
UNIT 24 SAARC

Structure

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24.0 OBJECTIVES

In this unit we will study the SAARC, the first concrete expression of regional cooperation in South Asia. After going through this unit, you should be able to:

- Trace the genesis of Asian regionalism leading to the formation of SAARC;
- Identify the objectives of SAARC;
- Give a brief resume of the SAARC Summits;
- Identify the problems besetting SAARC, and
- Analyse the prospects of the organisation.

24.1 INTRODUCTION

In the history of regionalism, the South Asian Association for Regional Cooperation (SAARC) is a unique experiment. In terms of national profiles or superpower connections (till the end of the Cold War), it has few parallels in the world. Comprised of seven unequal states in terms of size, population, political system and development status—Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka—on one extreme it has India, the second most populous country in the world (after China), and on the other, the Maldives, with a population of barely 200,000. Similarly, on one side it has such nuclear powers with large armed forces as India and Pakistan and on the other, small states like Bhutan and the Maldives, the combined military strength of which would not exceed the police force of New Delhi or Karachi. The position of Indonesia in ASEAN (Association for South East Asian Nations) or that of Saudi Arabia in GCC (Gulf Cooperation Council) can provide only a limited comparison in this regard. With regard to super power connections also, they were, during the Cold War, asymmetrical. India, although a non-Soviet bloc nation, had a record of three and a half decades of friendship and trust with the Kremlin. This contrasted glaringly with Pakistan, which was closely aligned to the US global strategy.

developed' countries. Understandably, the rationale behind the formation of SAARC was the economic development of the region.

South Asia is a fairly well-defined geographical unit. In terms of historical experience also it has uniformity. Yet, strangely enough, SAARC is the first experiment of its kind in the region. It came into being in December 1985 at the first-ever South Asian summit held in Dhaka, capital of Bangladesh.

24.2 HISTORY

Earlier efforts at regionalism in Asia in general and South Asia in particular were both un-pragmatic and far fetched. Being too diffused in both membership and scope they did not have any lasting significance. For example, the seven conferences were convened between 1947 and 1955: the Asian Relations Conference, New Delhi, March 1947; Conference on Indonesia, New Delhi, January 1949; Baguio Conference, Baguio, Phillipines, May 1950; Colombo Plan, formally launched on 1 July 1950, after a decision at the meeting of the Ministers of Independent British Commonwealth countries in Sydney and London in 1950; Colombo Powers Conference, Colombo, April 1954; Afro-Asian Conference, Bandung, Indonesia, April 1955; and Simla Conference, Simla, May 1955.

Convened against the background of recent decolonization movements, the meetings were prompted either by an anti-colonial ethos or by prodding of ex-colonial masters as reflected in the Colombo plan. They included countries from several world regions.

Tilt towards Western Bloc

One notable characteristic of the first generation experiment in Asian regionalism was South Asia's unanimous tilt towards the Western bloc, notwithstanding its anti-colonial and anti-imperialist rhetoric. From the mid 1950s onward, however, as Pakistan became increasingly entrenched in the US strategic network, the division between India and Pakistan became wider and deeper. During the same period, the growing Sino-Soviet conflict added another complicated dimension. As a result, by the time India and Pakistan fought their third war in 1971 (the earlier ones were in 1947 and 1965) on the issues of liberation of Bangladesh the lines were clearly drawn. Against this background, any call for regional cooperation was a cry in the wilderness.

Revival of the Idea of Cooperative Arrangement

The idea was revived towards the end of the 1970s. It was Ziaur Rahman, the then President of Bangladesh, who first suggested that the seven states of South Asia work out a cooperative arrangement to ameliorate the stark economic problems of the region. Although the proposal did not evoke much enthusiasm in the beginning, following the change in the leaderships in the countries the proposal caught the imagination of the people in power. It was a time when the political leadership in South Asia was passing into the hands of a new set of rulers. In India, Indira Gandhi's Congress Party was replaced by the Janata Party led by Morarji Desai; in Pakistan Zulfikar Ali Bhutto was replaced by a military ruler Zia-ul-Haq, and in Sri Lanka Srimavo Bandaranaike was replaced by Junius Jayewardene. In Bangladesh, Ziaur Rahman had consolidated his position and there was no immediate threat from pro-Mujib forces. All these leaders had a pro-US image and unlike their predecessors, tended to build regional relations on new premises.

Effective Steps Towards SAARC

Ironically, however, the first effective step towards building SAARC was taken at a time when the political landscape of South Asia had returned nearly to its earlier state. Indira Gandhi had staged a dramatic come-back in India in 1980, which coincided with

the Soviet intervention in Afghanistan in 1979 and the return of the US-Pakistan 'special relationship'. Indira Gandhi's virtual endorsement of the Soviet move sharpened the strategic cleavage between India and Pakistan. While all this was happening, in May 1980, Ziaur Rahman sent formal letters to the six South Asian leaders urging serious thought for the creation of regional cooperation body. Interestingly, the appeal received a positive, though lukewarm, response.

Without directly referring to the political questions and without touching upon sensitive regional issues, the leaders thought it worthwhile to explore areas of mutual economic cooperation. It was a time when North-South dialogue had practically failed and the slogan of economic cooperation among developing countries (ECDC) under South-South Cooperation had started gaining high grounds. The global recession was increasingly crippling the world economy. Hardest hit was the oil-importing developing world to which South Asia belonged. By the mid-70s real growth rates had touched a low of almost two per cent. The 'second oil shock' of 1979-80 worsened the situation. In 1980, the balance of trade record of all South Asian countries remained very critical. Against this background the advisability of regional cooperation in particular, and South-South Cooperation in general, took high priority on the developmental agenda. The creation of SAARC was only a matter of time.

Several meetings took place at the secretarial level to identify areas of cooperation. The highlight of these meetings was that all of them decided not to discuss any 'bilateral or contentious' issues in their regional meetings and whatever decisions they take would be on the basis of consensus. Interestingly, the first point was made on India's insistence and the second, on both India's and Pakistan's, the other countries having no particular reason to worry about them. These two conditions continue to guide the basic functioning of SAARC. On the contrary, they would have preferred the inclusion of bilateral issues which could have given them confidence to deal with India—the colossus and often referred to as the 'Big Brother'. In a way, therefore, it was a major diplomatic gain for India.

Launching of SAARC

In August 1983, the ongoing process was given a political push. At the first Foreign Ministers' Conference in New Delhi, the South Asian Regional Cooperation (SARC) Declaration was adopted. Following this the organisational structure of SAARC was finalized.

Thereafter, the first summit meeting took place in Dhaka in December 1985 and SAARC was formally launched. The leaders decided in favour of a Council of Ministers and a Secretariat, certifying their enduring commitment to the organization. In February 1987, the SAARC Secretariat came into being with a secretary general and four directors. Later, the SAARC Council of Ministers was formed consisting of the foreign ministers of respective member states.

Organisational Structure

Following the New Delhi meeting of foreign ministers in 1983 the organizational structure of the SAARC assumed a clear form and shape. It developed as a four-tier structure. At the lowest level were the Technical Committees of experts and officials formulating programmes of action and organizing seminars and workshops. Next was the Standing Committee of Foreign Secretaries to review and coordinate the recommendations of the Technical Committees, which was to meet at least once a year. Above this was the Foreign Ministers' Conference, also to be held which was to meet at least once a year to grant political approval to the recommendations of the Standing Committee. At the apex was the Summit Meeting to be held annually to give political significance to SAARC.

Check Your Progress 1

- Note:** i) Use the space given below for your answers.
 ii) Check your answers with that given at the end of this unit.

- 1) Identify at least three factors that contributed to the formation of SAARC

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- 2) The four-tiers of SAARC's organisational structure are:

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24.3 SAARC SUMMITS

So far, twelve Summits have taken place—Dhaka (1985), Bangalore (1986), Kathmandu (1987), Islamabad (1988), Male (1990), Colombo (1991), Dhaka (1993), New Delhi (1995), Male (1997), Colombo (1998), Kathmandu (2002) and Islamabad (2004). However, in the past several summits have been postponed or not held at all because of domestic and bilateral problems of member countries.

The SAARC has a fairly impressive record of meetings, seminars, studies and reports that it has sponsored. The Calendar of Activities released by the SAARC Secretariat from time to time, enumerates a large number of activities pertaining to such diverse developmental fields as agriculture, animal husbandry, horticulture, health and sanitation, forestry, population, meteorology, postal services, drug trafficking and abuse, integrated rural development, transfer of technology, sports, transport, telecommunication, women's development, trade and commerce, and others.

SAARC's activities are not confined to developmental issues only. Even such an issue as terrorism, which has been hanging fire in Indo-Pak relations for several years and has serious political overtones, had earlier received attention. Despite deep-rooted divisions among the SAARC countries over this question, they could adopt a convention against terrorism. Its highlight was the identification of offences, which 'shall be regarded as terroristic and for the purpose of extradition shall not be regarded as a political offence or as an offence inspired by political motives.' The convention provides the necessary follow-up through the signing of bilateral extradition treaties. This convention has not been implemented because Bangladesh and Pakistan have not ratified the same as they do not have the enabling domestic legislations against the terrorists. However, a new dimension was given to this Convention in the Islamabad Summit of 2004.

The first SAARC summit was held in **Dhaka** in December 1985. At this meeting, SAARC was formally launched. This Summit was particularly important in two respects. In the first place, there was the use of expressions 'Non-use of Force' and 'Peaceful Settlement of All Disputes' (Preamble and Article II). It may be noted that similar expressions were used in the original Working Paper (1980) prepared by Bangladesh, but in the first Meeting of Foreign Secretaries (April 1981) they were dropped on account of Pakistan's reservations. Pakistan's no-war pact proposal to India came later in September 1981. The use of these expressions in the SAARC document, therefore, made the no-war proposal virtually redundant. Secondly, the summit decided in favour of a Council of Ministers and a Secretariat thereby giving permanence to SAARC.

At the second SAARC summit held in **Bangalore** in November 1986, the leaders forged a regional convention on suppression of terrorism, agreed to set up a regional food security reserve and decided to commission a study on the causes and consequences of natural disasters and the preservation of the environment. In response to the Afghan application for membership, the summit directed the Standing Committee to draw up the criteria for membership. (SAARC charter is silent on the admission of new members).

The third SAARC summit was held in **Kathmandu** in November 1987. In the summit, the SAARC Regional Convention on Suppression of Terrorism was signed, which came into force on 22 August 1988.

The fourth SAARC summit was held in **Islamabad** in 1988. At this summit, an integrated development plan called 'SAARC 2000—a basic needs perspective' was drawn. The plan envisaged a regional perspective programme with a specific target in core areas like food, clothing, shelter, education, primary health care, population planning and environmental protection, to be met by the year 2000.

The fifth SAARC summit was held in **Male** in November 1990. At this summit, the leaders called for the welfare of the disabled and the girl child, convention on narcotic drugs and psychotropic substances to deal effectively with the menace of drug abuse and suppression of illicit traffic in the region, enlargement of visa-free travel facility beyond the existing categories of members of Parliament and Supreme Court Judges to include the heads of national academic institutions, their spouses and dependent children, and, most importantly, the extension of the core areas of economic cooperation. It was decided that by the end of February 1991 the regional study dealing with the contentious issue of trade, manufactures and services should be completed. This was particularly important because everyone agreed that to meet the challenges posed to the global economy by the collapse of the socialist economies, new pattern of production, consumption and trade would have to be conceived, and that sooner it was realized the better it was for South Asia.

The Summit sixth SAARC summit at **Colombo** was originally scheduled to be held in November 1991. But following the last moment decision of the Bhutanese King not to participate in the summit because of his pressing domestic problems, the meeting had to be postponed. This was unavoidable because both India and Nepal insisted that since the King of Bhutan was not participating, they too would not. They strongly felt that in the absence of any one member of the summit, the meeting, even if held, would amount to going against the collective spirit of SAARC.

The summit was later held on 21 December 1991. Most of the issues in the Colombo declaration that was adopted at the summit were part of SAARC's continuing agenda over the previous years. The need to curb terrorist activities, the Maldivian initiative to seek international consensus on reinforcing the security of small states, the call to take effective steps to combat narco-terrorism in South Asia, the plea to articulate a collective stand on global and regional environmental issues fall in this category. The summit leaders also agreed that the inter-governmental group, already set up to study the prospects for regional cooperation in the areas of trade, manufactures and the services, should also examine the Sri Lankan proposal for the establishment of a SAARC Preferential Trading Arrangement (SAPTA) by 1997.

But the most significant of all the decisions taken at the Colombo Summit was the agreement that a special session of the SAARC Foreign Secretaries should be held in Colombo in 1992 to study the ways and means to streamline the working norms of the organization. This study could cover a wide spectrum of proposals, including those designed to seek changes in the SAARC charter. Even the issue of establishing suitable 'external linkages' with other regional organizations such as ASEAN and EU could also be considered.

The seventh SAARC summit was held at **Dhaka** in April 1993. In this summit, the SAARC Preferential Trading Arrangement (SAPTA) was signed. The agreement was supposed to provide the member countries with the basic legal framework for step by step trade liberalization amongst them through tariff, para tariff, non-tariff and direct trade deals.

At the eighth SAARC summit held in **New Delhi** in 1995, the SAPTA was formally launched.

At the ninth SAARC summit at **Male** held in 1997, the SAARC Group of Eminent Persons was established. The group contemplated the creation of SAARC Economic Vision through creating a SAARC common market and effecting macro-economic policy coordination.

Encouraged by the progress made by SAPTA negotiations, at the tenth SAARC Summit meeting in **Colombo** in 1998, the SAARC leaders decided to set up a Committee of Experts to draft a treaty on South Asian Free Trade Area (SAFTA). The treaty was expected to lay down legally binding schedules for freeing trade among SAARC countries and to provide a predictable and transparent time path for achieving a free trade area in the region.

The eleventh SAARC Summit at **Kathmandu** was originally scheduled for November 1999 but had to be postponed because of the military coup in Pakistan on 12 October 1999. Eventually, the summit was held in January 2002. The highlight of the summit was the signing of a convention to prevent illegal trafficking of girl children and women for immoral purposes across the region. The delay in holding the summit, however, did not mean that SAARC remained inactive. The sixth meeting of the Governing Board of the South Asian Development Fund (SADF) was held in Maldives on 22-23 May 2000 in which the activities of the Fund were reviewed and proposals for placing the Fund on a professional footing discussed. SAARC consortium examined proposals for cooperation in the SAARC region to promote the use of open and distance learning at all levels of education. The growing people-to-people contact of all kinds was a notable development during the year. The third meeting of the SAARC Network of Researchers on Global, Financial and Economic issues was held at the SAARC Secretariat on 31 October 2000. The 19th meeting of the SAARC Audio Visual Exchange Committee was held in Dhaka from 19-20 December 2000.

In November 2000, a special SAARC Senior Officials' Meeting was held in Colombo. The meeting finalized the calendar for holding the meetings of technical committee, expert-level meetings of the South Asian Preferential Trading Arrangement (SAPTA) and the South Asian Free Trade Area (SAFTA). The SAARC Technical Committees are the primary mechanism for the implementation of the SAARC integrated programme of action (SIPA). 'A regional meeting on Financing Renewable Energy for sustainable Development and Alleviation of Rural Poverty in South Asia' was held in Colombo from 12-14 June 2000, jointly with the World Energy Council. A South Asian Business Leaders summit was held in Bangalore from in August 2000 as a joint initiative of the federation of Karnataka Chamber of Commerce and Industry, the Federation of Indian Chamber of Commerce and Industry (FICCI) and the SAARC Chamber of Commerce and Industry. The SAARC Law Conference, a recognized regional apex SAARC body, held its 8th Annual Conference in Nepal in September 2000. As part of its effort to improve the health sector in the South Asian region, SAARC signed a Memorandum of Understanding with the WHO on 23 August 2000.

The twelfth SAARC summit was held in **Islamabad** from 4-6 January 2004. This summit was acclaimed by many as the two leaders of India and Pakistan met with great bonhomie that augured very well for both improvement in bilateral relations and for the development of SAARC process. This summit made far reaching recommendations in many areas of regional cooperation. Firstly, it signed the SAARC Social charter which covers issues like poverty alleviation, population stabilisation, empowerment of women, youth mobilisation, human resource development, promotion

of health and nutrition. All these are likely to have far reaching impact on the lives of millions of South Asians. Secondly, while reaffirming commitment to regional convention on combating terrorism signed in 1987, they signed an additional protocol to this convention to deal effectively with financing of terrorism. Thirdly, the members signed the Framework Agreement of South Asian Free Trade Area (SAFTA) and implement the same by January 2006. And finally, the SAARC award was instituted to honour and encourage outstanding individuals and organisations within the region in the fields of peace, development, poverty alleviation and in other areas of regional cooperation.

Check Your Progress 2

Note: i) Use the space given below for your answers.
 ii) Check your answers with that given at the end of this unit.

1) What were the achievements of the first SAARC summit meeting in Dhaka?

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24.4 PROBLEMS BESETTING THE ORGANISATION

From the above discussions it would appear that the goals of SAARC have been kept development-oriented. When SAARC was conceived as a regional organization the vision was clear: to make the region a thriving example of mutual cooperation, collective self reliance and peaceful coexistence. Acceleration of economic growth, the promotion of welfare of people and improvement in their quality of life have been the central objectives. Conscious efforts have been made to encourage economic cooperation and to exclude all contentious and bilateral issues. But while it is laudable to have development-oriented ambitions, it is uncertain as to what would happen to the organization once it is called upon to address more down-to-earth political questions that have vitiated the inter-state relations in the region for decades. The region is full of contradictions that broadly fall under two heads: divergent security interests and the Indo-centric nature of the region.

Built in Contradictions

SAARC suffers from a built-in contradiction. India's disproportionately large size inhibits its neighbour's participation as equal partners, crucial in any cooperative endeavour. India accounts for 72 per cent of the region's area, 77 per cent of its population, and 78 per cent of its GNP. Its armed forces account for about 50 per cent of the region's total armed strength and if one excludes Pakistan (which accounts for about 25 per cent), the ratio between India and the remaining five taken together would be nine to one.

Conflicting Security Perceptions

This gross disparity coupled with distrusts emanating from socio-historical reasons gives rise to conflicting security outlooks. Excepting Pakistan, India perceives no threat from any other country within the region. Threat to its security is actually extra-regional and in this context Pakistan's linkages with China assumes relevance. For others in the region (excluding Bhutan, whose foreign policy is more or less guided by India, and the Maldives, which is too small to protect itself without India's help, as the 1988 coup attempt showed), India itself is a threat, which can be faced only through extra-regional connections. This dichotomy in the region's perceptions and corresponding security doctrines cannot augur well for the SAARC. It is important to

note that except for rhetorical commitments to Third World solidarity, the New International Economic Order, etc., in almost all down-to-earth East-West confrontations in the past such as Afghanistan or Kampuchea, the position tended to be India versus the rest of the region.

Problem of Diverse Political Culture

The diverse political culture of the region is also not conducive to cooperation. From the point of view of governmental systems operative in the region, there are four democracies (Bangladesh, India, Nepal and Sri Lanka), one military dictatorship (Pakistan), one monarchy (Bhutan), and one one-party presidential system (the Maldives). On the question of state-religion relationships, India, notwithstanding its being predominantly Hindu and of late witnessing an unprecedented Hindu militancy, stands for secularism, while all the remaining six avoid to declare themselves as such. Bangladesh, the Maldives and Pakistan have an Islamic thrust; Bhutan and Sri Lanka, Buddhist; and Nepal, Hindu. With respect to structural linkages with the global system, which has indeed undergone massive change of late, there were two categories, broadly speaking. The first, in which India was included, had a fairly powerful capitalist class which had over the years developed stakes in both the world capitalist and socialist systems, though remaining independent of both. The other had deep structural linkages with the world capitalist system and the bourgeoisie there was largely comprador. Bangladesh, Maldives, Pakistan, and Sri Lanka belonged to this category. Bhutan's economy is largely Indo-centric. That of Nepal is both Indo-centric as well as developed market economies oriented.

These systematic diversities led to divergent nation building strategies which tended to thrive at each other's expense rather than contribute to each other's gain. For example, the region's ethnic mosaic is so complex that the slightest ineptitude by one nation in handling its inter-ethnic relationships casts its shadow on the neighbouring states. In this context, India bears the brunt in more than one way. Situated at the core of the region, its boundary touches that of almost all the countries of SAARC while no two other members have common borders. As a multi-ethnic, multi-lingual, and multi-religious society, India offers all the countries in the region some connection to their ethnic, linguistic, or religious brotherhoods, while no two other countries have cross-national ethnic populations visible enough to be of any consequence barring the notable exception of Bhutan and Sri Lanka. The 'Indo-centricity' of the problem often drags India into the region's ethnic strife, which it seldom relishes. At the same time, however, India has the opportunity to twist the arm of a recalcitrant neighbour to gain strategic concessions. If not for India's role in Sinhala-Tamil ethnic strife, the Sri Lankan government would not have made commitments of the kind enshrined in the Indo-Sri Lanka accord of July 1987.

Indo-Pak Conflict

At the crux of South Asia's 'insecurity syndrome' (the phrase was used by Stephen P. Cohen in 'Security Issue in South Asia,' Asian Survey, Berkeley, 1975) is the mutual suspicion between India and Pakistan. What Cohen wrote 25 years ago seems to be still valid. He wrote: "The South Asian security system is an insecurity system, and the trade-offs for each regional government involve minimizing insecurity, not maximizing security. Insecurity, whether due to internal disorder or external conflict, has become the norm after 25 years of independence, and one cannot honestly say that the situation will radically change for the better in the foreseeable future. Military bureaucracies have become an entrenched component of the political order even where they have not taken it over; their civilian allies are numerous and powerful and outside powers have done precious little to ameliorate the situation." The problem, which could not be solved within the framework of the nationalist movement and which led to the partition of India in 1947, has continued to remain a threat to the region's stability. External dabbling within and around the region have further complicated the matter. India and Pakistan have fought three wars so far and have had many border skirmishes. At the moment they are engaged in a war of words over Kashmir. India alleges Pakistan's

moral and material support to Kashmiri militants while Pakistan alleges human rights violation by the Indian government in Kashmir.

Main Problem: Absence of Required Political Thrust

The cumulative effect of the problem discussed above is the absence of a political thrust to make SAARC take bold strides. By shying away from 'bilateral and contentious' issues the organization deprives itself of the opportunity to deliberate on the most important questions that need to be addressed. This lack of confidence in each other has its ramifications in other fields. For example, inter-state trade is still minuscule. India is a potential supplier of industrial goods and services to almost all the South Asian states but they prefer to depend on the industrial West, Japan, and even China instead of India.

India has always been a strong advocate of a South Asian common market ever since the days of Rajiv Gandhi. There are a number of organisations and academic institutions in India including Jawaharlal Nehru University and Research and Information System for the Non-Aligned and Other Developing Countries (RIS), which have been steadfastly advocating the cause of regional cooperation and integration in South Asia. They have carried out very extensive and useful studies and have also worked out the cost of non-cooperation. A study done by Mahendra P Lama of Jawaharlal Nehru University indicated that Pakistan lost more than \$ 110 million during 1995-97 by not importing tea from India and other South Asian countries ("Integrating the Tea Sector in South Asia : New Opportunities in the Global Market". *South Asian Survey*, Delhi, January-June 2001). Pakistan is one of the largest consumers of tea in the world. However, it imports hardly 16 percent of its total imports of over 150 million kgs of tea from South Asia. Over 60 percent of its tea imports are from far off Kenya which is done at a much higher price. Though it attributes the Kashmir problem with India as the main reason behind such import pattern, it is actually because of the huge stakes the multinational companies located in Pakistan have in the Kenyan tea gardens. These companies are the biggest tea traders in Pakistan.

Problem of Resource Development

Another area in which progress is negligible is resource development. The Indian subcontinent's river system is such that if properly tapped, with the entire region in mind, it would do wonders in terms of development, affording irrigation, power generation, and drinking water. Here again, regional consciousness gives way to national susceptibilities. B.G. Verghese's book *Waters of Hope* (New Delhi: Oxford University Press, 1990) is a clear testimony of how little has been done in this regard when so much can be done. 'Ultimately' writes Verghese, 'boundaries do not matter, people do. The vision of SAARC is perhaps most strongly embodied in a collaborative endeavour to harness the potential of Ganga-Brahmaputra-Barak waters. These are waters of hope.'

24.5 PROSPECTS FOR SAARC

In his book *Cooperation and Conflict in South Asia* (1989), Partha Ghosh presented the view that although SAARC had been launched 'the domestic contradictions of the states would militate against making the associations an effective vehicle of regional cooperation.' He mentioned several broad systematic diversities and felt that unless they were removed, the future of SAARC was bleak. These diversities have been referred to above; viz, forms of government, state-religion interactions, structural linkages with the global system, nation-building strategies, and so on. The situation does not seem to have changed much. In the context of Indo-Pak relations it has worsened.

Inherent Positive Points of the Region

Given the historical context, topographic and demographic features, natural resource endowments and socio-cultural ethos, South Asia could be the most natural unit of cooperation and integration. There are certain inherent points with the region that

must, however, be kept in mind. For example, the regional 'insecurity syndrome' has probably been overstated. South Asia is one of the world's least militarized regions. The region, where 20 per cent of the world's population lives, accounts for only 1 per cent of the world's military expenditure. Other developing regions (excluding China) with comparable populations spend about 15 per cent of the global military expenditure.

If compared to the developed world, the region's record is even better. The developed world, which is proud to announce that there has not been any war on its soil since the Second World War, spends 80 per cent of the global military expenditure and is responsible for 97 per cent of the world's arms trade and 97 per cent of the global military R&D. South Asia's fiscal defence burden accounts for about 3 per cent of the region's GNP, which is higher than Latin America's remarkably low 1.2 per cent, but less than Africa's 3.2 per cent, and East Asia's 10.9 per cent. It is even lower than the overall developing world's 4.3 per cent.

Without being optimistic about the future of SAARC, it must be conceded that the organisation by giving opportunities to regional leaders to meet at somewhat regular intervals has provided a diplomatic forum in which they have either settled or watered down their differences. The Indo-Sri Lankan accord of July 1987 had its origin in the bilateral talks between India's then Prime Minister Rajiv Gandhi and Sri Lanka's President Junius Jayewardene during the Second SAARC Summit at Bangalore in November 1986. It has been argued that without SAARC Indo-Pak relations would have been even worse.

Despite a snail's pace progress, one of the remarkable contributions of SAARC has been the fact that it has been able to trigger off a whole range of activities outside the official SAARC forum. These activities in private sector, in non-governmental organisations and community level activities across the region, have in fact, withstood all kinds of political ups and downs. The SAARC History Congress, the SAARC Sociological Congress, anti-Child labour coalitions, traders forum, SAARC writers forum, SAARC forum of media people and gathering of human rights activists and other professional including engineers, architects, chartered accountants are resulting in an ever increasing inter-state intellectual tourism. So the process goes on regardless of SAARC's officialdom. In fact, the parallel process of activities has far overtaken the official process with the latter pulling back the former. These are the activities which will hold SAARC in good stead in the long run and sustain the process.

This also goes to emphasize the emerging vital and critical roles of non-state actors in the management of South Asian affairs. In a way, the entire spectrum of confidence building measures (CBMs) we have addressed to in the past in South Asia have to be re-evaluated, redesigned and rebuilt. So far we have extensively depended on military and political CBMs in South Asia. However, in the last 50 years, no political and military CBMs have sustained. The peace and cooperation constituency in the region always got marginalised. A majority of these CBMs were addressed to only those who had serious stake holding in perpetuating the conflict and keeping the conflict alive. Fortunately, these negative stake holders have always been in microscopic minority.

So we have to think of designing new CBMs particularly in case of India-Pakistan conflicts. This takes us to the domain of economic CBMs — the business and other economic cooperation (Track III diplomacy) as a measure of CBM and peace building in South Asia. As there are stake holders in keeping the conflict alive, there are stake holders for building the peace. We have never addressed ourselves to the latter.

The ongoing economic reforms triggered challenges have started drastically changing the political economy of regional cooperation in South Asia. Economic liberalisation have tended to increasingly outclass political prejudices, inhibitions and are literally forcing South Asia to shed the old mind sets of latent hostility. The impact of internal schisms overflowing the regional vestiges is getting outweighed by the steady rise in the cost of non-cooperation. The very context and modalities of public policy making which were neither transparent nor accountable have begun to show more openness and hold ness

Against this background, major macro issues like harmonisation of economic reforms with socio-political shift in paradigms in the region as a whole, the widening base of MNCs participation with a distinct slant on natural resource, technology and management and the ability and capability of the SAARC partners to withstand both endogenous and exogenous shocks and forge ahead towards a collective survival are the three fundamental challenges. The absorptive and the manoeuvring capacity of the SAARC partners would largely be determined by the approaches towards and consolidation of each area as they together represent a vast majority of the regional core competence.

South Asian Economic Union

The Ninth SAARC Summit held in Male in 1997 directed the establishment of two regional high level committees viz., the Independent Expert Group to examine the functioning of the Integrated Programme of Action (IPA) and the Group of Eminent Persons (GEP) primarily to develop a long range vision, formulate a perspective plan of action including a SAARC agenda for 2000 and beyond and spell out the targets that can and must be achieved by the year 2020. The IEG recommended the drastic revamping and restructuring of the entire programmes of SAARC. As a result, the areas of activities under SIPA were reduced from the original eleven to five which included energy and environment also. On the other hand, the GEP provided a very comprehensive and clear road map. The GEP recommended that regional economic integration is necessary and suggested a time bound plan which includes negotiation of a Treaty for South Asian Free Trade Area by 1999 with implementation commencing immediately thereafter and stretching to 2008 for SAARC members and to 2010 for the SAARC LDCs. It also envisages a SAARC Customs Union by 2015 and a SAARC Economic Union by 2020. It also made far reaching recommendations in social arena including on poverty alleviation, empowerment of women and trafficking of women and children.

The 12th SAARC Summit held in Islamabad also marked a remarkable improvement in the bilateral relations between India and Pakistan. It reiterated its commitment made at the 11th SAARC Summit at Kathmandu for the creation of a South Asian Economic Union. Accordingly, the summit decided to move towards the first step of integration process i.e. the operationalisation of South Asian Free Trade Area (SAFTA) by 2006.

Check Your Progress 3

Note: i) Use the space given below for your answers.

ii) Check your answers with that given at the end of this unit.

- 1) Some of the problems that come in the way of strengthening regional cooperation in South Asia are:

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- 2) What factors augur well for the SAARC in the future?

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24.6 LET US SUM UP

SAARC (South Asian Association for Regional Cooperation) is the first major concrete expression of regional cooperation in South Asia. It comprises seven states—Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Starting from 1985, so far twelve SAARC summits have been held, namely, Dhaka, Bangalore, Islamabad, Male, Colombo, Dhaka, New Delhi, Male, Colombo, Kathmandu and Islamabad. The organization has been facing problems on account of certain built in contradictions, conflicting security perceptions, diverse political cultures and absence of requisite political will. The predominant position enjoyed by India has also been a problem. However, there are certain inherent positive points in the region that hopefully will facilitate building up of a better tomorrow by the SAARC countries.

24.7 SOME USEFUL BOOKS

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Muni S.D., and Anuradha Muni, 1984. *Regional Cooperation in South Asia*, New Delhi.

Sen Gupta, Bhabani, 1988. *South Asian Perspectives: Seven Nations in Conflict and Cooperation*, Delhi.

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24.8 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

- 1) Your answer should the following points: Continuing efforts to have a regional organisation since 1947, failure of North South dialogue, rising oil prices, change in the perception of the leaders of the region.
- 2) At the apex of the four-tier structure of SAARC is the annual summit meeting of head of states. Below this are the Foreign Ministers Conference, Standing Committee of Foreign Secretaries and the Technical Committees of Experts and Officials.

Check Your Progress 2

- 1) The summit restored the terms 'non use of force' and 'peaceful settlement of all disputes' in its preamble. It also decided to give permanence to the organisation by having a Secretariat and a Council of Ministers.

Check Your Progress 3

- 1) Divergent political cultures of the member states, conflicting security perceptions in general and Indo-Pakistan conflict in particular, absence of political thrust etc.
- 2) SAARC has great prospects: the region is least militarised; the region has a common history and culture; the middle class has by and large a uniform outlook