PREFACE

In the post Cold War period, significant changes have taken place at the international level. The global focus has shifted from Cold War concerns to economic issues and, of late, to terrorism. Liberal democracy and market economy have become the dominant trend. Non-alignment has lost its vigour if not its relevance. There is a thrust towards multi-polarity with new power centres emerging but the impact is blurred by the apparent unity of the developed countries on global economic issues against the demands of the Third World and Western attempts to shape the global structures and processes according to its preference and benefit.

The world is also witnessing contradictory impulses of ethnic and sub-nationalism on one hand; regional integration and globalisation on the other. Forces of globalisation and liberalisation have broadly sought to spread Western market values and homogenise consumerist culture; the same process on the other hand has produced movements/counter-forces stressing regional/ethnic identity and opposing hegemonistic designs. While Western countries despite their internal contradictions are readjusting to the changing international order by mutual cooperation and by strengthening their institutions so as to retain their dominance, most Third World countries have become largely vulnerable to the global pressures and are unable to cope up with rapid global changes.

In the state of flux, autonomy of nation-states to act independently, if not sovereignty in its formal sense, is considerably affected. In response most states have sought to protect their interests through regional co-operation; and,
proliferation/consolidation of regional organisations have become a significant feature of present international order. The regional organisations began to proliferate/consolidate, *inter alia*, in the wake of apparent difficulties in arriving at a commonly accepted global approach to vital economic issues especially in the 1980s largely to protect the interest of the region and member states. But in the post-Cold War period in the face of inability of the states to meet the emerging challenges individually the focus on regional organisations have sharpened and they have become a viable option to states to overcome internal inadequacies and external pressures.

Hence, measures towards internal consolidation of the organisation and intensified economic co-operation could be witnessed in most regions beside new or reconstituted regional organisations with a focus on economic co-operation and experimentation in forms of co-operation consisting of member states across the region (North Atlantic Free Trade Area - NAFTA, Asia-Pacific Economic Cooperation - APEC, Indian Ocean Rim Association for Regional Cooperation - IORARC etc.). Unlike 'sponsored' organisations of the Cold War period, the 'new' regionalism is also seen as evolving from below with its own imperatives and compatible with interdependent global economy. However, the developments within regional organisations have worked at cross-purposes with globalisation and regionalisation with significant bearing on the operation of nation-state.

In this context, two regional organisations stand apart because of the composition of their members, progress, intra-regional and external impact and, hence, constitute an ideal case for observation, analysis and comparison. They are
European Community (EC) (presently known as European Union - EU) and South Asian Association for Regional Co-operation (SAARC). While the former comprises mostly of industrialised and developed countries of the West, the other comprises of low income grouping of countries of Third World with three of its members among the least developed. While the EU represents most advanced form of regional integration, SAARC is bogged down by mutual conflicts among its members and progress is extremely slow and tedious. However, the progress of regional organisations to a large extent depends upon the developments in the region, perception and reaction of member states to internal and external challenges and the way regional organisation is instrumentalised in the realisation of peace and prosperity in the region. Here both regions have exhibited varying patterns.

In the case of Western Europe, in contrast to its east, in the post Cold War period, there exist stable political systems and economic progress and gains are consolidated by strengthening the EU. Apropos the EU, chief instrument of peace and economic progress in Western Europe, has responded to the internal inadequacies and East European and global situation by transforming itself from EC to EU implying the extension of the scope and powers of the community institutions and internal consolidation. Today EU is a distinct entity in European and international affairs by performance of wide ranging activities that border on sovereign areas of its member states as well as representing a cohesive thrust of West European countries.

South Asia has continued to witness contradictory trends of co-operation and conflict. End of the Cold War necessitated the reassessment of their situation by the
countries of South Asia in the emerging global scenario and mend their fences without external patronage. The docile regional organisation – SAARC – was activated especially in the second half of the 1990’s to withstand globalisation pressures and internal inadequacies. SAARC has become an important platform for meeting among political elites and it was here that many decisions concerning the region were made. A move was also made towards preferential arrangements in the region with goals of free trade and higher forms of integration. But the regionally uncoordinated and disparate economic policies continued to be pursued by member states despite the focus on increased liberalisation at the domestic level, exasperating the existing regional imbalances and failing to evolve trade complementarities. The manner of implementation and the slow pace of economic co-operation suggest the half-hearted approach on the part of member-states and the absence of a congenial political atmosphere in the region.

Such tardy progress of regional co-operation can, inter alia, be attributed to the South Asian setting largely conditioned by the behaviour of two major countries -- India and Pakistan. Since the nuclear explosions by both of them in 1998, both have established a new strategic relationship between them amidst global sanctions hurting them most. Now they have drifted apart on terrorism-related issues. Interestingly, both were willing to discuss issues of common concern as evident in the Lahore and Agra Summits. However, divergent perceptions on bilateral problems and issues have defied solutions on enduring peace and co-operation in the region. Incidents like the Kargil war, spurt in terrorist activities, etc. have resolved their rigid frameworks and complicated the relationship.
Other countries of South Asia too are engulfed in ethnic, political and economic problems and, though to a lesser extent, strained external relations. While there is compulsion to unite at the regional level for meeting global and internal challenges, the co-operation achieved is beset by mutual suspicion and conflicts. This atmosphere has proved quite inhospitable to the smooth regional co-operation despite occasional assertions of regional unity by way of common response to WTO issues etc. The regional organisation, therefore, has become secondary to national priorities and is treated as peripheral institution having no significance in national life.

In the light of the above, it is clear that there exists a symbiotic relationship between the position of regional organisation, condition of the region and perception of member states. Regional organisations depending upon its framework, attitudes of member states and regional politico-economic situation could effect a radical change in the relations among member states and the nature of region as well as relation with rest of the world. Regional organisations have, therefore, given a distinct mould to international relations by their varied impact on the operation of the ‘sovereign’ nation-state, global economic and political relations, the regional differences, international negotiations, on globalising trends and evolution of multipolar world. However, the nature, purpose and direction of regional organisations and their relation with sovereign states are being contested today. Theoretically, while ‘state-centric’ realists and neo-realists characterise integration as ‘pooling of sovereignty’ by states to save/maximise national benefits, the neo-functionalists envisage it as gradual weakening of the state and increased
role of supranational (regional) decision-making structures. Further, regional organisations differ in their purpose and structure and exhibit different patterns and characteristics in their growth and development. The relationship between regional organisation and member states and intra-regional relationship may vary from one regional organisation to the other, so also the relation between regional organisations and rest of the world.

Consequently, the developments within regional organisation and its nature have significant bearing not only on its member states’ domestic sphere or on its dealing with the region but also on other countries and organisations of the world. India as a member of SAARC, for instance, has a major stake in the developments in SAARC as well as in other regional organisation like EU since it has major impact on India’s external relations. Hence, it is necessary to make an in-depth analysis of the regional organisation so as to understand its impact on member states, intra-regional and extra-regional relations and on the nature of international relations.

The objective of this study is to analyse the developmental pattern and nature of co-operation/ integration process in EU and SAARC and to examine the impact of these organisations on intra-regional and extra-regional relations of the member states and the implications thereof. In the context of emerging inter-regional co-operation the study further seeks to understand the nature of the institutional relations developing between the two as well as the relevance, if any, of EU integration process in strengthening the SAARC.
functionalism?” examines the context in which the European Community came into being, its implied framework for integration and its subsequent development with an emphasis on understanding the factors that have prompted, affected or shaped the integration process. Identifying and analysing the major events and patterns in the development of the European Community, the chapter evaluates the neo-functional approach, which sought to provide a theoretical framework for European integration. The current state of European integration is also analysed in the background of a theoretical debate. Finally, in an overview broad trends in EC/EU’s development and the nature of EU are examined.

The second chapter, “Inception and Operation of SAARC: Progress and Problems in Regional Co-operation” traces the factors responsible for the slow evolution of regional organisation in South Asia. The chapter analyses the context and complexities in creation of SAARC, its achievements in terms of four broad categories—Summit meetings, the Integrated Programme of Action, people-oriented programmes and regional initiatives to face common challenges and its constraints. The chapter also evaluates the progress made in economic co-operation. Finally, the chapter seeks to understand the root causes for the tardy progress of SAARC and problems of regional co-operation in South Asia.

The third chapter, “Inter-Regional Co-operation: A Study of EU-SAARC Institutional Relations” examines rather limited co-operation between the EU and SAARC. In the context of growing importance of regional organisations and their interactions, it analyses EU and SAARC’s external posture specifically with regard
to other regional organisations. Further, it evaluates relatively changed priorities of EU and SAARC in the post Cold War period and the various programmes conceptualised/implemented to forge a link between the two. An overview is presented in which advances in EU-SAARC institutional relation is evaluated and problems and prospects of interaction between the two are examined.

The fourth chapter, “Facilitating the SAARC: Relevance of the EC/EU” identifies and evaluates the distinctive aspects in EC integration in order to understand its relevance for SAARC in the context of uneven levels of development of EU and SAARC. Comparative analysis of regional organisations helps to understand the strength and weaknesses of organisations. So deriving the insights from EC/EU broad aspects of integration process are enumerated, analysed and presented that could become useful to SAARC in evolving its developmental strategy. The chapter also proposes certain measures for strengthening SAARC and highlights the role of bigger countries, especially India, in furthering the SAARC process.

The concluding chapter evaluates the broad trends in EU and SAARC’s development, nature of integration/co-operation and its implications. It also examines the imperatives and measures to strengthen the SAARC and makes some concluding observation on EU-SAARC co-operation.