational crime, transportation, tourism, youth. Propping up these ministerial bodies are committees of senior officials, technical working groups and task forces.

To reinforce the conduct of ASEAN's external relations, ASEAN has established committees made up of heads of diplomatic missions in the following capitals: Beijing, Berlin, Geneva, Islamabad, London, Moscow, New Delhi, New York, Ottawa, Paris, Riyadh, Seoul, Tokyo, Brussels, Canberra, Washington D.C. and Wellington. The Secretary-General of ASEAN is appointed on the basis of merit and granted ministerial status. The Secretary-General of ASEAN, who has a five-year term, is authorized to initiate advice, coordinate, and implement ASEAN activities.

The members of the professional staff of the ASEAN Secretariat are appointed on the basis of open recruitment and regional competition.

ASEAN has several specialized bodies and arrangements stimulating inter-governmental cooperation in various fields including the following: ASEAN Agricultural Development Planning Centre ASEAN Centre for Energy, ASEAN-EC Management Centre, , ASEAN Earthquake Information Centre, ASEAN Rural Youth Development Centre ASEAN Foundation, ASEAN Poultry Research and Training Centre, ASEAN Regional Centre for Biodiversity Conservation, ASEAN Specialized Meteorological Centre, ASEAN Timber Technology Centre, ASEAN Tourism Information Centre, and the ASEAN University Network.

In addition, ASEAN is also engaged in dialogue and consultations with professional and business organizations with related aims and purposes, such as the ASEAN-Chambers of Commerce and Industry, ASEAN Business Forum, ASEAN Tourism Association, ASEAN Council on Petroleum, ASEAN Vegetable Oils Club, ASEAN Ports Association, Federation of ASEAN Ship owners, ASEAN Confederation of Employers, ASEAN Fisheries Federation, , ASEAN Intellectual Property Association, and the ASEAN-Institutes for Strategic and International Studies. Furthermore, there are 58 Non-Governmental Organizations (NGOs), which have formal links with ASEAN.

## **HISTORY**

ASEAN's precursor was an organization called the Association of Southeast Asia, an alliance composed of the Philippines, Malaysia, and Thailand that was created in 1961. The bloc itself, nevertheless was founded on August 8, 1967, when foreign ministers of five countries — Indonesia, Malaysia, the Philippines, Singapore, and Thailand – met at the Thai Department of Foreign Affairs building in Bangkok and signed the ASEAN Declaration, more commonly known as the Bangkok Declaration. The five foreign ministers –Narciso R. Ramos of the Philippines, Abdul Razak of Malaysia, Adam Malik of Indonesia, S. Rajaratnam of Singapore, and Thanat Khoman of Thailand – are considered as the pioneers of this organization.

In 1976, the Melanesian state of Papua New Guinea was granted observer status. Throughout the 1970s, the organization was dedicated to a programme of economic cooperation, following the Bali Summit of 1976. This started to awkwardly

dodder in the mid-1980s and was only helped back to its feet around 1991 due to a Thai proposal for a regional free trade area. The bloc then prospered when Brunei Darussalam became the sixth member after it joined on January 8, 1984. During the 1990s, the bloc recorded a surge in both memberships as well as in the campaign for a more profound integration. In 1990, Malaysia floated the establishment of an East Asia Economic Caucus making up the then-members of ASEAN as well as the People's Republic of China, Japan, and South Korea, with the intention of neutralizing the rising clout of the United States in the APEC as well as in the Asian region collectively. This proposal, however, failed since it faced intense opposition from Japan and the United States.

In spite of this failure, member states continued to work for greater collaboration. In 1992, the Common Effective Preferential Tariff (CEPT) scheme was signed as a schedule for gradual removal of tariffs and as a goal to intensify the region's competitive advantage as a production base directed towards the world market. This law would act the governing structure for the ASEAN Free Trade Area. On July 28, 1995, Vietnam became the seventh member, Laos and Myanmar joined two years later in July 23, 1997. Cambodia was presumed to join with Laos and Myanmar, but the merger was delayed due to the country's internal political struggle. The country later joined on April 30, 1999, in the wake of the emergence of modicum of continuity of government. This allowed the bloc to incorporate all the countries within Southeast Asia.

At the advent of the 21<sup>st</sup> century, issues were oriented towards a more environmental focus. The organization started to hold forth about environmental agreements. These included the signing of the ASEAN Agreement on Transboundary Haze Pollution in 2002 in order to contain haze pollution in Southeast Asia. Unfortunately, this failed due to the outbreaks of the 2005 Malaysian haze and the 2006 Southeast Asian haze. Other environmental treaties initiated by the organization include the Cebu Declaration on East Asian Energy Security the ASEAN-Wildlife Enforcement Network in 2005 and the Asia-Pacific Partnership on Clean Development and Climate, both of which are responses to Global Warming and the unpalatable implications of climate change.

Through the Bali Concord II in 2003, ASEAN has embraced the conception of democratic peace, which means all member countries are guided by a firm conviction

that democratic processes will promote regional peace and stability. In good measure the non-democratic members all came round to the fact that it was something all member states should aspire to. “The ASEAN Eminent Persons Group was created to assess the pros and cons of this policy as well as the chance of drafting an ASEAN Charter. In 2006, ASEAN was granted the observer status at the United Nations General Assembly.”<sup>37</sup> “As a quid pro quo, the organization awarded the status of “dialogue partner” to the United Nations.”<sup>38</sup> “Besides, in July 23 that year, Jose Ramos Horta, the then Prime Minister of East Timor signed a formal request for membership and expected the accession process to abide for at least five years before the then-observer state became a full member.”<sup>39</sup> “In 2007, ASEAN commemorated its 40th anniversary, and 30 years of diplomatic relations with the United States.”<sup>40</sup> “On August 26, 2007, ASEAN also asserted that it aims to honour all its free trade agreements with China, Japan, South Korea, India, Australia and New Zealand by 2013, consistent with the establishment of the ASEAN Economic Community by 2015.”<sup>41</sup>

“The twenty first century will reportedly be the Asian century. By 2050, China is presumed to be the largest economy in the world. By that time Asia might hold seven of the then ten leading national economies. The Asian Development Bank projects Asia as a region that will achieve an average growth rate of 7% this year as opposed to the global economic growth projection of 3.3%”.<sup>42</sup>

The economic and social welfare of a country grows by leaps and bounds if it acts as a part of a regional block rather than acting individually. The emergence of a number of regional blocks in Asia, Africa and America clearly symbolize this reality.

“An integrated regional economy propels economic growth of the member countries through the advantage of scale. In good measure, member countries enjoy authoritative advantage in dealing with the global system of finance, investment, trade and institutions. A regional bloc also acts as a bulwark against the destabilizing uncertainties of the global economy”.<sup>43</sup>

“Regional cooperation is undeniably crucial for prosperity in South Asia. Intra-regional trade among SAARC countries presently has a miniscule proportion of 3.4% whilst intra-regional trade is 38% in East Asia, 37.3% in North America and 63.4% in the European Union (EU).”<sup>44</sup> Although economic connectivity appears

attractive to any region, achieving a meaningful connectivity in the SAARC region is not going to be an easy exercise. Europe took nearly 50 years to achieve its current level of economic connectivity as demonstrated by the European Union (EU).

“South Asia strives to see the same level of economic integration as witnessed in Europe and this is exactly what the Group of Eminent Person (GEP) report of the SAARC argue for i.e., to achieve a SAARC custom union by 2015 and a SAARC economic union by 2020 (GEP, 1998). In other words, by 2020, South Asia will have a high, level of economic connectivity with free movement of labour and capital among member nations of SAARC and a common currency for all financial transactions. It is argued, that given the current ground realities in the SAARC process, it will be difficult for SAARC to achieve the goals of the GEP report”.<sup>45</sup>

It is also argued that more than the official SAARC process the natural market integration process in the region taking place via various unilateral liberalization measures of individual SAARC countries trade beyond borders and investment triggered by high growth in the region would be instrumental in strengthening connectivity in upcoming years.<sup>46</sup> One central factor that contributed to stimulating economic cooperation among ASEAN countries was the external investment from Japan. When the cost of production from Japan became unaffordable, most firms shifted various components of their operations to ASEAN. SAARC is not in position to attract similar investments from outside the region and thus, needs to look at new avenues. As RIS (2004) argues, the region must work towards “SAARC Agreement on promotion and protection of investment and establish well integrated investment policies across the region to facilitate intra-regional investment. These steps will inject an element of efficiency and restructuring of industries in the region, enabling them to harness economies of scale and specialization.”<sup>47</sup>

“Since its inception in 1985, for the first time South Asian Association for Regional Cooperation (SAARC) has extended itself, to admit Afghanistan as a member. The expansion through Afghanistan’s membership and admission of some countries – Iran, China, Japan, South Korea, European Union and the US as observers is a favourable development for South Asian security dynamics. The effectiveness of SAARC hinged upon the centrality of Indo-Pakistan security relationship. Afghanistan’s membership would be both a nourishing and decapitating factor for regional security. New observers in the grouping would be strong factors for the

promotion of regional stability due to their uniform agenda of building Indo-Pakistan and Pak-Afghan cooperation as well as for establishing politico-economic stability in the SAARC region”.<sup>48</sup>

So far, the nature of India-Pakistan political relationship has governed the direction of SAARC. There is a crystallized association between security and development. The obstacles emanating from the trust deficit had been debilitating meaningful cooperation in the region. Unless the credibility gap pervading India and Pakistan was removed, there was little chance for SAARC to develop into a dynamic organization.<sup>49</sup>

From Pakistan’s viewpoint, SAARC would not be able to become effective until the Kashmir issue is conclusively resolved. Interestingly, India wanted terrorism to be broached as a major dimension. The rest of the SAARC countries had disparate perceptions of terrorism. India wanted to use the issue of terrorism to pressurize Pakistan.

“India wanted to exploit, the term terrorism to quell the Kashmiris’ struggle for self determination. Pakistan likes to project itself as a major victim of terrorism ... Kabul would paint itself as a country fighting a crucial battle for the free world ... Sri Lanka wants ... to water down the criticism and the plight of civilians in the war zone ... the caretaker government in Dhaka is likely to highlight its own war against terrorism to justify the strangling of four suspected Islamic fundamentalist”.<sup>50</sup>

## **ECONOMIC COOPERATION ORGANIZATION (ECO)**

“Economic Cooperation Organization (ECO), is an intergovernmental regional organization founded in 1985 by Iran, Pakistan and Turkey aimed at stimulating economic, technical and cultural cooperation among the Member States.”

ECO has replaced “Regional Cooperation for Development (RCD) which remained in existence since 1964 till 1979. In 1992, the Organization was expanded to include seven new members, namely: Islamic Republic of Afghanistan, Republic of Kazakhstan Republic of Azerbaijan, Kyrgyz Republic, Republic of Tajikistan, Turkmenistan and Republic of Uzbekistan. The date of the Organization's expansion to its present strength, 28th November, is regarded as the ECO Day.”

“The ECO region is full of bright trading prospects. Despite its infancy, ECO

has developed into a flourishing regional organization. Its international profile is rising. Nevertheless, the organization faces daunting challenges vis a vis realization of its objectives and goals. Most importantly, the region stops short of appropriate infrastructure and institutions which the Organization is seeking to develop, on priority basis, to harness the available resources in the region.”

“Over the past 12 years the member states have been working together to speed up the pace of regional development through their common efforts. Besides shared cultural and historical ties, they have been able to use the existing infrastructural and business links to consolidate their determination to transmute their hopes and aspirations into a tangible reality. ECO has embarked on several projects in priority sectors of its cooperation including energy, trade, transportation, and agriculture and drug control.”

**Current Membership:** “Islamic State of Afghanistan, Azerbaijan Republic, Islamic Republic of Iran, Republic of Kazakhstan, Kyrgyz Republic, Islamic Republic of Pakistan, Republic of Tajikistan, Republic of Turkey, Turkmenistan and Republic of Uzbekistan”

**Finance Source:** “Member contributions. Language: English.”

**Key Executive:** Secretary General.

**Secretariat Staff:** “International staff of the General Secretariat of ECO includes the Secretary General, 3 deputy secretaries general, 6 directors, 3 assistant directors and other professionals and technical, administrative and support personnel. The total strength of staff is over 50.”

**Hiring Policy:** “Employment for limited terms to posts at the General Secretariat ECO require the proposal by the respective governments and a competitive process. Accordingly, the visitors of our site are kindly requested not to apply for employment because the General Secretariat does not entertain these applications.”<sup>51</sup>

### **Brief History**

“The ECO was created in 1985 as a trilateral organization of Iran, Pakistan and Turkey to stimulate multi dimensional regional cooperation in order to create conditions for sustained socioeconomic growth in the Member States. Its aims and objectives as its modes of operation were identical to those of its precursor, the

Regional Cooperation for Development (RCD) continued to operate from 1964 to 1979. Subsequently, the organization reemerged under the present name ECO. The Treaty of Izmir signed in 1977 provided the legal foundation for the RCD and later adopted as the basic Charter of ECO was changed to provide a proper legal basis to ECO's transition from RCD at the Ministerial Meeting held in Islamabad in June 1990. Following the amendment in the Treaty of Izmir ECO ultimately became functional in early 1991.”

“The fragmentation of the former Soviet Union led to the independence of Republics of Central Asia and Caucasus. In their plan to paint a liberal picture to the outside world and as an articulation of their desire to restore their historic ties with the peoples of Iran, Pakistan and Turkey, six of these Republics; namely Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan along with Afghanistan craved the membership of ECO and were admitted into the organization. The participation of these new Members in the activities of the Organization initiated after their formal accession to the Treaty of Izmir at an Extraordinary Meeting of ECO Council of Ministers held in Islamabad on 28th May, 1992.”

“With its expansion in November 1992, from 3 to 10-Member Organization, ECO acquired a new dimension and new role. Accordingly, there was unanimity among all tiers of ECO Meetings that in order to rise the effectiveness of ECO, significant changes were required in the structure and functional methodology of the organization. The fifth meeting of the Council of Ministers held in Ashgabat in January 1995 established a panel of distinguished and competent persons to consider the issue of the reassessment of the Treaty of Izmir and restructuring of ECO.”

“The Eminent Persons Group (EPG) after comprehensive discourse finalized several recommendations and documents for submission to the ECO Council of Ministers. The Council of Ministers endorsed the Group's recommendations in the form of ten documents on ECO's new organizational set up and functional methodology in Ashgabat on 11th May 1996.”

“A Memorandum of Understanding (MOU) on reorganization and restructuring of ECO was signed by the Foreign Ministers of ECO Countries at Ashgabat during the Summit Meeting on 14 May 1996. Consistent with the above mentioned MOU, the Council of Ministers decided to convene an Extraordinary

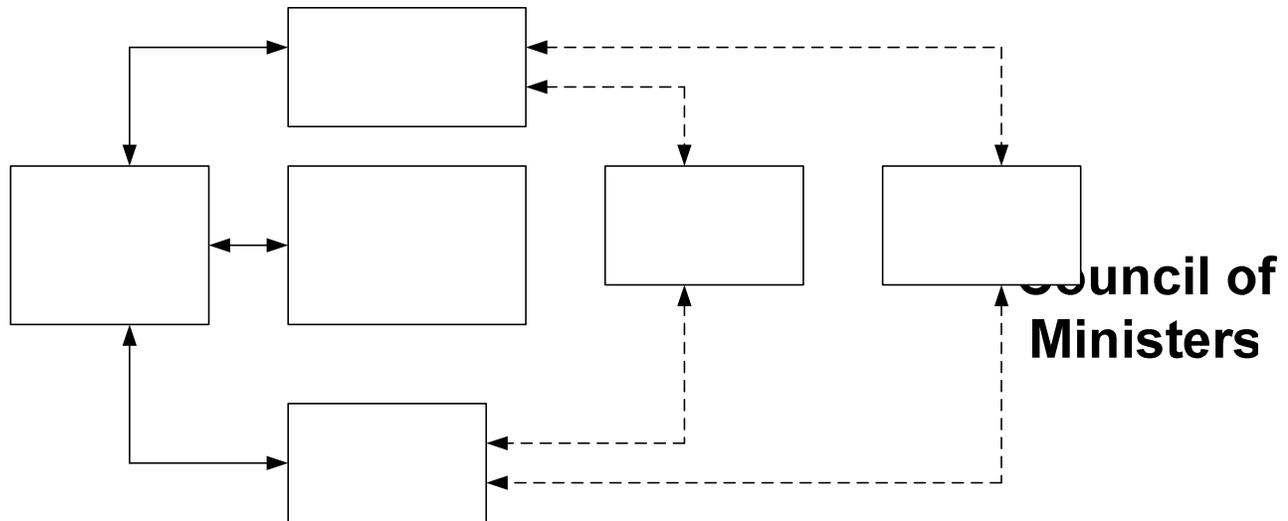
Session of the Council of Ministers in the city of Izmir for signing the revised Treaty of Izmir and Agreement on the Legal Status of the Economic Organization (ECO).”

“The Extraordinary Meeting of the ECO Council of Ministers was held in Izmir, Turkey on 14 September, 1996, to finalize ECO's basic documents including its fundamental Charter. The Council of Ministers also endorsed the Implementation Plan on Reorganization and Restructuring of ECO and witnessed the signing of the Treaty of Izmir and the Agreement on the Legal Status of ECO by the Ministers/Authorized Representatives of ECO Member States.”

“In the light of the above, the following ten documents are being implemented to give some shape to the new organizational structure of the ECO, beginning in 1997.”

1. “Treaty of Izmir (amended)”
2. “Organizational Structure of ECO”
3. “Organizational Charter of ECO Secretariat”
4. “Agreement on Legal Status of the ECO, National Representatives and International Staff”
5. “Agreement between the Government of the Islamic Republic of Iran and ECO relating to the Rights, Privileges and Immunities of the ECO Secretariat”
6. “Rules of Procedures of ECO”
7. “Functional Methodology of ECO”
8. “Economic Cooperation Strategy for the ECO Region”
9. “Staff Regulations of ECO Secretariat”
10. “Financial Regulations of ECO Secretariat”<sup>52</sup>

### **Organizational Structure**



## FUNCTIONS OF THE PRINCIPAL ORGANS

- Council of Ministers (COM)
- Regional Planning Council (RPC)
- Council of Permanent Representatives (CPR)
- The Secretariat

### Council of Ministers (COM)

“Council of Ministers (COM) is the central decision making body of ECO and is composed of the Ministers of Foreign Affairs of the Member States. It will meet at least once a year preferably before the beginning of the ECO fiscal year by rotation, in the territories of the Member States. The Council of Ministers may propose the convening of meetings of other Ministers for the formulation and recommendation of Plans and projects in their respective fields. The Council of Ministers shall have, among others, the following responsibilities:”

- “Endorse policies, strategies, and work programmes of the ECO;”
- “Appoint the Secretary General and his Deputies;”
- “Review and adopt the reports of the Regional Planning Council, Council of Permanent Representatives and Specialized Agencies;”
- “Review the reports of the Regional Institutions;”
- “Construct subsidiary or ad-hoc Committees as appropriate;”

- f) “Decide on the scale of assessment of contribution by Member States to the budget of the Organization.”
- g) “Prepare the draft agenda and other arrangements for the Summit Meetings;”
- h) “Report to the Summit on all matters related to the implementation of ECO programmes and projects;”
- i) “Determine and review as and when necessary, rules and regulations regarding all fiscal, administrative and organizational matters, provisions of financial, and staff regulations of the Secretariat.”
- j) “Approve annual budget and audit reports of the Organization.”

### **Regional Planning Council (RPC)**

“The Regional Planning Council (RPC) comprises the Heads of the Planning Organization or the equivalent ministry of the Member States and meets at least once a year before the annual meeting of the Council of Ministers under the Chairpersonship of the representative of the Member state holding Chairpersonship of the Council of Ministers. It will evolve basic strategies/policies and plans in the light of the objectives and principles of regional cooperation enshrined in the Treaty of Izmir, as well as policy guidelines and directives of the Council of Ministers. To realize this task, the RPC will:”

- a) “Annually review the progress of implementation of ECO's approved programmes of action and projects.”
- b) “Institutionalize itself at the national levels for regular coordination among stipulated focal points in each area of activity.”
- c) “Biennially review ECO's priorities laid down in the Economic Cooperation Strategy.”
- d) “Critically review and evaluate the economic work of the Secretariat and formulate recommendations to the COM.”
- e) “Prepare ECO's Annual Calendar of Events for submission to the Council of Ministers.”
- f) “Propose when necessary, the establishment of ad-hoc technical

committees to the Council of Ministers.”

- g) “Prepare Annual Economic Report of the ECO region.”
- h) “Submit its annual report to the Council of Ministers through the Secretary General.”

### **Council of Permanent Representatives (CPR)**

“The Council of Permanent Representatives (CPR) is made up of ambassadors from the Member states, accredited as representatives to the ECO and converges frequently under the chairmanship of the representative of Member State holding the same post of the Council of Ministers and execute the following functions:”

- a) “It shall be responsible on behalf of and in the name of the Council of Ministers to implement its decisions and carry out its policies;”
- b) “Report to the Council of Ministers on all policy related issues and matters referred to it by the Council.”
- c) “Advise/recommend to the Regional Planning Council on the economic functions of the Secretariat and other technical matters referred to it by the RPC.”
- d) “Review all the reports of the Secretariat.”
- e) “Prepare the draft agenda and expedite other arrangement for the R PC and COM meetings.”
- f) “Examination and follow up action on the decisions of the RPC.”
- g) “Consider the budget and audit reports of the Organization and recommend them to the COM for approval.”

### **THE SECRETARIAT**

According to “Article-IX of the Treaty of Izmir, the Secretariat will initiate, coordinate and monitor the implementation of ECO activities and service all meetings of the Organization consistent with the agreed documents and directives of the governing organs of ECO. Accordingly, the Secretariat will perform the following duties. Overall Responsibilities and Functions:”

- i. “To prepare plans, programmes and projects conceived by ECO's decision-making organs”
- ii. “To serve as the custodian of all documentation and archives of ECO”
- iii. “To assist all permanent and ad-hoc organs of ECO in the performance of their work”
- iv. “To service technically and administratively all meetings and activities of the organization and help the preparation of reports and documents”
- v. “To serve as the permanent channel of communications and coordination among member governments in all areas related to ECO's settled programmes and activities exploring all possible avenues; in this context also to provide practical information to the Member States on procedural matters and all other fields which might be needed”
- vi. “To act as the information agency for ECO in all related areas within as well as outside the region”
- vii. “To communicate, cooperate and interact with relevant regional and international organizations and agencies in agreed areas in accordance with the policy documents and directives of ECO's decision making organs”
- viii. “To engage in activities and contacts in support of the member governments in order to facilitate financing of agreed projects and activities through international financial organizations, investors and donors”
- ix. “To monitor the activities and maintain contact with regional institutions and specialized agencies and serve as a bridge between them and the Council of Ministers”
- x. “To prepare and submit an Annual Report to the Council of Ministers on the overall predominance and activities of the organization”
- xi. “To maintain effective communications with the Permanent Missions/Embassies and National Focal Points of the Member States through a modern and speedy network”

- xii. “To carry out such other functions and duties as may be assigned to it by the Council of Ministers and the Council of Permanent Representatives”
- xiii. “To establish and operate a documentation and publication system in line with international standards.”

### **Activities**

“Activities of ECO take place through Directorates under the supervision of Secretary General and his Deputies which contemplate and evolve projects and programmes of mutual benefit in the fields of: Trade and Investment; Transport and Telecommunications; Energy, Minerals and Environment; Human Resources & Sustainable Development; Project & Economic Research and Statistics; International Agriculture, Industry and Tourism and International Relations.”

### **Objectives**

“Sustainable economic development of Member States; Progressive elimination of trade barriers and promotion of intra-regional trade; Enhanced role of ECO region in the development of world trade; Gradual assimilation of the economies of the Member States with the world economy;”

- “Development of transport & communications infrastructure linking the Member States with each other and with the outside world”
- “Economic liberalization and privatization”
- “Mobilization and utilization of ECO region's material resources”
- “Effective harnessing of the agricultural and industrial potential of ECO region”
- “Mutually beneficial cooperation with regional and international organizations”
- “Regional cooperation for drug abuse control, ecological and environmental protection and strengthening of historical and cultural ties among the peoples of the ECO region.”

### **Principles of Cooperation**

- “Sovereign equality of the Member States and collective advantage”

- “Joint efforts to acquire relatively freer approach to markets outside the ECO region for the raw materials and finished products of the Member States”
- “Effective utilization of ECO institutions, agreements and cooperative arrangements with other regional and international organizations including multilateral financial institutions”
- “Cohesion of national economic, development plans with ECO's immediate and long-term objectives to the highest possible degree”
- “Common endeavours to nourish a harmonized approach for participation in regional and global arrangements”
- “Realization of economic cooperation strategy; and Exchanges in educational, scientific, technical and cultural fields”

“The ECO region is bulging with bright trading prospects. Despite its incipient stage of existence, ECO has expanded into a prosperous regional organization. Its international profile is soaring to a phenomenal scale. Nevertheless, the organization faces daunting prospects vis a vis realization of its objectives and goals. Most importantly, the region is deprived of infrastructure and institutions which the organization’s seeking to develop, on a priority basis, to make full utilization of available resources in the region.”<sup>53</sup>

“Over past 12 years the member states have been collaborating to speed up the pace of regional development through their common endeavours. Besides shared cultural and historic ties, they have also been able to use the existing infrastructural and business link to consolidate their determination to transfer their hopes and aspirations into a tangible reality. ECO has initiated several projects in priority sectors of its cooperation including energy, trade, transportation, and agriculture and drug control.”<sup>54</sup>

Besides propelling the sub regional cooperation between its 10 member states the ASEAN has also resolved to bring major Asian countries, like Japan, South Korea, China and India together on an annual summit-level dialogue partners leading to the so-called ASEAN+IFTAS. This is because the extent of complementarities are confined at sub-regional levels because of identical factor endowments and economic structure within an immediate neighbourhood which is evident from low proportions of intra-sub regional trade such as within ASEAN or SAARC.

Modern Southeast Asia has been informed by high economic growth by most countries and closer regional integration. Indonesia, Malaysia, the Philippines, Singapore and Thailand have conventionally recorded high growth and are commonly recognized as the more developed countries of the region.

“During the 1990s, South east Asia evolved as the most rapidly growing economy in the world. ASEAN also cultivates cooperation with Pakistan on certain sectors. Consistent with its resolve to enhance cooperation with other inter-governmental organizations, namely the Economic Cooperation Organization, the Gulf Cooperation Council, the Rio Group, SAARC and South Pacific Forum. Most ASEAN member countries also participate actively in the activities of the Asia-Europe Meeting (ASEM), the East Asia Latin American Forum (EALAF)”.<sup>55</sup>

“The South Asian region has not been able to figure as a strong regional block like other regional grouping in the world. There are humongous differences in terms of population, area of international trade quantum within the SAARC member countries. This lack of region-ness partly explains the poor performance of SAARC. Political conflicts and crises have gobbled up their scarce resources”.<sup>56</sup>

“South Asia is the most impoverished, most illiterate, most undernourished and is the most infamous in terms of gender sensitivity as well across the entire globe Intra-regional trade has stagnated at about four to five percent of the members’ total world trade. Per capital income is very low which is responsible for the low purchasing power of the people in the region”.<sup>57</sup>

There is a common perception that SAARC is distracted by the compulsion of observing formalities and not addressing core issues, which could propel cooperation in the region. It is now very well established that trade is an important stimulator of economic growth and it leads to significant reduction of poverty.

The poor performance of SAARC can be associated to two major factors. First, major problems are caused by deep historical and cultural differences, low intra-regional trade, low complementary indices, similar factor endowments and the competing structures of the economies.

The second factor pertains to the unwillingness of the ruling elite of the SAARC states to quickly resolve their differences and take practical steps to benefit from regional economic cooperation and trade. They are so much involved in their

domestic problems that they show a limited interest in regional cooperation. Though they make high sounding speeches and make commitments but they are less enthusiastic in fulfilling their commitments.

## **Chapter 5**

### **SAARC COMPARED WITH ASEAN AND ECO**

With the progressive growth of globalization, the international community has largely realized the advantages of economic integration, a model adopted gradually in different regions. The growth of regionalism stands as one of the most significant development in international relation in the 1980s which created joint markets in Europe and North America. The regional market approach has become as a global strategy for development. It is seen to strengthen the capacity of each country to trade internationally and promote economic development by synthesizing the complementary resource bases of individual countries.

#### **ASEAN AND SAARC**

South Asian States and South East Asia are part of the broad category of developing countries and share many problems, vulnerabilities and threats to their economies. Cooperation between SAARC and ASEAN would imply pulling together of interests of more than one and a quarter billion of people living in the total area of seven and a half million square kilometers.

There are clear indications of good prospects of closer trade and economic cooperation on the basis of complementarities and comparative advantage. The member states of the ASEAN are known for their impressive performance in economic and industrial growth. These countries are described as Newly Industrialized Countries (NICs). The countries are rich in natural resources including natural rubber (83% of total world output), palm oil (80%), tin (70%), and coconut (67%). The ASEAN countries also account for, a significant portion of world production of timber, sugar, coffee, nickels, bauxite, tungsten, copper and coal. ASEAN countries' flourishing industries include iron and steel, machinery assembly and manufacture, garments and textiles, food processing, timber, electronics and chemicals. Although agriculture continues to account for about a quarter of the GDP of ASEAN economies, the share of industry is steadily rising accounting at present generally for more than a third of the GDP.

The South Asian countries are generally deficit in mineral and industrial

products and to some extent agricultural products. However these countries have ample in natural gas and some primary products like jute, hides and skin. The metal and metal products, rubber manufacture, basic chemicals and fertilizers. They are also generally deficient in technology, skill and know-how. India, of course, is rich in several mineral resources and has attained considerable advancement in industrial production and technological development. At least two other states of the SAARC region, namely, Pakistan and Sri Lanka generate more than a quarter of their respective GDP from industry sector. At an aggregated level, however, the South Asian region remains industrially and technologically less developed than the ASEAN region, the latter's industrial output far exceeding that of South Asia. The same is true of the value of manufactured exports.

It may be noted while looking at the overall situation it would appear that both in terms of direction and commodity composition of trade as well as structure of production, there is not a very wide scope of trade and economic support between the SAARC and the ASEAN at the present stage of their development. At a disaggregated level, however it may not be difficult to identify possible areas of mutually beneficial cooperation. South Asian countries may expand, for example, their exports of such items as raw jute and jute goods, some minerals like natural gas and some manufactures like paper and paper board, newsprint, certain pharmaceutical products to ASEAN countries. The ASEAN expansion of exports to the SAARC states may include mostly primary products, textile products, and to some extent iron and steel, machinery and chemicals. Other areas of cooperation may include product development, marketing and sales promotion, transport and communication, joint ventures in industry, agriculture and other sectors of production.

**Table 7: SAARC-ASEAN Comparative Profile (1985)**

Criterion		SAARC		ASEAN	
1.	Year of Launching	August 1983		August 1967	
2.	Member-States	Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka		Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore, Thailand	
3.	Population				
	a. Total (million mid 1984)	971.2		280.3	
	b. Range (millions)	Maldives	0.2	Brunei Darussalam	0.2
		Bhutan	1.2	Singapore	1.5
		Sri Lanka	15.9	Malaysia	15.3
		Nepal	16.1	Thailand	50.0
		Pakistan	92.4	Philippines	53.4
		Bangladesh	98.1	Indonesia	158.9
		India	749.2		
4.	GNP Per Capita (Dollars) 1984	Bhutan	120	Indonesia	540
		Bangladesh	130	Philippines	660
		Nepal	160	Thailand	860
		India	260	Malaysia	1,980
		Sri Lanka	360	Singapore	7,260
		Pakistan	380	Brunei	22,000
		Maldives	470		
5.	GDP				
	a. Range: (Millions of Dollars 1984)	Maldives	22	Brunei	4,253
		Bhutan	113	Singapore	18,220
		Nepal	2,290	Malaysia	29,280
		Sri Lanka	5,430	Philippines	32,840
		Bangladesh	12,320	Thailand	41,960
		Pakistan	27,730	Indonesia	80,590

		India	160,280			
	b. Total		210,185		167,143	
6.	Value of Gross Industrial Products (Million of Dollars 1984)	Nepal	274	Singapore	7,105	
		Sri Lanka	1,411	Malaysia	10,248	
		Bangladesh	1,478	Philippines	11,165	
		Pakistan	8,041	Thailand	11,748	
		India	43,815	Indonesia	35,236	
		Bhutan	-	Brunei	-	
		Maldives	-			
7.	Value of Manufactured Export (Million of Dollars / 1983)	Nepal	45	Indonesia	1,618	
		Sri Lanka	314	Thailand	2,058	
		Bangladesh	485	Philippines	2,534	
		Pakistan	1,964	Malaysia	3,965	
		India	5,080	Singapore	12,388	
		Bhutan	-	Brunei	-	
		Maldives	-			
		Total	7,888	Total	22,563	
8.		Intra-Regional Trade % share of total trade	Approx.	7%	Approx.	15%
9.		Main factors behind the origin	Socio-economic cooperation		Socio-economic cooperation	
10.	Main preoccupation currently	Socio-economic		Political / Strategic		
11.	Foreign Policy Orientation	Mixed		Pro-western		

Source: World Bank Development Report, 1986

Regional organizations originate and flourish in a complex web of interacting factors: the will of the nations within the region to organize themselves for regional cooperation and speed up development, the perceived need for attaining regional peace and political stability, desire to play a more important role in international affairs and other international forums. For a particular regional organization at a

particular moment of time one or more of the factors or a combination play a critical role in the inception and developmental process of the organization. The path that the organization has to travel is not set in a predetermined way. In this perspective, the experiences gained by a particular organization are unique and may not necessarily be replicated in another regional organization.

“The concept of regionalism in ASEAN revolves around inter-governmental cooperation as opposed to integration as in EEC. Regional cooperation does not replace national efforts but putatively supports national development efforts in case of ASEAN. Comparing the incipient process of development in SAARC with that in the ASEAN, it may be argued that both SAARC and ASEAN developed as an extension of national efforts for development through cooperation mainly in the socio-economic, technical and cultural fields. For both the associations, the central goal is the intensification of the cause of peace, harmony and stability in respective regions and to converge and harmonize efforts in stepping up economic development. And for both, the immediate goal of socio-economic and technical cooperation is viewed as a catalyst to the realization of the ultimate goal of regional peace, stability, and harmony.”<sup>1</sup>

In the process, both the associations as and where they consider apt, may include new areas of cooperation apart from the so-called agreed areas and also adopt new strategies. Unlike the EEC (EU) which has the clearly articulated objective of creating a regional integrated community, ASEAN approach was one of regional economic cooperation in terms of coordination, synchronization and sharing of resources among sovereign nations with no supra-national authority to inflict any “federal loyalty”.

When the organizations significantly vary in their political setting, motivational forces and course of development, an impartial analysis and assessment of the experiences of the organizations, their successes and failures and linking factors may provide useful aspects of other organizations in determining their respective courses of development.

Regional cooperation must not be examined with any doctrinaire approach to be dependent on a smooth and idealistic basis of inter-state relations among members. Inconsistent with a presumably saner approach, the ASEAN was created and nurtured

at a time when the politico-strategic environment and inter-state relations in South-east Asia were critically disfigured. The tension emerged not only from bilateral territorial disputes but also credibility deficit towards each other. In the words of an ASEAN leader, the member states at the early stage of ASEAN were not only separate from each other but ignorant of each other and were only too eager to, point fingers at each other. The Southeast Asian leaders at the time of forming the association were all focused on driving away tension and inconsistencies. The impetus was provided by the determination to ensure peace and stability in the region to pave the way for smooth national socio-economic development. The search was, well supported by uniformity in threat and security perception from both within and outside the region. But, the real stimulus emanated from an appreciation of the evils and uselessness of mutual lack of credibility, tension and confrontation which compelled the states to negotiate and finally establish cooperation with each other under the ASEAN. A point often trivialized is that the inter-state political relations were quite volatile and that it was political problems among the ASEAN states that brought them together. The basic purpose was of course, socio-economic growth of the respective peoples. Equating this experience with the South Asian situation, two observations may be made. Firstly, the prevailing mistrust and strained inter-state relations could not impede the initiation of regional cooperation for socio-economic development. The driving force stemmed from the realization of the cost-benefit ramifications of mutual mistrust, tension, and expression of aggression. Secondly, extending the first argument, it should be possible to imagine that efforts at bringing about unity under the ambit of SAARC may be gradually getting acceptance to the extent that the cost-benefit criterion casts an impression upon the political will. This line of thinking may be elevated to the next stage in order to argue that regional cooperation in socio-economic areas would itself create an amicable political atmosphere, first, by the gradual and progressive process of cooperation and, secondly, by the self-produced compulsions of maintaining political stability or at least reducing the intensity of tensions in inter-state relations in order to ease cooperation in socioeconomic fields.

## **ORGANIZATIONAL STRUCTURE AND DECISION MAKING MECHANISM**

In terms of organizational structure and institutional arrangement ASEAN focused on forming, informal and functional bureaucracy hot on the heels of “minimalist approach”. All the functional committees and organs including the secretariat are intergovernmentally crafted. SAARC approach to regional organization is also presumed to be identical. SAARC at present has a small secretariat. Decision in both the organization is executed by layers of horizontal and vertical committees. Although the process of decision making followed in ASEAN is flexible – one of consensus opposed to the principle of consensus that has been assimilated by the leaders of South Asia in the perceived interest of the region, the mechanism used in arriving at the decision is similar, that is the practice of extensive consultation, behind the scene negotiations in a bid to arriving at a position of consensus or unanimity as the case may be. The flexible formula of 6-x as followed in ASEAN should be comprehended in the light of its own perspective. On the other hand, given the realities of South Asia, the principle of consensus has been adopted in order to ensure democratic participation of all members on the basis of sovereign equality. In order to come up with a more flexible approach of decision making in SAARC, it would be adopted, dictated and justified by the unfolding of events in South Asia.

## **AREAS, EXTENT AND MODALITIES OF REGIONAL COOPERATION**

ASEAN experience of regional cooperation shows that the association was mainly cooperation in socio-economic fields. The association appears to have focused more on cooperation in politico-security and strategic matters. To say the ASEAN cooperation in socio-economic fields has been relatively successful is to articulate something pretty obvious. It would be pertinent to observe even within the socio-economic areas success has been quite significant.

In relation to trade related cooperation the main problems are linked with issues of “economic nationalism” like market sharing and protectionism. Disparate levels of development united with divergent national interests give way to a quest for national solution to the problems. Member states have strived to propel the level of extra-regional linkage in isolation of the interest of the grouping as a whole. The

private sector performance in cooperative ventures has failed to make the grade in the economic sectors. Notwithstanding the abysmal performance in some of the economic sectors, the ASEAN has continued to surge ahead while apparently aware of the limits to what regional cooperation arrangement can be expected to achieve in the specific context of reference and time-span.

Regional cooperation is regarded as one of many other ways that member states strive collectively and severally to resolve the problems; facing them nationally, bilaterally and regionally. The basic approach admittedly was rooted in slow mobility so that activities and programmes do not have any ambitious scope out of sync with regional preparedness.

In terms of the terms and conditions ASEAN approach has been rooted in informality. The process of decision-making and deliberations almost exclusively hinges upon the matrix of mutual consultation. There has been a subtle understanding of precluding any controversial situation on matters both within and outside the scope of ASEAN. Problems of bilateral and controversial nature have been regarded as the part of reality and member-states realized their potential influence on the process of multilateral cooperation. It appears that ASEAN member-states have followed an intentional policy of keeping the bilateral disputes below a potentially explosive level

It is important to observe in this connection that although bilateral and contentious issues are beyond the pale of ASEAN mandate, the member-states are kept away from using the forum for informal discussion on any such subject. Resilience that the ASEAN member-states have exhibited in coping with a given situation impacting on their national interests is, perhaps, the most remarkable phenomenon in the development of the ASEAN.

## **SETTLEMENT OF DISPUTES**

The ASEAN experience has shown that in the backdrop of lack of synchronization and divergence pervading the landscape, together with the concomitant disputes, member states have displayed over the years a remarkable degree of comprehending each other's problems, aspirations and limitations. There has been more importantly, a tacit agreement on the mutual role perception and role playing. There have been references to a so-called 'low-profile' role on the part of Indonesia, repository of pivotal power in the region. Whether or not such was the case

or even whether or not such question did at all arise is indeed difficult to establish. It is also difficult to generalize or offer a motive of such understanding. But the experience has symbolized a working level of reciprocity. In terms of specific issues the member-states have initially tried to thrash out differences. In the event of a failure to do so they have consciously overlooked them in favour of the greater cause of cooperation. It appears that ASEAN was characterized by a consensus that disputes at bilateral level have an undeniable existence in inter-state relations, and whilst there were attempts at settlement of such disputes, failure to do so, was never allowed to obstruct the process of cooperation under ASEAN.

As already indicated, SAARC forum is currently not intended to deal with bilateral and contentious matters. In line with the character of inter-state relations in the region this approach has largely been regarded as a realistic one. In the light of ASEAN experiences, and even from what has transpired hitherto in the SAARC forum, it is quite possible that are two aspects of this problem. Firstly, although such issues do not feature in the formal agenda of the SAARC, member-states are not restrained from proposing and debating these informally when they come together for meetings within the SAARC forum. Indeed, some bilateral issues have already been selected by member-states on more than one occasions and the forum has been interpreted as a stress elimination platform. It is ostensible that given the political will, exploiting the frequency of high political level meetings the member-states may increasingly find SAARC a useful forum with an opportunity to sort out their differences in pretty much the same way their ASEAN counterparts have done.

The second aspect is associated with the asymmetry and consequent to that, role of India. There is no denying that most of the problems at bilateral level in South Asia are one way or the other linked with India. It has also been observed that barriers are more often than not psychological, and centre on the divergent perceptions about the role of India. It appears that the sooner there is an understanding and unanimity among the member-states about the collective role realization and role playing; the better it is for the nourishment of collaboration within SAARC. There should be a candid debate among the member-states at both official and unofficial levels and with certain degree of optimism and enlightened national interest member-states may be able bridge the differences at least on this count

The ASEAN experience stresses on the one hand, critical importance, in this

respect, of the foreign policy orientation of India as the largest and most powerful country in the region, and, on the other, the development of spirit of bonhomie, accommodation and trust which are a defining feature of ASEAN regional and inter-state relations. There is an obvious need for hammering out a balance between bilateral and multilateral interests of SAARC member states for a prosperous future of the region.

## **INTER-REGIONAL COOPERATION**

ASEAN is certainly a success story in terms of its experience in inter-regional cooperation, particularly the way ASEAN has given primacy to member states in forging closer linkage and cooperation with third countries, group of countries and other regional and international bodies. ASEAN inter-regional cooperation has been effective only in obtaining aid or assistance packages but also in constructing long term complementary economic relations. Particularly notable has been the ASEAN success in terms of portraying the region as an ASEAN entity which strengthens its bargaining position. The association has often been successful also in highlighting matters of its own interest as an overall Third World issues. Significant components of inter-regional cooperation from ASEAN experiences include:

- a) Shared actions and approaches in expanding regional interests,
- b) Sharing of benefits of each other's experiences and progress in various fields, and
- c) Common front vis a vis NIEO and other related matters.

The prospects of cooperation between SAARC and ASEAN, two geographically close regions are promising and seem to be mutually beneficial to each other. There should be a long term planning and vision in this respect and a pragmatic approach needs to be developed. Cooperation between the two associations can only be worked around on a 'go-slow' strategy on the basis of a clear-cut vision of both the sides of each other's benefits and should necessarily be complementary to existing bilateral or multilateral relations rather than tilting to one side. Inter-regional cooperation should also complement each other's capabilities and not replace them with a less worthy variant. Any programme or project for inter-regional cooperation from a SAARC perspective should be untied and unconditional and should be equitably beneficial to all SAARC countries. But, most important of all, any formal linkage of SAARC with other regional bodies and for that matter any concrete

cooperation project should be postponed until the organization becomes consolidated in every respect

### **SAARC – ASEAN & ECO: A COMPARATIVE APPROACH**

The South Asian region consists of 44 percent of the world's poor. The SAARC could not come up to the expectation of its people and hence it could not go beyond modest organizational relations with the other regional organization like ASEAN and EU, in so far as access to European and ASEAN markets, investment from EU and ASEAN in South Asia are concerned. South Asia is one of most rapidly growing regions of the world. Its real GDP grew by "7 percent in the year 2005". Despite institutional problems, interstate conflicts and infrastructural limitation, it is blessed with skilled human resources, an expanding middle class and advanced technologies. Emergence of a dynamic business class is another good sign for the region's development. Economically, South Asia contributes approximately "20% of world GNP" and constitutes around "2.2% of the EU external trade". India being a big country by virtue of having 77 percent of the total South Asian population and almost 80 percent of the regional GNP is the potential investment location for European as well as ASEAN companies.

"The ASEAN enjoys profound experiences of over forty two years in the field of regional cooperation, whereas SAARC has an experience of more 24 (twenty four) years. Though SAARC represents the most popular region of the world having potentially a huge market for industrial and technological fields, it has no institutional akin to those of the European Union or ASEAN".<sup>2</sup>

The ASEAN is seen as a model for peace and prosperity. Its experience shows that real fillip for self-help and cooperation stems neither from exclusive bilateral relations nor from loose global links and integration. It primarily comes from regional cooperation that is the key to exploiting the potential and economy of the neighbourhood. The ASEAN experience demonstrates that greater economic cooperation is possible only when there is political convergence of views among the members countries of the region. In contrast, SAARC has hardly progressed beyond oral wizardry of speech and regional cooperation and still suffers from underdevelopment, political instability trust deficit and in cohesion.

Policy formulation and implementation, essential to achieve the objectives of the SAARC Charter are still the -challenging tasks. The organization is beset with the problems of accessing apt methodological tools, well-defined standards, data and information. A number of institutes have been established to contribute to SAARC, and they have been connected to various national institutions. These have to some extent contributed to promoting communication between professionals for swapping information, sharing experiences and amassing data. These exercises may not have a remarkable impact on the process of cooperation, yet they have added to the expansion of cooperation agenda on some of the burning socio-economic issues like poverty, environment, technology, etc., in the South Asian region. Nevertheless, such official level discussions still have a long way to go before they become operational. Poverty is one of the biggest impediments in the way to progress in South Asia. However, during the period 1981 to 2005 the poverty rate in South Asia declined from 59 per cent to 40 per cent.

### **Mechanism**

The ASEAN approach is based on the expansion of an exclusive and extraordinary institutionalism, the role of law and amity. The progress in SAARC can only be achieved on the basis of unanimous inter-regional decisions taken at the level of councils of minister. SAARC however, follows the approach of: (i) change of information whereby its members learn from each other experiences (ii) trade and economic cooperation where input from the SAARC chamber of commerce and industry is also invited (iii) functional cooperation in major areas.

In the initiative proposed by ASEAN to revitalize ongoing institutions, SAARC has often been hesitant in accepting such an idea. Therefore, it falls behind in many areas of development.

### **Assessment**

Regional development can only be achieved through cooperation. Cooperation includes a wide range of issues viz, production, trade, services, human resource development, globalization, etc. The ASEAN since its inception carefully planned and worked out a frame work for cooperation. Its member states tried to resolve their dispute and concentrated on the sole objective of strengthening the integration process of the union. SAARC member countries, on the contrary, never outlined a proper

structure that could envision benefit for all. It is thus very important to examine how cooperation can contribute to the course of development in South Asia.

### **Political Dimensions of ASEAN and South Asian Consciousness**

Political consciousness in ASEAN countries started with the rejection of the concepts of war and despotism. Until the 1960s divergent ideologies governed Indonesia and Malaysia. But with the passage of time, the decade of 1970 saw a revolution common trade and economic benefits together with the regional common security and defence identity which also reinforced the process of political consciousness in the ASEAN. In the world where economic strength is gaining priority, it is now a front-ranking global economic power. Consequently, ASEAN has sustained the process of regional integration with due respect for national interests.

“However in South Asia, the emergence of states based on diverse ideologies consolidated the idea of nation-state and regional identity could not come up as a bonding formula”.<sup>3</sup>

### **Dispute Resolving Process in Two Regions**

The ASEAN believes that acknowledging the complexities does not connote giving in to them. On the other hand, though problems are often highlighted by the SAARC leaders, an ambivalent attitude and dithered thought and action have become the norm in the Association. Hence, there is a lack of political will in SAARC to resolve mutual disputes.

### **Decision-Making Approach**

In the ASEAN union adherence to unanimity is not the ultimate role because the union believes that it frequently leads to an impasse. The SAARC charter, however, clearly states that all decision's will be made on the basis of unanimity and that no bilateral disputes will be taken up for discussion. The centrality of location and the size of India practically rules out any amendment in these provisions. That is why the decision making apparatus of SAARC has remained feeble.

### **Interaction with Civil Society**

Institutions of the ASEAN Union have taken various measures to make their citizens aware of their procedures, through starting open and planned dialogues with interest groups. In the SAARC committee meeting little capacity is found for taking

operational decisions. The joint secretaries of the member countries, who contribute to these discussions by and large, come without having a lucid brief from their governments. Also some of the officials sent by the government are devoid of a proper idea or decision-making ability.

As a result the SAARC secretariat remains quite ineffective. But fortunately the participation of the civil society among the member countries is accelerating day by day. This has given a boost to people to people contact. As a result a sense of community among civil society groups within SAARC has emerged. Beside this, there is a need for a code of conduct with regards to access to SAARC documents for scholars and NGOs.

“South Asia, consists of 22% per cent of the world's people, has massive development capabilities. Diversities in cultures, religions and civilizations are its distinctive features. But in the last few decades, due to poor investment in human capital in contrast to investment in arms, short-term and indefinite strategies for economic and social progress, ill-governance, elitist power structures and inadequate understanding and concentration on poverty reduction, South Asia could not emerge as a progressive integrated region”.<sup>4</sup>

The establishment of SAARC was welcomed as a big diplomatic breakthrough in the region. However, over the last two decades, it has been criticized for its slow pace and modest accomplishments. To some critics, SAARC is simply a talking shop. For others, “SAARC may not be a cut and dried remedy to the region's problems, but at least has provided an opportunity to the policymakers, administrators, and professionals to converge together and hold dialogues on vital bilateral and regional issues. SAFTA is often regarded as an exemplary outcome of these collaborations. The issue of concern remains whether economic benefits would impel South Asian countries towards better cooperation? Given the record of long drawn out conflicts and mutual distrust, will the South Asian countries ever be able to achieve economic interdependence?”<sup>5</sup> Can it become a successful organization like ASEAN? To answer these questions, a peep has to be taken into SAARC formation structure, issues, reservations, and impediments.

At the time of the creation of SAARC, both India and Pakistan had their reservations over this idea. India had fears that the proposals for regional cooperation might provide a chance for the smaller South Asian nations to regionalize all bilateral

issues by rising up against India. Pakistan hypothetically believed this idea to be an Indian move to unite other smaller neighbours against Pakistan to ensure India's dominance in the region. Considering both these countries' concerns, only "non controversial and non-political" spheres of collaboration were proposed in the initial draft paper of SAARC.<sup>6</sup>

It is true that in many areas SAARC has remained restricted to rhetoric and inaction. It is also a reality that SAARC actions were reduced to the holding of summits, seminars, workshops, and short-term training programmes, which doubtless constructive yet do not cover priority areas and thus require regional focus. The 15th SAARC conference, that took place in August 2008, is quoted as the latest example of 'inaction' by the critics. As leading English daily noted that despite the fact that the central theme for the conference was "trade," India, Pakistan and Afghanistan continued to trade "explosive accusations" leaving little hope for any development on the main theme.<sup>7</sup> SAARC has been suffering from financial deficits. Unless the organization successfully collects funds and technical assistance from experienced organizations like ASEAN, it cannot expand its areas of relevance. The future development of SAARC largely hinges upon the domestic political and economic dynamics of member countries. The history of South Asia is replete with bilateral interstate contentions. The contentious issues are of a wide-ranging and varied character. They may be divided into five categories:

The first is the outcome of colonial legacies, the British rule in South Asia led to many controversies which continued even in the post-British era, such as the Kashmir issue and boundary questions between India and Pakistan, India-Nepal relations, the problems of people of Indian origin in Sri Lanka and Burma, etc. In the second category, come the issues of political and ideological nature. The main contention in this respect between Indian and its South Asian neighbours has been the extension of India's periodic support for the "political forces and systemic characters that have been inimical to the prevailing establishments in these neighbouring countries."<sup>8</sup> India has bilateral issues with almost all its neighbours. India's support to the cause of Tamils in Sri Lanka's ethnic conflict led to major tensions between the two countries during the 1980s. Since the withdrawal of India's 'peacekeeping forces' from Sri Lanka in 1990, their relations have improved a lot. With Nepal, it faces difficulties on the issue of "open border and free movement of men and materials."<sup>9</sup> It

has issues with Bangladesh such as Chakma refugee problem and Farakka barrage.

The most crucial problem affecting SAARC regional cooperation is the persisting conflict and mutual suspicion between India and Pakistan, the core issue being Kashmir. Since independence, they have fought four wars — in 1948, 1965, 1971, and 1999. India openly supported the Awami League (in the former East Pakistan) in the 1970-71 crisis which led to war and the emergence of Bangladesh. The main irritants of Indo-Pakistan relations are: (i) structural disparities between the two countries, (ii) deviating political set-ups, (iii) India's hegemonistic stance and its wish to maintain the status quo, and Pakistan's rejection to succumb to this policy by acquiring nuclear capability (iv) ideological differences, and (v) blame game.<sup>10</sup>

The third category takes in the issues of strategic conflict and military balance that has engendered numerous confusions.

“Strategic dissonance is a perennial trait of South Asian relations. Security perceptions of India deviate from those of its neighbours. India has always resisted outside intervention in South Asian affairs. On the contrary, the other South Asian countries feel threatened due to Indian supremacy in the region and look outside of the region to gain support and security against this threat. This discrepancy has often pressurized the smaller SAARC nations to allow marginalizing of their bilateral and regional security compulsions in relation to India”.<sup>11</sup>

Owing to the nuclearization of the region, there is no likelihood of conventional wars any longer. Therefore, inter-state confrontations are restricted to a range of "non-standard," "irregular" "low profile untraditional" wars. The phenomenon of terrorism is has now become central to South Asian conflicts.

Fourth, internal turmoil leads to a spillover in the shape of political tensions in the region such as flow of refugees, administrative and financial pressures, etc. The issue of influx of more than 3 million Afghan refugees in Pakistan is the case in point. In Sri Lanka the ethnic crisis between the Tamils and the government and in Nepal the chaos during of the Maoist insurgency are yet other examples.<sup>12</sup>

Lastly, many problems have continued to emerge regarding conflicts over resources and developmental issues. India, Nepal and Bangladesh have contentious relations on the sharing of water resources. In the past the Indus waters dispute

between India and Pakistan, and the recent Baglihar dam issue are other cases to cite.

“The demographic explosion in the SAARC region has led to scarcity of resources, due to which new conflicts have risen. Owing to political, geographical and environmental reasons, a viable solution to address these issues could not be evolved”.<sup>13</sup>

Among the SAARC countries, only India is blessed with the appropriate experience, skill, technology, and capital to organize joint ventures in the region. Indian technology can be properly fine tuned to tailor local conditions and is not affected by limited capital and foreign exchange resources. In spite of this fact, not much Indian investment has occurred in the region because of political conflicts and a general suspicion of India's approach. Considering the points stated above, it is important to note that most of the conflicting issues have been bilateral in nature. Hence, only a bilateral approach towards resolution of these issues can open the up avenues of regional cooperation and success. SAARC can become a successful organization subject to the point-blank condition that the core issues like Kashmir are resolved and the hegemonic stance taken by India is renounced to allay the fears and suspicions of the smaller member countries. This will certainly pave the way for SAARC to become a vibrant regional organization, both at regional and global levels, ensuring prosperity for its peoples.

The challenges and the prospects of regional organizations differ in accordance with their “economic state of affairs, cultural and historical settings, geographical position, intra-regional political interactions and their outlook for future. A regional organization can only enjoy maximum economic and political benefits of inter-state cooperation when its member countries have a sense of shared identity and common destiny. The economic benefits of regional cooperation will largely be determined by the complementarities among the economies of the member states.”<sup>14</sup> Cultural affinity, absence of serious disputes and non-hegemonic designs are the preconditions SAARC will have to meet to be a roaring success like EU.

“It is often argued that for SAARC to become a successful organization economic matters should be given priority over political matters. But one cannot negate the reality that economic issues cannot be completely separated from political and security matters and in order to promote integration process, SAARC needs to synchronize foreign and

security policies of its member countries”.<sup>15</sup>

“SAFTA, which became functional in January 2006, has loopholes in the form of expectations and lists of sensitive items in respect of which the least developed countries can claim protective treatment. Therefore, trade on a level playing field basis is required for SAARC to enhance cooperation”.<sup>16</sup>

Its history of unsatisfactory economic performance, disagreements and conflicts between the two regional powers, India and Pakistan, can either keep the region into perpetual poverty or through collaborative efforts, it can be turned into a hub of active cooperation in the fields of trade, culture, environment, energy. Inter- and intra-divisions along religious, cultural, class, regional and linguistic lines can be channelized optimistically as a part of South Asian diversity or can keep on blurring and negating the bright prospects of cooperation and development in the region.

There is no gainsaying that because of the existing political tensions between the SAARC member states such as Kashmir issue, both India and Pakistan have, since their coming into being, spending more than 70 per cent of their respective budgets on defence under the pretext of ensuring their security and sovereignty. The strained Pak-Afghan relationship, the issues of terrorism and blame game have further aggravated the political tension. Such troubles have adversely affected the socio-economic uplift of the people so much so that at least one third population lives below the poverty line. These are the challenges the South Asian region is confronted with and which require attitudinal change, political will and collective efforts of the region's politicians, policymakers, intellectuals, industrial-business community, and civil society. Keeping in view the new regional and global realities, SAARC needs to expand its scope both structurally and operationally. SAARC's inability to deal with non-economic issues has been its greatest failure. All assessments made so far point to this reality that with the resolution of the pestering issues every SAARC member country, big or small, can alleviate the sufferings of its people and help the Association become a parallel to ASEAN.

ASEAN has an observer status in the United Nations with full-fledged status of a minister. In the region, human based economy has been shifting to that of a knowledge-based economy. There is a primary difference between SAARC and ASEAN: while the SAARC is still geo-strategic the ASEAN is based on economic cooperation. “The ASEAN way” signifies consensus and willingness to compromise

and work together in a spirit of give and take towards socio-economic cooperation by avoiding politically contentious issues. Also, to keep economic issues separate from regional politics it was suggested that in a similar spirit Pakistan-India political disputes should be set aside so that economic cooperation in the SAARC region could be established on a sound footing.

In the ASEAN union, the foreign minister's summit which is considered to be the highest level, reviews the overall progress of the organization. The ASEAN community is like the EU and eminent persons are finalizing its charter. Forty years ago, the only five countries were ASEAN members but now there are ten members and free trade area has also been established.

ASEAN has some advantages as the role of Japan in its development has been vital and there is no major territorial dispute existing between the ASEAN member states. In South Asia the South Asian Association for Regional Cooperation (SAARC) was conceived in 1985 to trigger economic and social cooperation among member states. It has grown in membership by admission of Afghanistan as the 8<sup>th</sup> member and includes some observer nations.

## **SOUTHEAST ASIAN REGION**

Southeast Asia covers an area of 4,465,487 sq.km and consists of ten states - Brunei, , Malaysia, Myanmar, the Philippines, Singapore, Cambodia, Indonesia, Laos Thailand, and Vietnam. Indian influence was first felt in the region through the spread of Hinduism and Buddhism, followed by Chinese and Muslim influence. Muslim merchants from South Asia, in the fourteenth century, established trade centers in Malaya and up to the Southern Philippines. Then came the European colonists who have left visible marks in the economic and political field in Southeast Asia. At the end of the Second World War in 1945, there was just a single sovereign state – Thailand. The rest of the Southeast Asia was under the European colonial yoke. With the process of decolonization in the post-War period, nine new states had emerged in Southeast Asia. Throughout the 1950s and 1960s the entire region had remained economically weak and politically fragmented, which gave way to the belief that mutual economic development would provide political stability in the region.

Against this backdrop the representatives of the governments of Indonesia, Malaysia, the Philippines, Singapore and Thailand gathered in Bangkok on August 8,

1967 and signed the Association of Southeast Asian Nations' (ASEAN) declaration to nurture their own regional system of cooperation.

The primary motive for this grouping was "economic growth, social progress, and cultural development in the region through joint endeavours in the spirit of equality and partnership."

The first summit meeting of ASEAN was staged at Denpasar, Bali, Indonesia on February 24, 1976 and two major documents were signed: "Declaration of ASEAN Concord; and ASEAN's core Treaty of Amity and Cooperation (TAC) in Southeast Asia. TAC laid down the principles of ... collective respect for the independence and sovereignty of all nations, no unsolicited interference in the internal affairs of each other; resolving disputes by peaceful means; and effective cooperation among the member countries".<sup>17</sup>

Brunei Darussalam became member of ASEAN in 1984. In the post-Cold War period, Vietnam, Laos, Myanmar, and Cambodia became members of the Association in 1995, 1997, 1997 and 1999, respectively. Since its inception, the member countries have acceded to follow the major documents of ASEAN:

1. Zone of Peace and Neutrality Declaration, 1971
2. ASEAN Declaration on the South China Sea, 1992
3. The ASEAN Regional Forum: A Concept Paper, 1995
4. Treaty of Southeast Asia Nuclear Free Zone, 1995
5. ASEAN Vision 1997 --2020
6. Joint Statement on East Asia Cooperation, 1999
7. Rules of Procedure of the High Council of the Treaty of Amity and Cooperation in Southeast Asia, 2001
8. Declaration of ASEAN Concord II, 2003
9. Vietnam Action Plan (2004-2010) (replaced the Hanoi Action Plan), 2004
10. ASEAN Eminent Persons Group (EPG), 2005

Of all the documents signed since 1967, probably the most important and comprehensive document is ASEAN Concord II, aka Bali Concord II. It was the

growing subversive activities of radical Islamic groups in Indonesia, Bali bombing on 12 October, 2002, and the Marriott Hotel devastation in Jakarta on 5 August, 2003, which convinced Indonesian leadership to obtain agreement of fellow ASEAN members at the 2003 Summit meeting to further strengthen and enlarge the role of ASEAN, especially in security matters. As a result of Indonesian persuasion, ASEAN leaders signed the Declaration on 7 October, 2003 in Bali. It proclaims that the ASEAN community shall be established by 2020 composing of three pillars: Political and Security Community (PSC), Socio-Cultural Community and Economic - Community (EC), (SCC).<sup>18</sup>

“Currently the Eminent Persons Group (EPG) which was formed by ASEAN in 2005 is preparing the final draft of ASEAN Charter to propose bold and visionary principles for the Association. The Charter would not only give ASEAN much-needed legal framework but also make it a more responsive, vibrant and integrated regional Organization”.<sup>19</sup>

The Charter could form the basis for transforming the grouping into a rule-based Organization where it would be possible to use majority voting, or subject member states to dispute settlement processes and penalize them when they do not meet their obligations.<sup>20</sup>

“The functional approach of ASEAN for the stimulation of tranquility and affluence in the region is based on deepening economic cooperation. ASEAN has sought not to develop regional economic integration but, rather, regional solidarity among neighbours for creating regional peace and stability through economic cooperation”.<sup>21</sup>

Economic and trade was one of the major areas identified for fostering regional cooperation in Southeast Asia. ASEAN did not achieve much in this area until its leaders signed the Bali Concord in February 1976. It was the first important step which cleared the hurdle for the Association to surge ahead in strengthening cooperation in trade and economic fields. The scope of economic cooperation achieved so far by the ASEAN member countries is remarkable. Areas such as trade and industrial cooperation, and cooperation on basic commodities are included within the scope of ASEAN economic activities. In addition, in 2000, ASEAN+3 (Japan, China, South Korea) agreed to establish a bilateral currency swap scheme, known as 'Chiang Mai Initiative' (CMI) to thwart a repeat of 1997 financial crisis.

“The remarkable economic performance of ASEAN member states has resulted not from the economic cooperation schemes among members, but mainly from Associations' trade and investment links with outside world, which have contributed to create the habit of cooperation that is the key to ASEAN success”.<sup>22</sup>

**ASEAN Countries' Trade with Industrialized States  
and among the Members during 2005**

(Unit: \$ U.S 1 million)

ASEAN Intra-regional	252,215	23.4 percent
Trade Extra-Regional Trade	827,193	76.6 percent

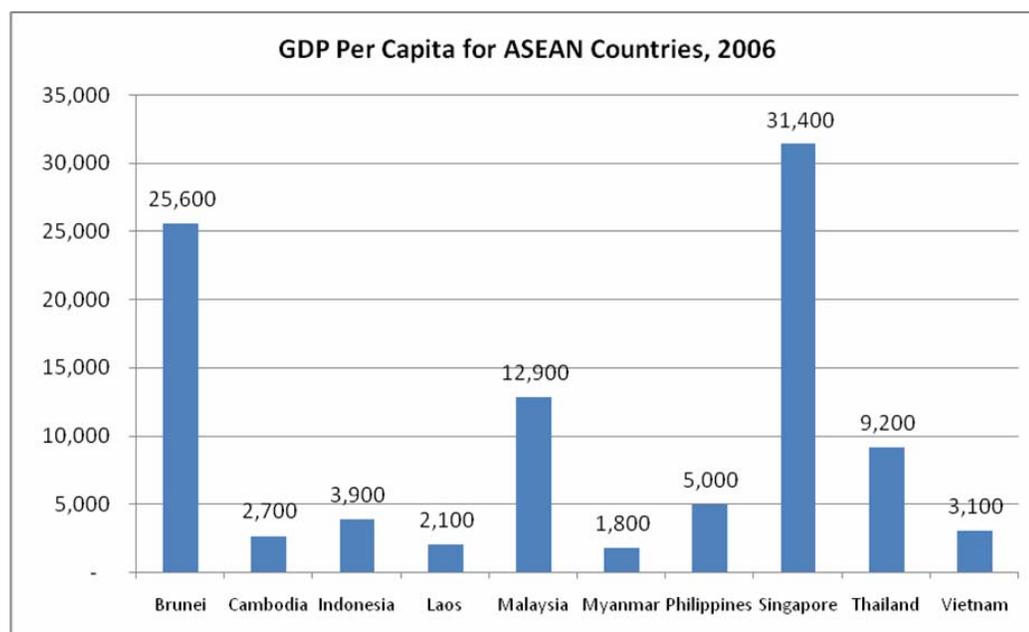
The trade trends suggest that intra-ASEAN trade is unlikely to grow: thus trade is concentrated in primary products such as, rubber, timber, vegetable oils, rice, sugar and crude oil.

“No doubt the economic development has made ASEAN one of the major actors on the world stage, but the region's export-driven growth and its heavy reliance on foreign capital and technology has also made it increasingly dependent on its external economic relations. The continuity of economic development has thus become a central concern of regional strategic thinking”.<sup>23</sup>

The key economic project ASEAN is ASEAN Free Trade Area (AFTA) which came into being in 1993 and became effective on January 1, 2002. Between 1967 and the establishment of (AFTA) in 1993, political and security cooperation had been the main focus of the Association. AFTA is being considered as the “chief element of ASEAN's geo-economic diplomacy which was not the result of the growth of intramural trade relations, but a well calculated strategic response to the formation of regional economic bloc elsewhere in the world, namely North-America and Europe”.<sup>24</sup>

AFTA's goal is the complete abolition of tariffs for Brunei, The Philippines, Thailand Indonesia, Malaysia, and Singapore by 2010 and 2015 for Cambodia, Laos, Vietnam and Myanmar. ASEAN member countries are charged with a commitment to build an Economic Community (EC) by 2020 to bring down barriers of goods, services, skilled labour and capital to create a single market in Southeast Asia.

Despite economic “miracles”, economic disparities and development level among ASEAN members are still great.



Source: Adapted from [www.cia.gov](http://www.cia.gov) (Accessed on July 18, 2007)

**Table Defence Spending of Southeast Asian Countries during 2005-06**  
U.S Dollars

	2003	2004	2005	2006
Brunei	272 Million	294 Million	309 Million	343 Million
Cambodia	67.7 Million	69.6 Million	111 Million	123 Million
Indonesia	2.12 Billion	2.34 Billion	2.47 Billion	2.59 Billion
Laos	37.8 Million	NA	11.7 Million	13.4 Million
Malaysia	2.41 Billion	2.25 Billion	2.47 Billion	3.08 Billion
Myanmar	6.26 Billion	6.23 Billion	6.23 Billion	NA
Philippines	840 Million	824 Million	837 Million	909 Million
Singapore	4.7 Billion	5.04 Billion	5.57 Billion	6.40 Billion
Thailand	1.93 Billion	1.93 Billion	2.02 Billion	2.13 Billion
Vietnam	2.9 Billion	3.17 Billion	3.15 Billion	3.43 Billion

Source: The Military Balance, 2005 – 2006, 2006, 2007, International Institute of Strategic Studies, London.

ASEAN Economic Community (AEC) aims at reducing poverty and socio-economic disparities by 2020. ASEAN member states have formed a distinctive approach to political and security cooperation which hinge upon the principle of

sovereign equality, non-intervention and non interference, mellowed down diplomacy, mutual sanctity and principle of non-intervention of ASEAN in mediating bilateral disputes among the membership.”<sup>25</sup>

The increasing degree of economic cooperation among ASEAN member countries, especially in the post-cold war period would prove to be of immense importance to the region which may ultimately turn into a “Concert of Southeast Asian Nations.”

On the other hand, the member countries are maximizing their power and state security by increasing their military spending and force modernization programmes. Political and military leaders in the region, however, give at least two reasons for post-cold war defence increase and force modernization.

- (i) ..... nearly replacing out-of-date weapons and structuring their force with an eye to future needs, and
- (ii) .... Their military preparedness is a requisite for maintaining peace and stability.<sup>26</sup>

The Southeast Asian countries post-cold war military modernization has been characterized as an intra-ASEAN arm race.<sup>27</sup>

**Table ASEAN – Details of the Regional Disputes  
Territorial Disputes**

1.	Malaysia-Singapore	Over the Pulau Batu Puteh / Pedra Branca Island in the Singapore Strait
2.	Malaysia-Indonesia	Over the Sipadan and Litigan Islands in Sulawesi Sea.
3.	Thailand-Malaysia	Common border dispute
4.	Malaysia-Brunei	Over Limbang
5.	Malaysia-Philippines	Over Sabah

**Maritime Disputes\* with Petroleum Potential**

1.	The Northern Andaman Sea	Myanmar and India
2.	The Eastern Gulf of Thailand	Vietnam, Thailand and Cambodia
3.	The South Western Gulf of Thailand	Malaysia, Thailand and Vietnam
4.	An Area North-West and East of Natuna Islands	Vietnam, Indonesia, Malaysia, and China
5.	Off-Shore Brunei	Brunei, Malaysia, Possibly China, Possibly Vietnam
6.	The Gulf of Tonkin	China and Vietnam
7.	The Spratly Islands	Brunei, Malaysia, Vietnam, the Philippines, and Australia
8.	The Arafura Sea	Indonesia and Australia
9.	Natuna Islands in South China Sea: Indonesia and Vietnam	

\* Maritime disputes over issues such as boundary demarcation, continental shelf, exclusive economic zones, fishing rights and resource exploitation.

Source: W. Lawrence S. Prabhakar, "The Regional Dimension of Territorial and Maritime Disputes in Southeast Asia" in "Kwa Chong and John K. S Koganceds, (eds), Maritime Security in Southeast Asia, Routledge, London, 2007, pp. 34-36."

It is interesting to note that in spite of the above mentioned territorial and maritime disputes "absence of war among the member countries is a major achievement of ASEAN." Not only has ASEAN itself freed from an intramural war, but no ASEAN country has fought an emphatic war with a non-ASEAN state since its inception in 1967." Non-use of force, conflict avoidance and conflict management are the basic norms of ASEAN members outlined in the Treaty of Amity and Cooperation

signed in 1976.

The post-Cold War global and regional changes forced ASEAN to undertake further institutional changes in this regard. The most significant was the establishment of ASEAN Regional Forum (ARF) in 1994. It is frequently termed as the "ASEAN's model of preventive diplomacy and conflict resolution." The primary purpose of the ARF is to "... act as preventive forum rather than a forum that could respond after the event. It may be seen as ASEAN's attempt, to expand its processes of conflict avoidance to the Asia Pacific Region".

**The security of state or group of states cannot be viewed in military terms** alone. Currently, the ASEAN countries are facing the challenges of non-traditional security threats. Besides cooperation in political matters, the regional cooperation is also critical for dealing with non-traditional security issues, also known as human security concerns. This security paradigm has roots in the liberal institutional school of international relations.

“The Southeast Asian countries are also facing rapid urbanization. It is estimated that .... 44 percent of all Southeast Asian nations will be living in region’s cities by the year 2010”.<sup>28</sup>

In the post cold war period ASEAN has to face some non-traditional security concerns includes, terrorism, cyber crime, money laundering, human trafficking, illegal immigration, food and water scarcity etc. in East Asia Japan was the first country to introduce the concept of ‘comprehensive security’ in the early 1970s which included military and non-military threats ranging from military attacks, economic well-being, pollution, natural disaster crime and terrorism. Under the ASEAN framework member states signed the agreement on the Establishment of Communication procedures and Information Exchange on 7<sup>th</sup> May 2002 to promote cooperation in combating transnational crime, including terrorism. To combat terrorism, money laundering and drug trafficking, the ASEAN countries have also established ASEAN Ministerial Meeting on Transnational Crime (AMMTC) in 1997 to exchange information, personal training and establishment of consistent legal systems. Another area where ASEAN member countries are cooperating is in combating piracy and maritime terrorism in South Asian waters. They are also cooperating in combating illicit drug trafficking. The influx of illegal workers, and trans-boundary haze population.

“Though there has been a substantial increase in the formation of regional identity, ASEAN countries have yet to develop a sense of ASEANness, a Southeast Asian parliament, common currency, a supreme court, a flag, an anthem, and diplomatic corps. ASEAN is being regarded as one of the most successful regional alliances, but it still lacks clear vision, especially on how to resolve their territorial and maritime disputes. Probably, the habit of cooperation and the tradition of tolerance, which they have developed in the last forty years, will prevail in the end. Southeast Asian Muslims are widely regarded as more tolerant and moderate than their Middle Eastern counterparts”.

At the same time, the Southeast Asian countries are grappling with non-traditional security issues. ASEAN remains and will continue to serve as a main vehicle for regional countries to cope with issues such as intra-ASEAN migration, enormous differences between and among member countries, spread of HIV/AIDS and Severe Acute Respiratory Syndrome (SARS). These issues could only be dealt with a cooperative approach. In addition, poverty elimination has been placed high on the social agenda of the association.

In sum, ASEAN is still found wanting in areas such as protecting human rights, public accountability and constitutional checks and balances.

### **SAARC – ECO – Pakistan**

Formed in 1985, the Economic Cooperation Organization (ECO) is the successor of the Regional Cooperation for Development (RCD) which remained in existence from 1964 to 1979. With the inclusion of six Central Asian Republics as well as Afghanistan in 1992, the organization is trying to explore and build economic cooperation in a vast and potentially rich region. Since the start of the 1950s, the rapidly growing regionalism in Asia has been of special interest to Pakistan which on its part has been linked with various regional' organization from the very beginning in enhancing its economic stakes in the region.

The effort towards regional economic cooperation was the CARs (Central Asian Republics) affiliation to ECO in 1992: in the belief the ECO would give them a launching pad beyond Central Asian borders. It was the successor of the pro-west regional bloc the Regional Cooperation for Development (RCD), which was replaced with ECO following the Islamic revolution in Iran. ECO was established in 1985 by

Pakistan, Iran, and Turkey. In 1992, it was enlarged by including Kazakhstan, the Kyrgyz Republic Afghanistan, Azerbaijan, Tajikistan, Turkmenistan, and Uzbekistan.

It has an objective to seek sustainable socio-economic development of member states. “The ECO heads of states have consistently assembled together since 1992, and the summits have typically included declarations and agreements. However, the enforcement record has been patchy and the impact has been limited. A basic hurdle to regional assimilation is the similarity of the member countries’ economies that are mostly centred on a small group of primary products such as oil, gas, minerals and cotton.”<sup>29</sup> Trade among the CAR’s and with their neighbours has therefore expanded slowly. A recent priority is assistance in the reconstruction of Afghanistan. A five-year action plan was endorsed in 2003.

ECO is an inter-governmental organizational composing of ten Asian countries namely; Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Afghanistan, Turkey, Turkmenistan Azerbaijan, and Iran. It provides the framework to hold forth about ways to revamp development and stimulate trade and investment opportunities. The professed objective has been to establish a common market for goods and services on the model of EU. ECO has its secretariat and cultural departments in Tehran, economic bureau in Turkey and scientific bureau in Pakistan. ECO established in 1985 by Iran, Pakistan and Turkey in order to promote economic, technical and cultural cooperation among the member states.

### **Structure**

The following organs exist:

- The Council of Permanent Representatives, is composed of the ambassadors of the other nine member states to Iran, plus the Director General for ECO Affairs in the Foreign Affairs Ministry of Iran
- The Council of Ministers, which is the highest policy-making body and composed of the Ministers of Foreign Affairs of the member-states, or other ministerial-level officials. It meets at least once a year.
- The Regional Planning Council
- The General Secretariat, consisting of six Directorates under the supervision of the Secretary General.

- Directorate of Industry & Agriculture
- Directorate of Transport and Communications
- Directorate of Economic Research & Statistics
- Directorate of Project Research
- Directorate of Trade & Investment
- Directorate of Energy, Minerals & Environment

Two specialized agencies and a couple of regional institutes also function under the tutelage of the General Secretariat.

**Table Total Foreign Trade of ECO Countries**

Countries		1998	1999	2000	2001	2002
Afghanistan	Import	373	411	550	551	950
	Export	209	167	186	113	101
	Balance	-164	-244	-364	-438	-849
Azerbaijan	Import	1076.5	1035.9	1172.1	1430.9	1665.4
	Export	606.2	927.7	1745.2	2314.3	2167.5
	Balance	-470.3	-106.2	573.1	883.4	502.1
Iran	Import	14286	13433	15086	18129	23786
	Export	13118	21030	28461	23904	28186
	Balance	-1168.0	7597.0	13375.0	5775.0	4400.0
Kazakhstan	Import	4313.9	3655.1	5040.0	6445.6	6584.0
	Export	5334.1	5871.6	8812.2	8631.5	9670.3
	Balance	1020.2	2216.5	3772.2	2185.9	3086.3
Kyrgyzstan	Import	841.5	599.7	554.1	467.2	586.7
	Export	513.6	453.8	504.5	476.1	485.5
	Balance	-327.9	-145.9	-49.6	8.9	-101.2
Pakistan	Import	9432.0	10309.0	10729.0	10340.0	12220.0
	Export	7779.0	8569.0	9202.0	9135.0	11160.0
	Balance	-1653.0	-1740.0	-1527.0	-1205.0	-1060.0
Tajikistan	Import	711.0	663.1	675.0	682.4	715.0
	Export	596.6	688.7	784.3	651.5	738.0
	Balance	-114.4	25.6	109.3	-30.9	23.0
Turkey	Import	45921.0	40671.2	54502.8	41399.1	51553.8
	Export	26973.9	25687.2	27774.9	31334.2	36059.1
	Balance	-18947.1	-14084.0	-26727.9	-10064.9	-15494.7
Turkmenistan	Import	1007.5	1478.3	1785	2349.0	2119.4
	Export	593.9	1187.0	2505.5	2620.2	2855.6
	Balance	-413.6	-291.3	720.5	271.2	736.2
Uzbekistan	Import	3290.0	3110.0	2945.0	3121.0	3160.0
	Export	3530.0	3235.0	3265.0	3144.0	3184.0
	Balance	240.0	125.0	320.0	23.0	24.0

ECO Region	Import	81252.4	75366.3	93039.0	84915.2	103340.3
	Export	59254.3	68719.0	83240.6	82323.8	94607.0
	Balance	-21998.1	-6647.3	-9798.4	-2591.4	-8733.3
Total Trade Volume		140506.7	144085.3	176279.6	167239.0	197947.3
Export / Import (%)		72.9	91.2	89.5	96.9	91.5
World Total	Import	5664000	5901000	6697000	6452000	6693000
	Export	5496000	5708000	6445000	6191000	6455000
	Balance	-168000	-193000	-252000	-261000	-238000
ECO Share in		1.43	1.28	1.39	1.32	1.54
World Total (%)		1.08	1.20	1.29	1.33	1.47

Source: ECO Secretariat Database

In the past, instability in Afghanistan, Pakistan-India rivalry and fear of export of Muslim extremism had been hampering progress in trade and investment. Another obstacle has been US and Russian opposition to different projects. Keeping in view the legitimate Russian and US interests, safeguarding and promoting regional economic cooperation seems to be the way forward. Afghanistan has joined the SAARC as full member. Pakistan physically occupies a space where South Asia and Central Asia are joined together. The hydrocarbon resources of Central Asia can be accessed through Pakistan and Afghanistan by the energy-starved South Asia and Southeast Asia. Moreover, electrical power that South Asia needs and which is surplus in Central Asia in summers can generate more cash for supply. A great potential for trade in Kazakh grain, Uzbek cotton, Pakistan and India Pharmaceutical and other industrial goods and construction material exists. If this materialized, it will change the face of central and South Asia. Moreover, regional economic cooperation will lay a sound foundation for a peaceful Asia.

## **ECO – SOME SUCCESSES**

### **The ECO Trade and Development Bank**

The ECO Trade and Development Bank was formed by the three founding members --- Iran, Pakistan and Turkey. The Articles of Agreement became operational on August 3, 2005 with the parliamentary endorsement of all three member countries. Its stipulated capital is 1 billion SDR, which is to be apportioned by the member countries. Soon after the Articles of Agreement became effective in 2005, the governments of the three member countries appointed all the members of the Board of Governors and Board of Directors in 2006. For the initial five years starting from November 2006, the first President of the Bank hails from Turkey. The position will be transferred to other member countries on a four-year rotation basis after the first five years. The headquarters of the Bank is in Istanbul, Turkey. Mr. Murat Ulus was appointed as the first and founding President of the Bank for a five-year term in November 2006. The Bank's establishment process has started and has been going on since January 2007.

### **ECO Cultural Institute (ECI)**

The ECO Cultural Institute (ECI) is associated with ECO and aims at generating understanding and the protection of the rich cultural heritage of its members through common projects in the fields of art, philosophy, media, literature, sports and education. ECI's Charter was signed on 15 March, 1995 in Islamabad. "The ECO Summit was held in Baku, Republic of Azerbaijan, on 5th May 2006. The meeting was attended by Mr. Daniyal Akhmetov, Prime Minister of the Republic of Kazakhstan, H.E. Mr. Hamid Karzai, President of the Islamic Republic of Afghanistan, H.E. Dr. Mahmood Ahmadi Nejad, President of the Islamic Republic of Iran, H.E. Mr. Shaukat Aziz, Prime Minister of the Islamic Republic of Pakistan, H.E., H.E. Mr. Medetbek Kerimkulov, First Vice Prime Minister of the Krgyz Republic, , H.E. Mr. Akil Akilov, Prime Minister of the Republic of Tajikistan, H.E. Mr. Recep Tayyip Erdogan, Prime Minister of the Republic of Turkey, H.E. Mr. Khoshgeldy Kurbanovich Babaev, Head of State Enterprise on Caspian Sea Issue under the President of Turkmenistan and H.E. Mr. Erkin Khalilov, Speaker of Parliament of the Republic of Uzbekistan."<sup>30</sup> The ECO Secretary General along with the concerned employees of ECO Secretariat as well as representatives of

International Organisations took part in the meeting.

“The Economic Cooperation Organization Trade Agreement (ECOTA) was signed on 17 July 2003 in Islamabad”.<sup>31</sup>

So far the progress has been abysmal, at best marginal in some respects. The reason is the absence of a major power offering investment and markets. Unless there is a major power on board there cannot be any significant progress in terms of regional economic cooperation. There is need of political consensus, peace and stability in the ECO region. Economic integration, free trade, special economic zones are very essential for regional cooperation. Regional convergence like sea and land routes, Gwadar, Chabahar, Karachi, Ceyhan; Straits Malacca, Gulf, Bosphorous, Silk road concept. KKH Railway route for Turkey-Iran-Central Asia, India-Pakistan-Afghanistan-Central Asia, pipelines and power grids; IPI, TAP, trans Asian pipelines of ADB, these are keys to use for the uplift of the regional cooperation. Participation of a major economic / political power is needed. With Central Asia on the periphery, the pivot states of the region can be China and Russia, India as core states; Pakistan, Iran and Turkey as pivot countries.

## **FINAL ASSESSMENT**

There are five channels through which countries could gain from regional organization. These are: capital, technology transfer, trade, migration, and information flows. The intra-regional trade comprised only two percent within SAARC countries. Central Asian states could offer oil, gas and electricity to Pakistan for economic growth-regional cooperation indeed benefits but even without custom unions and regional organizations trade and economic activities could be promoted between individual states.

The security interests of India and Pakistan had been mostly defining the parameters of SAARC cooperative framework since 1985. Regional cooperation remained confined to discussion on socio-economic issues at the SAARC forum. The inclusion of Afghanistan as a member would introduce the “complex security factor in the already-intricate” situation in the region. The admission of the new members as observers viz, Japan, China, South Korea, Iran, the EU and the US, which would ensure stability and promote economic development among members and help create

harmonious societies in South Asia. SAARC is a significant regional organization. It had great potential but it has been unable to deliver since its inception in 1985.

The Southeast Asian experience in the regional cooperation has been remarkable. The theoretical aspect of regional integration and described ASEAN's gains in the realm of trade, economic cooperation and political harmony are the lessons of SAARC. It is said that and South Asia Preferential Trade Agreements (SAPTA) and South Asia Free Trade Area (SAFTA) agreements relied on certain "anchor" countries such as India and Pakistan.

## **RECOMMENDATION AND SUGGESTIONS**

In order to enhance development in the emerging and growing regionalism across Asia, the following recommendations are offered:

- i. Problems between India and Pakistan affect SAFTA and SAPTA. These should be given serious consideration to promote Free Trade Agreement (FTA) in South Asia.
- ii. SAARC Secretariat should be beefed up by investing it with greater powers.
- iii. Status of the Secretary-General of SAARC should be raised to the level of Federal Minister to be appointed by the heads of member states.
- iv. SAARC Summits should be convened regularly.
- v. For increased cooperation, an educational campus of SAARC University should be established in all capitals of member states. In Pakistan, such a campus could be established, preferably at Taxila.
- vi. Observer members of SAARC should give priority in resolving the Kashmir dispute.
- vii. SAARC Charter should be modified and decisions should be made on the basis of majority rather than unanimity rule.
- viii. Pakistan, Iran and Turkey as pivotal states and Central Asian states as peripheral countries should enhance political and economic stakes with China, Russia, and India.
- ix. There should be a regional convergence through sea and land routes such as, Gwadar, Chabahar, Karachi, Ceyhan, Straits of Malacca, Gulf, Bosphorous,

Silk Road, Korakorum Highway, railway lines between Turkey-Iran-Central Asia and India-Pakistan-Afghanistan-Central Asia region.

- x. Gas pipelines such as Turkmenistan-Afghanistan-Pakistan (TAP), Iran-Pakistan-India (IPI), and the Trans-Asian Pipeline, as proposed by the Asian Development Bank, should be built as soon as possible.
- xi. Electricity transmission lines from Uzbekistan, Tajikistan, and Kyrgyzstan into Pakistan should be built to meet chronic shortage of power for industry, agriculture, and consumer use on high priority.
- xii. Political compromise, consensus, peace and stability should be promoted in Central Asia, Afghanistan and Pakistan's Tribal Areas.
- xiii. For speedy economic integration, free trade and Special Economic Zones (SEZs) should be built soon.
- xiv. ASEAN – SAARC economic integration in trade, investment, culture and people to people contact and institutional levels cooperation should be vigorously promoted.
- xv. Major SAARC players must become a full dialogue member of ASEAN in order to attain membership in the East Asia Summit (EAS) in near future.
- xvi. South Asian universities campuses in different countries are needed.
- xvii. Active engagement with the EU, SCO ASEAN must be promoted.
- xviii. Since SAARC membership is increased due to strategic location, there is a need for a full-fledged secretariat with full staff, as presently, it is ill-equipped to perform its function.
- xix. The Secretary General should be accorded the status of a federal minister with full powers to move in the region and meet head of states.
- xx. The SAARC summit should be regularly held each year and its meetings should be more professional and businesslike.
- xxi. There is a need to create a skilled persons' pool. India has already offered good economists in this regard.
- xxii. SAARC should focus on developing economic functions but there is a big divergence in security threats to South Asian countries.

- xxiii. A separate South Asian security organization should be established to deal with terrorism, drugs and arms trafficking.
- xxiv. There is a need for increasing the region's resources and better management.
- xxv. Utilization of SAARC countries' skilled/talented manpower, especially those settled in Europe and USA, must be made possible. SAARC has asked for the help of Indian technocrats in the field of poverty elimination, education, technology and communication by using SAARC based channels
- xxvi. Pakistan, incidentally, has the world's best economists but the region was ironically, very poor. According to Mr. Kumaran, the representative from the Indian High Commission in Islamabad, to get to the centre" of the disputes one has to penetrate the "crust", i.e., deal with softer issues first and less contentious issues later, like the European Commission (EC), which commenced with the establishment of the European Community before tackling more complex issues.
- xxvii. Economic, Confidence Building Measures (CBMs) must precede political CBMs and should lay the foundation for durable peace.

On the North-South corridor for energy transfer through gas/oil pipelines, the only problem was the unsettled situation in Afghanistan. Stability in that country would define the future of gas pipeline system and energy transfer to the region. Iran and Pakistan were two important neighbours that could play a major role in stabilizing Afghanistan. A corridor is vitally needed by the CARs but it does not seem likely in the short term. If the countries are serious they might have to take Russia on board for building the gas pipeline. Pakistan and Iran are not well-endowed in technological terms to construct or manage the pipeline project. So they need to seek Russian assistance. The role of China is also important as it had good experience of constructing mega-projects, including pipelines from Kazakhstan to China, which was due for completion this year.

On the question that the entire region was destabilized and NATO was not doing too well, this was a philosophical question as no external power could stabilize the region from within. It was only the Afghans who could do that for themselves. Also, a regional economic grouping had to start from within as no outside power could work miracles.

Could the Economic Cooperation Organization (ECO) take any action to reverse Pakistan's policy of "strategic depth" in Afghanistan? There had to be a mutually balanced interaction rather than acquiring or gaining "strategic depth" in neighbouring countries.

Pakistan never had any influence in Central Asia like India, as the latter's contacts with Russia were much stronger. "With Afghanistan we have to change our mindset and move towards mutual cooperation and not competing with India to acquire "strategic depth," and the sooner the policy makers realize it, the better it will be."

The idea to restructure SAARC has some important dimension:

- i. Restructuring in terms of its administrative setup. 'Dissimilar to other regional organizations like the European Union, and ASEAN, the Secretariat of SAARC is highly unimpressive. It is not the building which matters, but the availability of expertise and networking which counts. If SAARC wants to emerge as a successful regional organization then it must have qualified staff and resources capable of providing information and assistance to those who wish to learn about SAARC.
- ii. The Secretary General of SAARC must be a person of international stature. Instead of appointing some bureaucrat in the position of Secretary General, some eminent personality should hold that position. The Secretary General of SAARC must possess the required authority to take important decision timely and should not be dependent on the member countries.
- iii. The charter of SAARC should be revised and made at par with the prevailing conditions. Article X of the charter of SAARC which prohibits the discussion of bilateral issues within the ambit of SAARC needs to be reconsidered.
- iv. Instead of just limiting it to governmental role and activities, SAARC must also take on board regional non-governmental organizations so that both can deal with issues which threaten the very survival of more than one billion people of South Asia.

If complete restructuring of the SAARC would not be required, many areas of deficiency need to be reviewed and realistically addressed. Monitoring mechanisms are essential. They need to be set in motion at regular intervals and should be

conducted by South Asian experts with proven records of competence in respect of the areas of activity being monitored or examined. SAARC faults can be repaired through rewriting its charter, redefining of its goals and objectives, re-ordering its priorities and action plans, redressing of its systemic aberrations, structuring of the Secretariat, nationalization of the decision-making and budgetary system, reinforcing of the organization's operational capacity and streamlining of its functional methodology. But SAARC's faultlines will not be smoothed unless the member-states bring in larger political will, rising above narrow interests and instead assuming joint ownership of their regional effort for mutual benefit. "Over the past twenty five years SAARC was unable to fulfill its original objectives or meet new challenges. The Achilles' heel of SAARC has been its confined agenda, fragile secretariat, ineffective implementation machinery and lack of dispute settlement mechanism. There has been hardly any debate in the region to reform, reorient SAARC both structurally and operationally, which will propel its efficacy as a vibrant vehicle of regional cooperation. This is high time to revisit the main rationale of SAARC process, its main objectives, structures and modalities."<sup>32</sup> The biggest challenge to restructuring SAARC emerges from the absence of understanding between India and Pakistan on the basic question whether there should be any restructuring of the organization and if so how to go about it doing it. In order to revitalize SAARC and transform it as a functional and successful regional organization, drastic measures are required. SAARC must fulfill expectation of more than billion people of South Asia by assessing its success and failures so that it can handle its fault lines deftly which block its transformation as a vibrant regional organization.

- "Civil society has to attain critical mass for positive changes in the political choices of the member states. The governments have to apportion greater share on education which is the key for long term socio-economic development."
- "There is a need to undertake joint projects in building infrastructure in communication, energy, dams, hydel energy and joint ventures in business and other fields terrorism, alleviation of poverty and diseases are common issues which South Asia faces. Where interdependence increases chances of cooperation increases and prospects of conflict decrease."

- “The success stories of other regional organization such as EU, ASEAN and in Latin America are no doubt peculiar to their condition. However some useful lessons can be learnt from their success.”
- “Easing of visa regimes and travel within SAARC countries will be beneficial. Culture, sports, trade, and other interaction must be encouraged and should not fall victim to politicization. The governments have to take lead role in sponsoring these activities.”<sup>33</sup>

SAARC can adapt the ASEAN experience to the situation in South Asia. There are useful lessons to be learnt but the SAARC leaders will have to demonstrate strong political will to overcome political obstacles and make use the experience of ASEAN.

## CONCLUSION

We live in an age of regional cooperation in economic and other fields. The best known example of regional cooperation and integration is that of the European Union that started with limited cooperation in economic field. It gradually shaped up as a union of several states that engage in multifaceted cooperation and have established some common institutions and currency.

The ASEAN is also a success story, although it faced problems initially. In other regions several efforts have been made for regional cooperation. The results are mixed. Regional cooperation and integration has produced limited results elsewhere. However, the efforts are continuing to overcome the problems and create effective regional organizations for promoting cooperation for trade, economy and socio economic development.

SAARC is a relatively young organization for regional cooperation. Most well known organizations were established earlier. The European Economic Community (EEC) now known as EU was established in 1957. The African Union (AU), initially designated as the Organization of African Unity was setup in 1963; and the Association of South East Asian Nations (ASEAN) began in 1967. South Asia states established their regional organization in 1985, although work started earlier on its concept. In the 1950 several security related organizations were set in the context of the Cold War.

SAARC often described as a talk shop with big focus on words, but it is small on action. Its meetings and conferences have been held frequent but have limited achievement to its credit. At times its summits were postponed due to inter-state problems in the region. In 25 years, it could hold only 16 summits and most other meetings could not follow a regular schedule.

There are some grey areas and faultlines in regionalism, particularly when the region lacks a viable leadership and basic characteristics to facilitate a process of regional cooperation. Some of the major faultlines are as under:

- a. Asymmetric power structure in the region.
- b. Leadership crises in the member state.
- c. Mutual distrust and conflicts among the states of the region.

- d. Poverty and under-development.
- e. Internal and external security issues.
- f. Hard borders
- g. Bureaucratic procedure impeding cooperation

The progress in regionalism depends how these issues and problems are tackled by the states of the region in a spirit of accommodation, the fear of domination of the region by India has been a constraint on the disposition of smaller states of South Asia. Other challenges include poverty and underdevelopment, insecurity and an adversary image. When there is little movement of goods, services, capital and people across the borders of the states regionalism or regional cooperation does not materialize. Not only in South Asia, where the fault lines of regionalism are so obvious, one can also identify such type of a predicament in Africa, Central Asia, West Asia and the Middle East.

One important way to deal with these difficulties is to change the approach, attitudes and behavior of the concerned states so that fresh ideas, concepts, theories and approaches are given practical shape. This would require tolerance, magnanimity, prudence, vision and practical approach to get over historical baggage and move in towards greater cooperation for trade and socio-economic development.

Asymmetric power is a major impediment to unleashing the process of regionalism and ensuring a successful regional cooperation. The example North America is a case in point where under the NAFTA, the United States hold clear edge as compared to Canada and Mexico, but certainly America has no aggressive designs against its neighbours.

It is another aspect of asymmetry of power which becomes a major fault line in the process of regionalism when on account of its superior power status, a particular state aims to impose its tutelage on its neighbours. India, which has around 70 percent of the territory, population and resources of South Asia has a clear edge over its neighbours. The problem arises when India expects its neighbours to accept its suzerainty. If such an approach is pursued by a particular country then neither regionalism can emerge as a viable force nor the process of a viable regional cooperation can take off.

The concept of regionalism is not new but there is a growing emphasis on it now. It attracts attention in many regions in order to replace a mindset which is a hostage to the past and thus is devoid of ideas to reduce restrictions on free movement of people, goods, services and capital. Regionalization may be more relevant to established patterns of regionalism but in some cases where the process of regional cooperation has not taken off, regionalization may sound to be applicable.

The formation of 'ASEAN' in 1967 was considered as a result of likeminded pro-western and anti-communist countries of South East Asia to resist communist expansion in the region. For the ten years since its inception, there was no summit of ASEAN and the whole effort of regional cooperation was considered a myth and far from the reality. For a long period of time, there was a stagnation in the process of regionalism under the frame-work of ASEAN because the member countries were unable to cope with some of the technical and other matters. Once the impediments were removed, ASEAN members made significant headway for giving a practical shape to regional integration and expansion of their association by including the Indo-Chinese countries of Cambodia, Laos and Vietnam and afterwards Myanmar. Now ASEAN is a reality and is considered as a role model where the pace of regional integration is momentous in nature.

Pakistan engaged in region based cooperation for trade and economic development. The RCD was created in 1964 by Pakistan, Iran and Turkey. It did not perform well. It came to an end with the Islamic Revolution in Iran in 1979. It was revived as the ECO in 1985 which was also joined by Central Asian States: Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan in 1992. Afghanistan also joined it raising to membership to 10. However, its performance is no better than the RCD.

Turkey is also a steadfast friend but looks westward and could join the European Union. The former Soviet republics are not well-known to the people in Pakistan. The ECO serves no purpose other than holding occasional meetings for its leaders at exotic capital of central Asia. Intra-region trade has not increased. SAARC is a major effort by the states of South Asia to strengthen trade and economic ties and allow free movement of goods, services, people and capital across their boundaries. These goals have not been realized. The conflicts and tension between Pakistan and India has undermined SAARC.

If borders between sovereign states cease to be barriers as indeed, they have in Europe and hopefully also in South Asia, one day, if not immediately, Kashmir will be more a part of an economic zone than a divided territory between India and Pakistan. That would be coming closest to the demand of the Kashmiris for self-rule.

Even the hardliners of the Hurriyat Conference see a ray of hope for the Kashmir settlement in a peace campaign launched by some newspapers (*Aman Ki Asha*, *Jang/Geo* and by *Times of India*). Beside economic advantage and an end to military confrontation, the South Asian regional cooperation will provide an opportunity to Pakistan to distance itself from the expanding viciously turbulent region to its northwest. Once Pakistan's strategic interests shift from Afghanistan, autonomous tribes of Pakistan following their own customary codes will guard and administer the unmarked northwestern frontier as they had been doing since independence. Pakistan became a victim of terror only after General Zia-ul-Haq disturbed the pragmatic arrangement in search of strategic depth to keep India at bay and communism out of Afghanistan. South Asia is a home to more Muslims than in the rest of the world put together. As SAARC member each country of South Asia can pursue its own political and economic policies but pool resources in helping to fight common enemies – terrorism and poverty.

Regional trade in South Asia has not so far been popular. It suffers many handicaps that hinder free trade. The states are often not forthcoming in cooperation with each other. Some states of South Asia prefer bilateral free trade bilateral agreement rather than regional arrangements. While the Sri Lanka-India FTA is viewed as a fairly successful experience, the FTA between Pakistan has not generated similar results. Historically, bilateral trade flows as well as investment flows between the two countries has been marginal. By contrast, India was an emerging source of imports to Sri Lanka and has had a much longer history of FDI activity in the country.

The divergent strategic interests of SAARC countries adversely affect their relations and impede trade initiatives. The SAFTA initiative wants to promote trade but given the problems between India and Pakistan. It promote trade ties between India and Pakistan unless they settle major problems.

Intra-region trade has increased in the region where preferential trade is practiced. The success of the EU and the ASEAN in promoting trade and stimulating

economic development has given enough encouragement to establish economic groups.

Pakistan, Turkey and Iran laid the foundation of Regional Cooperation for Development (RCD) in 1964. The RCD member countries cooperated in trade, communications, banking, industry, political and cultural affairs, railways and other transportation. The ECO succeeded the RCD as a regional organization, the member states trade with each other.

The 1990s saw the several theories of rationalism upsurge of rationalism in the world. Some focused on the welfare effects of regionalism, while others talked of the political basis of such moves. In general, the success of the European Union (EU) and ASEAN has spurred these theoretical developments. The spread of regionalism among small countries and possible motivation for these countries have received very little attention. Pakistan maintains strong interest in regional cooperation as a part of the policy of good relations with all countries in general and neighbouring states in particular. Pakistan has been endeavouring ties with ECO countries. Their share in intraregional trade has remained negligible, despite the fact that the member countries of ECO are linked with each other geographically.

The ECO members rely heavily on industrial economies for their exports and imports. Mutual trade in the region has slowed down over time. The share of intraregional trade in the world trade of countries in the region remained more or less constant at around 6.0% in 2005.

SAARC is the focus of attention now. All seven original member states ratified the agreement, which came into force by January 1, 2006. SAFTA aimed to boost trade among member countries by reducing and eventually eliminating tariff barriers, facilitating the cross-border movement of goods, promoting fair competition in the region, and creating an effective framework for regional cooperation.

On the negative side, SAFTA has a comparatively longer timeframe for implementation a highly restrictive list of sensitive goods and strict rule of origin. Although SAFTA provides a framework to facilitate investments, improve the harmonization of standards, and facilitate customs and transit, its success depends on how it is actually implemented, and in particular, how India and Pakistan work together in making SAFTA an effective means of enhancing regional integration.

There have been a few setbacks because of disputes between the two largest SAARC economies - Pakistan and India. These developments and the proliferation of PTAs and RTA by India and Pakistan suggest that the promise of SAFTA, as it was originally laid out, has been significantly eroded.

Pakistan offered tariff concession to India only on its “positive” list of importable goods from India. India termed this move as contrary to the SAFTA agreement, which stipulates that tariff concession be given on all goods except those goods on the “sensitive” list that to be identified by each country.

Economic integration and trade relations within South Asia are even weaker. Although some progress has been made in recent years. Pakistan has bilateral trade agreements with Sri Lanka, Malaysia, and Iran as well as a Pluri-lateral agreement among SAARC members, i.e. SAFTA. The SAARC countries are not particularly important as a source of Pakistani imports, through they do supply Pakistan with some much-needed imports. However, taking the SAARC countries together, the sub region’s importance for Pakistan has increased considerably, with its share in exports now standing at 10%.

South Asian countries, including India, are still behind East Asia in terms of regional integration. Only about 5% of the trade of all SAARC members is with each other, compared to 25% within ASEAN, 43% within NAFTA and 60% in the EU. There are several reasons for this. One, notwithstanding, India’s spectacular economic performance over the past decade, this region remains industrially less advanced than South East Asia. Thus, the usual driver of economic integration manufactured exports has been relatively weak and regional trade flows are not of great economic consequences. Closely related is the fact that the South Asian countries compete in similar market, mostly textile and garments. It shows that Pakistan’s export structure is quite similar to that of Bangladesh, India and Sri Lanka and the similarity with India’s exports is even greater. This means that a mutual lowering of import barriers within the region can be expected to have stronger “trade diversion” effect than “trade creation” effects, at least in the short term. The immediate benefits from integration appear to be rather small for these countries. However the foremost reason for a weak commercial links within South Asia has been the long history of political tensions between India and Pakistan. Given these considerations it was an achievement in its

own the South Asian neighbour – SAFTA – was actually concluded at the SAARC summit in January 2004 and came into force 2 years later.

Although there are sensitive lists put up by each country and the rules of origin are stringent, SAFTA offers the prospect of significantly lowering import barriers. The agreement provided for a trade liberalization program under which, India, Pakistan and Sri Lanka were expected to bring down their custom tariffs by 20% by the start of 2008, while the other countries, tariffs Bangladesh, Bhutan, Nepal and Maldives – would be reduced by 30%.

The success of SAFTA will ultimately depend on how India and Pakistan pursue commercial relations with each other. There has been keen debate on the case for opening up trade with India were there a modicum of harmony at the political level between the two countries, the case for greater economic integration would be obviously very strong. But in the pursuit of closer economic ties between the two countries historical concerns, real and perceived cannot be conveniently put aside. At the top of the list of concerns must a mutually satisfactory resolution of the water issues, the Indus Basin Treaty served the two countries well for over 5 decades. The issue of Kashmir is yet to be resolved.

The share of the SAARC countries in Pakistan's export is only 2.53 percent, while that of the ASEAN is 3 percent. The share of Eastern Europe and Central Asian Republics (CARs) in Pakistan export is almost negligible. Pakistan is the member of two regional blocs SAARC and the Economic Cooperation Organization ECO, however with the exception of Afghanistan no other member of these two blocs is among Pakistan's top export partners. Similarly none of the Pakistan's major buyer is from CARs Oceania region, Africa or Europe (excluding the EU or South Africa). Thus, export diversification offers a number of advantages. However, on account of a narrow export base, Pakistan cannot use the same. Pakistan is facing intense competition from other countries like Bangladesh. India and China are more price competitive than Pakistan.

SAARC region presents a picture of great hope and concern. This region is still remains mired in hopeless and pervasive poverty; it is home to about half of the world's population that lives in poverty; it ranks almost at the bottom of the world human development index; and above all, it is also a region that faces daunting

political and social challenges. To compound South Asia's difficulties, absence of good governance, democracy, accountability, law and order, human dignity and socio-economic cohesion characterize many societies in South Asia. South Asia is at the crossroads needs to make difficult decisions and choices. Yet, South Asia also presents a mixed picture of hope and optimism. South Asia needs the most is renewal and change political, socio-economic, cultural and above all, mindset change.

In its twenty four years life SAARC had not allowed to achieve its lofty objectives. Because of hindrances, it has not accomplished more than that of its counter part organization like, European Union, ASEAN, NAFTA in socio-economic field. As the countries of these organization have settled their problems and they are now making cooperation in regional cooperation. This is not the case with South Asia where cooperation is hampered because of conflicts and problems among the states of the region. SAARC with plenty of natural and human resources could not procure a profound rate of economic development and even become economic power to be reckoned with European Union, NAFTA and ASEAN provided, member countries pool and amalgamate their energies and resources for the collective benefit of each other. Without an amicable solution of bilateral and regional disputes bedeviling the political climate in South Asia, the dream of a regional alliance and economic wellbeing of poor masses, may not come true.

Bilateral tensions are preventing SAARC from adopting a politico-security role. Indo-Pakistan bilateral issues have played a detrimental role in the socio-economic progress of SAARC. A just solution of the Jammu and Kashmir dispute holds the key to the peace and security in South Asia.

A conciliation through SAARC on issues among the member state can change the prospects for this South Asian region. There is a dire need that SAARC collectively strive for positive peace with honour and justice if the people of the conflict ridden region are to tread the roads of progress and prosperity. SAARC's progress cannot be expected unless the relationship between India and Pakistan is improved. SAARC should convince India to pursue policies which reassure all the other partners of her economic and political goodwill. Only then will the SAARC states are able to move forward collectively towards a more prosperous and secure future.

Dangerous arms race has resulted in waste of resources, a diversion of the economy away from humanitarian purpose is a hindrance to national development efforts and a threat to South Asian region. It not only causes the constant risk of war but also enhance tension among SAARC states. The destructive nuclear arms race destabilizes the peace of South Asia. Kashmir remains the single most important issue calling for urgent handling. The power disparity between India and other countries of the region hampers the progress of cooperation, the main objective of SAARC. This escalated nuclear arms race could be a fatal blow to the very foundation of SAARC.

In order to sideline Pakistan in SAARC, India established a sub-regional organization called South Asian Growth Quadrangle (SAGQ) with Bangladesh, Bhutan, Nepal and the Northeastern states of India as a dynamic area of growth. In June 1997 BIMSTEC (Bangladesh, India, Myamar, Sri Lanka and Thailand Economic Cooperation) was also launched. It may be recalled that India succeeded in launching the Mekong - Ganga Cooperation (MGC) at Vietiane, Laos, in November 2000. The grouping which reflects Indian desire to play a larger role in South East Asia, Consists of India, Cambodia, Laos, Vietnam, Thailand and Myanmar. It is evident from the anti-neighbour policies pursued by India that she has stalled the SAARC process, effectively undermining the very existence of this cooperative structure within South Asia.

SAARC countries within the South Asian region may follow the model of European Union and ASEAN. Where nations and populations peacefully agreed to redefine their economic borders, and to co-exist with each other in the better interest of their future wellbeing. The EC's (European countries) formation is truly a modle case of a new paradigm where economically they enter an increasingly Borderless World while maintaining their national sovereignty. The EC member states 'pooled' their economic sovereignty in creating a free trade zone and a common currency, thus submerging their narrow national interest for the greater good of the whole European community. On the other hand South Asian nations suffered economically, even when they had huge resources and manpower. If we close our borders and live in the past, SAARC region risks suffering a similar fate to the Soviet Union, Yugoslavia and other such countries.

India and Pakistan with all their nuclear bravado, need to face the reality that they are economic pygmies on the world state, and have a population base of 1.3

billion of the world's poorest people, with the worst standard of living. Once they understand these objective facts, they can address the problem and find the solutions.

No one knows the true horrors of nuclear weapons, nor the devastation nuclear weapons can inflict upon the people of this region when used. No one has truly comprehended the dire consequences of a nuclear and ballistic arms race in the South Asian region. One nuclear explosion on either side of the India Pakistan border would have the most tragic of consequences for all. Both India and Pakistan must step forward cognizant of their political realities. Both the nations must step forward understanding the threat to people of this region and the entire world, and declare, South Asia a nuclear free and missile free zone.

The purview of SAARC is limited, it is substantially government centric, government division and government controlled with a "top down" approach; its programmes have generally left no mark on the common man who has remained largely marginalized; and whose record of success, even after over twenty years of existence, remains most unsatisfactory.

What is need is to make SAARC more relevant and people-oriented; its charter needs to be reformulated, and brought in line with the people's aspirations, its geographical reach, its structure and procedures will need to be modified so that it become an effective instrument of change and development through partnership, sharing and cooperation, directly involving the people themselves.

If SAARC has failed to deliver and make a decisive positive impact on the lives of the people of South Asia, then it is time to consider improving it in the contemporary context. The leaders, policy makers and opinion moulders would be well advised to change their entrenched mindset and show a new vision for change.

Apart from the integration of the physical infrastructure, simultaneous steps will need to be taken to develop and upgrade cross-border regional linkages of social infrastructure including, education, science and technology, agriculture, environment, employment generation and poverty alleviation, healthcare and tourism. The proposal for a South Asian university and a regional integrated tourism circuit would be a long way in promoting value additions and incremental advantages of all countries.

While the governments do need to play a pivotal role in this process, private and non-governmental initiatives and usefully supplement this process to make it self-

sustaining and enduring, impacting directly on the people. India-Pakistan political differences have a lot of negative impact on SAFTA and SAPTA. There is an acute and growing realization that SAARC's wellbeing and progress is deeply linked to close and friendly relations between India and Pakistan.

South Asia should not ignore to develop linkages with other regions. Intra-South Asian Trade and Economic Linkages are still very low (less than 4%) and South Asian Economic space is not large enough to meet all its growing requirement. Perhaps the integrated region that people wish to ultimately create should comprise the larger and more viable economic space.

SAARC region perhaps, is one of the few region which does not harmonize and coordinate its economic policies and approaches to global issue, this has cost SAARC dearly. For example, SAARC has not been able to take full advantages of EU's and ASEAN's cumulative rules of origin concessions and benefits of common investment and technology regimes, dispute redressal mechanisms and a coordinated approach on issues in the context of the WTO, World Bank, IMF and dealing with the other grouping such as EU, SAFTA, ASEAN, ECO, etc. A regional mechanism for coordination and harmonizing positions and policies on the issues is a must for SAARC in a highly complex and competitive environment.

Good economics is never bad politics. In fact, in SAARC context, as economic linkages and cooperation grow, the beneficial political fallout will always be there. That is how EU started and ASEAN is moving. Under the shadows of SAARC a South Asian Regional Forum on the line of the ASEAN Regional Forum could be consciously considered initially for exchanging views on non-economic political, strategic and human issues of a regional nature, avoiding bringing in its ambit bilateral disputes or differences. Its membership be totally regional and its charter well defined and agreed unanimously. Here the purpose is to provide a separate forum for discussing non-economic issues of common regional interest, for example, controlling and curbing common threats of diseases, hunger, environmental degradation, terrorism, drugs and trans-national crimes and trafficking.

There is a need to change the mindset that flocks these states need to overcome their negative historical baggage and think about the future and how to make it rewarding for all. If regional trade and economic cooperation expands these

states stand a better chance of ensuring socio-economic development and improving the quality of life of common people.

SAARC need to amend the Charter to take the bilateral problems and issues. Currently they discuss bilateral issues on the sidelines of the summit conferences. They should use the institutional arrangements of SAARC for addressing political problems. If they can defuse these issues, SAARC has better prospects.

The assumptions underlying SAARC are sound. The experience of the EU and ASEAN shows that much can be achieved through regional cooperation. Regional cooperation in South Asia has faced a number of problems discussed in this study. These problems have undermined its performance.

However, these problems and difficulties are not insurmountable. If the states of South Asia, especially India and Pakistan, manifest accommodation in their disposition and adopt a pragmatic approach, their cooperation can expand. This can turn SAARC into a more effective regional organization.

The future of South Asian states is linked with their efforts to promote trade and economic relations which will defuse tension and create economic interdependence. Regional cooperation can help these countries to address people of these states will be the major beneficiary of increased cooperation in South Asia. The leaders of the member states should recognize the need of demonstrating political accommodation towards each other, softening the border for easy movement of goods, services, people and investment, and learning from each other's experience for human development and prosperity.

SAARC can overcome the current problems provided the leadership works towards achieving their goal. The success of SAARC will be beneficial for all states and the common people will also gain. SAARC can facilitate economic cooperation and joint efforts to cope with shared problems. SAARC needs to be strengthened and it should get special attention by the member states.