CHAPTER II

INCEPTION AND OPERATION OF SAARC: PROGRESS AND PROBLEMS IN REGIONAL COOPERATION

South Asia, comprising about 20 percent of world population and 2.7 percent of world land area but only about 2 percent of world GNP was conspicuous by the absence of regional organisation until mid-1980's. A regional organisation, SAARC (South Asian Association for Regional Cooperation) SAARC is now established in South Asia, which has made considerable progress in certain areas. But the overall situation in South Asia has constrained its pace. SAARC has not succeeded so far in assuming the central role in South Asia either as a conflict resolution body harmonising different perspectives of member states or as a springboard for economic progress of the region. The slow pace of SAARC reflects the State of affairs in South Asia.

Background

South Asia is characterised by the socio-economic and political problems like underdevelopment, poverty, ethnic conflicts, and border disputes etc., which have created instability at both national and regional level. Being to a large extent the colonial heritage, these problems threatened not only nation-building process, but as Myrdal pointed out, “resulted in situation and developments in individual countries that are bound to create animosity toward, and conflict with, each other in the region”.

directed economic and developmental activities with due consideration to security interpreted in military terms.

The search for nationalistic solutions to the problems and threat perception from within the region coupled with different political systems, ideological structures, varying size and economic growth complicated the process of regional cooperation. South Asia impressed as, “an area characterised by relative lack of contact and cooperation among indigenous states, by an unusually high and persistent level of conflict.”

Despite this seeming conflict situation and irreconcilable interests there did exist some contacts between countries of South Asia both bilaterally and multilaterally in various forums like UN, ESCAP, NAM, Commonwealth etc. Even the idea of regional cooperation, though imprecise and vague, existed before the formal establishment of SAARC. This in fact could be traced back to the freedom movement.

For instance, since the end of first world war, the Indian National Congress was consistently stressing the need for an “Asiatic Federation” and in 1928 it directed its Working Committee to convene, the first session of a “Pan-Asiatic Federation” in 1930 in India. In his inaugural address at the Asian Relations Conference (ARC) in New Delhi, on 23 March 1947, Jawaharlal Nehru welcoming all delegates said, “from our neighbours Afghanistan, Tibet, Nepal, Bhutan, Burma and Ceylon to whom we look especially for cooperation and close and friendly

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intercourse". However, these remained basically as proposals of intent without concrete follow-up.

In the post second world war period with the break up of Euro-centric world and the process of decolonisation many conferences were held by newly independent countries, including South-Asian countries, to discuss common problems. Apart from ARC, mention may made of Baguio Conference (May 1950) in Philippines, Colombo Conference (April 1954), Afro-Asian Conference at Bandung (April 1955) and Simla Conference (May 1955).

However, these initiatives did not touch the specific needs or potentialities of South Asia. In this, while non-South Asian countries were clubbed in the grouping, small countries of South Asia like Bhutan, Maldives were left out. The Sino-Soviet rift and the involvement of western powers in such initiatives of cooperation and injection of cold war logic into the regional setting sharply divided the participating countries on the east-west issues, which proved to be a major impediment to regional cooperation. For instance in the Bandung conferences while India, Burma, China, Egypt refused to toe western lines, and wanted to soften stand on question of communism, Ceylon and Pakistan were openly hostile to Soviet Union.⁵

Exasperating the problem was unenthusiastic attitude of some South-Asian countries towards regional cooperation and apprehension of Indian domination. For instance, Pakistan received US military aid in 1954 and became a member of

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CENTO and SEATO, later it became a party to Regional Cooperation for Development (RCD) in 1966 leaning towards Islamic States. Sri Lanka saw Colombo plan as a natural economic response to the ideological challenge posed by communism – all of which made the attempts towards regional cooperation difficult on the basis of non-alignment. The foreign powers influence in the region gave little option for regional actors to act at regional and international level. In fact this degree of manoeuvrability and freedom of choice were limited to the extent they were dependent on external powers both economically and politically.\(^6\) So the initial moves towards regional cooperation almost till 1970’s were dominated by the politico-strategic considerations without proper stress on common regional problems.

However, apart from superpower politico-strategic concern especially in the Indian Ocean region, political economy of the 1970’s and certain developments in South Asia had a beneficial impact on the move towards regional cooperation. First, the economic insecurity in the backdrop of North-South dialogue, the weak position of the developing countries in the international economic structure and the negative response of the developed countries to the plight of third world country and towards United Nations Conference on Trade and Development (UNCTAD) and New International Economic Order (NIEO) created a sense of urgency for the collective cooperation.

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Second, delicate economic situation and balance of payment position of South-Asian countries like most other developing countries was further hit hard by the oil crises resulting from oil price hike. For instance, the share of fuel in the total import bill of India rose from 7.71 percent in 1970 to 44.63 percent in 1980 and in case of Pakistan and Sri Lanka it rose from 6.49 percent and 2.68 percent in 1970 to 26.95 percent and 24.29 percent in 1980 respectively. These global compulsions led to increased emphasis on economic issues in various UN and NAM Conferences with focus on NIEO creating a congenial atmosphere in South Asia to strive for self-reliance through regional cooperation.

Third, within South Asia certain important events took place that created a favourable situation for regional cooperation. The emergence of Bangladesh in 1971 with India’s support reduced the conflict source in the subcontinent, particularly between India & Pakistan. Under Simla agreement on 2 July 1972, Pakistan and India agreed formally to solve problems between them bilaterally. India also signed a Treaty of peace and friendship with Sheikh Mujibur Rahman of Bangladesh. India-Sri Lanka friendship also made progress as evident in the settlement of Kachchativu Island ownership dispute in 1974 by an agreement of demarcation based on a notional median line drawn through the Pak Strait between two countries.

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Fourth, internally there were significant changes especially in the second half of 1970's. In Bangladesh in 1975 Zia-ur-Rahman established himself in power after violent overthrow of Mujib and his party, Awami League. In India, Janata Party came to power in 1977 replacing Mrs. Gandhi’s Congress government. In Sri Lanka, Mrs. S. Bandaranaike’s government was replaced by the United National Party (UNP) led by J.R. Jayewardene. In Pakistan, Z.A. Bhutto was replaced by General Zia-ul-Haq.\textsuperscript{10} The significant aspect of these new regimes was its pro-west strategic orientation on global issues and increased attention on South Asia to secure internal legitimacy and credibility that created conducive atmosphere in which idea of regional cooperation could take roots.

Fifth, consequent of above developments, there were exchanges of high-level visits. The Janata government described its policy towards neighbours as “beneficial bilateralism” which in execution comprised of three important dimensions – (1) personal support; (2) economic accommodation and (3) political neutrality and non-interference in the internal affairs of other country.\textsuperscript{11} This attitude, among other things, were to result in Salal Dam agreement with Pakistan, Farakka water sharing agreement with Bangladesh, new trade and transit treaties with Nepal and joint ventures with Bhutan and Sri Lanka.

Sixth, the improved political climate in South Asia received support from western leaders motivated by the super power rivalry in the Indian Ocean region, fall of Shah regime which in Iran enhanced South Asia’s strategic significance in

\textsuperscript{10} S.R. Chakravarthi, et. al., Turmoil and Political change in South Asia (Jaipur: Aalekh, 1978); Muni & Muni, n. 6. pp. 20-23.

\textsuperscript{11} See. S.D. Muni, “India’s Beneficial Bilateralism in South Asia,” India Quarterly (New Delhi) vol. 34, no. 4, December 1979, pp. 417-33; Muni and Muni, n. 6. p. 27
U.S. calculations, interest in declaring South Asia as zone of peace and nuclear weapon free zone and, securing India-Pakistan commitment to non-proliferation, in view of India's known and Pakistan’s aspired nuclear capabilities and interest in the stability and harmony in the region to check Soviet penetration into the region. The visiting US President Carter and British Prime Minister in early 1978 offered economic help if South Asian countries could work out a multilateral regional cooperation projects like harnessing water resources of Ganges and Brahmaputra rivers by India, Nepal, Bangladesh and possibly China (since river originated from China and US-China rapprochement had begun). Proposal, however, received lukewarm response from India although Pakistan was interested.

Seventh, with the changed strategic equations in the subcontinent resulting from India’s peaceful nuclear explosion in 1974 and integration of Sikkim, the idea of regional cooperation began to be perceived more concretely by neighbours prompted by the perception of growing strength of India and wish to exercise some checks and balances over India through a regional grouping. In this while some countries preferred inclusion of China others preferred South-East Asian countries with a hope of maintaining a balance of power in the region. Z.A. Bhutto, for instance ruled out any Asian conference in the wake of China’s refusal to take part in it. Sri Lankan and Bangladesh foreign ministers in November 1977 were of

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the opinion that greater economic cooperation in the South and South-East Asian region was not only necessary in the interest of the people of the region but also to 'ease the tension' in the area. King Birendra of Nepal was urging in December 1977 for cooperation among Asian countries such as Nepal, China, Bhutan and Bangladesh; and Sri Lanka was showing inclination to join ASEAN.¹⁴

Eighth, at the non-governmental level, scholars set up groups like Committee for Studies in Cooperation for Development (CSCD) with the help of financial backing from international agencies to explore the possibilities of economic and developmental cooperation in the region. They came out with an impressive amount of literature suggesting possibilities and tremendous potentialities of regional cooperation in various sectors. Since then numbers of such groups have multiplied but the new comers have mostly been of indigenous regional origin whose ideas constituted invaluable resource for move towards regional cooperation.¹⁵

Thus the economic compulsions coupled with political atmosphere though in itself did not lead to regional cooperation, it created an environment in which regional cooperation could materialise. It is in this background of unique interplay of mutually incompatible sources of security orientation, development thrust and external inducement, the Bangladesh proposal for regional cooperation needs to be examined.

¹⁴ Muni & Muni, n. 6, pp. 26.
The Bangladesh proposal

Ever since Zia-ur-Rahman captured power in Bangladesh with the assassination of Mujibur Rahman on 15 August 1975, he tried to legitimise his position through number of reforms like Islamisation of his country and vigorous rural reconstruction. In the external sphere he sought an increased interaction with neighbours. Although his relations with Pakistan, Nepal etc. seemed good, certain issues like sharing of Ganga water etc. came in the way of cordial Indo-Bangla relations and his attempts to internationalise the issue yielded no fruits. Naturally a regional platform, which could help in solving otherwise apparent irreconcilable bilateral issues, attracted his attention. Aware of India and Pakistan’s lack of enthusiasm for such a platform, Zia-ur-Rahman sought to enlist the support of other countries of the region like Nepal and Sri Lanka, which showed positive response to the idea.16

Hopeful of the support, Zia in a first concrete official move in May 1980 proposed a summit meeting of leaders of seven South-Asian countries to ‘explore the possibilities of establishing a framework for regional cooperation’. The timing of the proposal, as Muni and Muni argue, was important since it was influenced by certain developments viz., Soviet intervention in Afghanistan provoking security concerns in the region; regime changes since mid-1979 in India possibly delaying the announcement of the proposal; internal political pressure from rightist forces that forced Zia to adopt bold foreign policy initiative that would make neighbours more understanding and helpful towards his regime.17

16  *Patriot* (New Delhi) 24 June 1982
17  Muni and Muni, n.6, p. 30-31
The proposal found favourable response from Nepal, Sri Lanka, Maldives and Bhutan to whom such a platform was likely to give an equality of participation in regional affairs, give expanded scope for economic activities through cooperation and significantly could prevent bigger powers especially India from domination. But India and Pakistan were not too enthusiastic about the proposal. Mrs. Gandhi in India though accepted the proposal “in principle” was not ready to endorse without proper scrutiny. The caution was because - (1) the proposal was worked out in consultation with the earlier rival Janata regime; (2) India’s differences with neighbours on its concerned issues of Afghanistan, Kampuchea and the Indian Ocean; (3) suspicion on motives of President Zia-ur-Rahman who earlier displayed anti-India stance by his attempt to internationalise bilateral issues now turning towards regionalisation; (4) apprehension of neighbours ‘ganging up’ against India to isolate India on global issues and to contain India’s power at regional level through a regional forum; (5) lack of proper ground work before taking up such an ambitious project; (6) known western support to such a move in the context of US interest in “cooperative regional security framework” in South and South-Western region; and (7) proposal drawing parallel between ASEAN and the proposed South Asia forum despite ASEAN’s known pro-west orientation. 18

On the other hand, Pakistan was under the impression that such a move is sponsored by economically strong India to ensure markets for its products. So Pakistan perceived that the move would - (1) strengthen India’s dominance in the region with political implications making Pakistan loose its voice in the region without solving bilateral especially Kashmir issue, to its advantage; (2) weaken its

18 Ibid. pp. 31-33; The Statesman, 26 March 1981.
relation with South-West Asian countries, particularly Gulf countries; and (3) in the absence of economic complementarity and political understanding render the project ineffective.¹⁹

However, the apprehensions were not sufficient ground for rejection of the move. Especially after neighbours showed willingness to accept India’s proposition (since without India’s participation regional organisation in South Asia would become meaningless) to avoid bilateral and contentious issues and decisions on the basis of unanimity, India had no reason to object to the very idea of regional organisation. For Pakistan regional organisation was an arrangement for deflating the pressure of India in association with others. Therefore, after a series of exchange of ideas to accommodate and allay each other’s apprehensions and canvassing by Zia of Bangladesh, seven South-Asian countries finally agreed to meet at the foreign secretaries and ministerial level in the order to explore the possibility of a summit conference.

In the meantime considerable home work was done by Bangladesh and a working paper prepared by it was circulated to seven countries of South Asia on 25 November 1980 that rationalised the inevitable need for regional cooperation with three distinguishing features - (1) the objectives and scope of regional cooperation were defined in broad terms such as cooperation in economic, technical, scientific, social and cultural fields; (2) eleven possible areas for cooperation were identified which were non-controversial and non-political in nature such as shipping, agriculture, meteorology etc. (3) organisational structure was suggested with a emphasis on summit level meeting although it was admitted that preparatory work

¹⁹ *Dawn* (Karachi) 29 May 1980
would be done by foreign secretaries and foreign ministers on the desirable principles of unanimity.  

By avoiding bilateral contentious issues and with its stress on step-by-step approach to ‘dynamic process’ of cooperation the working paper appeared to provide a realistic framework in which cooperation would evolve from adoption of mutually beneficial policies with a gradual spill over to good will and mutual understanding for the benefit of region as a whole. The working paper formed the basis of the first meeting of South Asian foreign Ministers held in Colombo from 21-23 April 1981.

In this first foreign secretaries meeting in contrast to Bangladesh, Nepal and Sri Lanka’s enthusiasm for broader regional economic cooperation, Pakistan and in milder tone India advocated a cautious road to integration. Avoiding bilateral contentious issues, meeting identified five functional areas for cooperation in which it established study groups (Agriculture, Rural development, Telecommunications, Meteorology, Health and Population activities) and thus made a modest beginning towards regional integration. Subsequently, three more meeting were held at the foreign secretaries level at Kathmandu (November 1981) which converted study groups into working groups and added three more areas viz., Transport, Postal services and Science and Technology cooperation; Islamabad (August 1982) in which Sports, Arts and Culture was added to cooperation area; and, Dhaka (March 1983).

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21 See Pramod K. Mishra, South Asia in International Politics (Delhi: UDH, 1984) pp. 50-52; Patriot (New Delhi) 23 April 1981; Muni and Muni, n-6, pp. 36-43.
The foreign secretaries meeting showed the divergence of perspectives. While Bangladesh and Sri Lanka were interested in faster regional integration, India and Pakistan wanted it to be slow and step-by-step progress. Pakistan declined to include core area of trade in areas of cooperation for fear that free flow of Indian commodities would cause damage to its industries which were heavily dependent on foreign know-how and capital. Not wanting to expand the scope of regional cooperation and at the same time to avoid isolation in the region, Pakistan, on the other hand relied on a different strategy of joining Sri Lanka and Bangladesh in supporting South Asian linkages with ASEAN with an aim of providing a pro-west politico-strategic dimension, which was not to the liking of India. With apparent contradictory interests, no wonder premium was laid on unanimity principle.

Nevertheless, positively these meetings assisted by the ‘Committee of the Whole’ comprising senior officials of seven countries (later redesignated as “Standing/Review Committee”) was able to envisage and organisational structure based on four tiers beside identifying nine areas for cooperation. At the top were summit meetings whose details were left to be worked out at the ministerial level meeting. At the second level was ministerial meeting which was scheduled to have its first session in New Delhi on 1-2 August 1983. At the third level was the ‘standing/review committee’ consisting of foreign secretaries to coordinate and monitor the integrated programme of action. Lastly, there were ‘technical committees’ to be manned by officials of member countries.

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Launching of South Asian Regional Cooperation (SARC)

In accordance with the decision taken at Dhaka foreign secretaries’ meeting to arrange for a ministerial meeting, first foreign ministers meeting of the seven South Asian countries took place at New Delhi on 1-2 August 1983 that launched SARC.

Interestingly, though it was decided to hold ministerial level meeting, the political climate in South Asia was not very encouraging. In particular, India’s relation with its neighbours was not very cordial. The Afghan crisis started in 1979 had blown up into a large crisis and an unprecedented arms race was triggered between India and Pakistan with U.S. arms support to Pakistan with logic of driving out Soviet forces from Afghanistan. Indo-Nepal relation took a downward trend over trade and transit treaty. Nepal and Bangladesh made a common cause over the river water dispute with India. Indo-Sri Lankan relationship began to deteriorate with Tamilians in Sri Lanka taking militant stand on autonomy and Sri Lanka blaming India for support to Sri Lankan Tamils and on repatriation issues.

Internally, the situation was tense in most South Asian countries. Assam and Punjab crises were in its height. Movement for restoration of democracy was gaining momentum in Pakistan. Sri Lankan situation was alarming. Bangladesh was facing tension in border areas. Nepal and Bhutan monarchies apprehended support to democratic forces by India. In this scenario of suspicion and distrust the foreign ministers meeting took place, which had to have its influence on the nature of emerging SARC.
However, even in midst of these, it was hoped that regional cooperation would mitigate the problem to the extent possible and help the region. Inaugurating the conference, Mrs. Indira Gandhi, Prime Minister of India was cautious and optimistic:

"We seven must conduct our affairs so as to eliminate tension and promote greater peace and stability in our region. The regional grouping that brings us together is not aimed against any one else. Nor are we moved by any ideological or military considerations. ... It is allied solely to development and to the strengthening of the economies of our individual countries...We have our political differences in the past and have even now, but economic cooperation will give a strong impetus to closer cooperation and greater stability in South Asia..."23

Subsequently the Foreign Ministers meeting adopted a declaration on SARC laying foundation for the new cooperative venture in South Asia. Aware of the realities and sensitivities in South Asia, the declaration made it clear that the guiding principle of cooperation will be based on sovereignty, equality, territorial integrity, political independence, non-interference in the internal affairs of other states and mutual benefit without substituting or being inconsistent with bilateral of multilateral cooperation or obligation.24

Significantly the declaration incorporated general provisions that decisions at all levels would be based on unanimity and bilateral and contentious issues will be excluded from the deliberations, partly reflecting the state of affairs in South Asia. It is important to note that most provisions outlined in the declaration amidst turmoil in South Asia formed the basis of SAARC Charter that was accepted later

24 "Declarations on South Asian Regional Cooperation, New Delhi, 2 August 1983, In Satish Kumar, ed., Year Book. no. 22, Documentary profile no. 23, pp. 261-63.
at summit meeting. The New Delhi meeting turned the ideal of regional cooperation envisaged in Bangladesh proposal into a reality despite differences in perception of national interest and foreign policy objectives.

In continuation of the deliberations of New Delhi foreign ministers meeting, the second meeting of foreign ministers was held in Male (Maldives) on 10-11 July 1984 in which it was agreed to recommend to their Heads of State/Government the convening of the first summit meeting in the last quarter of 1985. Accordingly, the foreign ministers met for the third time at Thimpu in May 1985 for carrying out preparatory work for the summit in which they agreed to name the new organisation as SAARC.  

Inception of SAARC

With a considerable groundwork done by foreign secretaries and foreign ministers, the summit of seven South Asian countries took place at Dhaka on 7-8 December 1985. The meeting transformed the ad-hoc regional cooperation into concrete organisation known as “South Asian Association for Regional Cooperation” (SAARC) to further economic, social and technical cooperation among countries of South Asia that would contribute significantly to national and collective self reliance.

Recalling the ‘declaration’ signed by the foreign ministers in New Delhi on 2 August 1983 and ‘noting’ the progress achieved in regional cooperation, the SAARC charter laid emphasis on the objectives *inter-alia*, on promoting welfare of

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Controversy and uncertainty of participation in the SARC proceedings at Thimpu was created by Sri Lanka over India’s minister for state for external affairs, Khurshid Alam’s statement about ethnic situation in Sri Lanka. Subsequently, Sri Lanka had ‘symbolic’ representation. See Pramod Kumar Mishra, “SAARC takes root in Thimpu”, *Statesman* (Calcutta) 6 June 1985; Iftekharuzzaman.
the people of South Asia and improve the quality of life; accelerate economic growth, social progress and cultural development in the region; and to promote and strengthen collective self-reliance among countries of the region. It also aimed to promote active collaboration and mutual assistance in various fields and strengthen cooperation with the other developing countries and to cooperate among themselves in international forums on matters of common interest and to cooperate with international and regional organisations with similar aims and purposes.\(^2\)

To facilitate cooperation, the charter provided for an organisational structure in article III to article VIII which included a meeting of Heads of States/Government annually or more often as and when considered necessary by a member State.\(^2\) At the functional level, the Council of Ministers consisting of foreign ministers was established to formulate policies, to review the progress and decide on new areas of cooperation. A ‘Standing Committee’ consisting of foreign secretaries was created to monitor, approve new projects, determine inter-sectoral priorities and mobilise regional and external resources submitting periodic reports to the Council of Ministers. It was to be assisted by “Technical Committees” consisting of representatives of member States responsible for the implementation, coordination and monitoring of the programmes in their respective areas of cooperation. On the sensitive issue of finance, the Charter (Art. IX) held that contributions of the member States would be voluntary and only if internal finances prove to be


\(^{27}\) *Charter of the South Asian Association for Regional Cooperation*, Article 1.

In fact, the Thimpu Foreign Ministers meeting in May 1985 recommended for a summit meeting once in two years. But Dhaka summit went ahead and made it an annual session.
inadequate external finances may be sought with the approval of or by the Standing Committee.

As regard the framework of the organisation, Charter emphasised the same principles in article II outlined by the New Delhi foreign ministers meeting except for two differences in the structure – first, in the preamble and in article II (Principles) the expression “non use of force” and “peaceful settlement of all disputes” have been added. Inclusion of these words vindicated India’s view that its dispute with Pakistan should be settled through Simla agreement of 1972.

Second, Charter provided creation of a ‘Council of Ministers’ (art. IV) and a ‘Secretariat’ of the association (art. VIII). The details of the secretariat were left to the consideration of foreign ministers which was to be approved by next summit. This arrangement was because Sri Lanka held the view that such a decision should be taken at the summit level; and, both Bangladesh and Nepal were keen to have secretariat in their country.

A closer look at SAARC makes it clear that SAARC is not as focussed as European Coal and Steel Community (ECSC), precursor to EC/EU, which aimed to pool sectoral resources under common/supranational authority. SAARC in contrast included broad and superficial areas without clear direction from the present intergovernmental form to the future form of association unlike EC, which was not only desirous of establishing a customs union but had political implications in the Treaty structure with possible interpretation of federal Europe.

28 The new expressions of the Charter were originally present in the Bangladesh’s working paper (without the term ‘all’ in second expression). But it had to be dropped in the joint communiqué of foreign secretaries meeting in Colombo (April 1981) because of the opposition of Pakistan.

SAARC treaty although speaks of economic growth, social progress and collective self-reliance, does not elaborate on the strategy or the route to achieve these goals. It only speaks of active collaboration and mutual assistance without being explicit on the direction/form of cooperation.

Nevertheless, SAARC leaders were aware that depth of the regional organisation depends on the trust, conditions of the region and political willingness of the member states concerned. Given the region's situation SAARC, therefore, aimed to first create favourable conditions for cooperation. Charter avoids contentious bilateral issues (Art X) and makes non-controversial items like economic development, socio-cultural and scientific cooperation as the basis of regional cooperation. The treaty emphasises on creation of goodwill and realisation of benefits of cooperation, which promote further cooperation.

This framework appears to be in line with functional/neo-functional strategy albeit without sectoral identification for integration and creation of community (supra-national) institution which can give push to step-by-step integration. However, in its present form SAARC was designed as a confederal structure and having no tinge of supra-nationalism. The provision, although could be contested, was essential to prevent the break-up of the organisation even before it evolved. In a conflictual region like South Asia, regional network though appeared modest, was indeed a good beginning and was symbolic representation of the aspiration of the region for progress.
Progress

SAARC, inaugurated at the Dhaka summit, continued to make progress though not without hiccups conditioned by the situation prevalent in the region. It has evolved slowly but continuously both in terms of institutions and programmes. Subsequent to Dhaka summit, many summits, meeting and programmes of the SAARC have taken place indicative of the willingness of the member states to cooperate with one another for mutual/common benefit. At the same time SAARC witnessed contradictory impulses mainly flowing from the divergent perceptions of the member states regarding nature of region and participants role.

However, a scrutiny of the SAARC progress over the years suggest that initial inhibitions on the effect of regional organisation is gradually overcome and the organisation is making slow but steady progress into new vistas of cooperation. It is essential, therefore, to examine this progress of SAARC to comprehend its intrusiveness and impact.

(i) Summits

Summit and its preparatory meetings have become the barometer to gauge the mood in South Asia in political circles and the level of commitment to ‘deepen’ the cooperation. It is in these meetings the push and pull factor in regional cooperation is manifest and the cooperation process gets its sustenance and boost. Sixteen years down the lane, SAARC has had eleven summit meetings in different cities of SAARC region. They are: - (1) Dhaka (December 1985); (2) Bangalore (November 1986); (3) Kathmandu (November 1987); (4) Islamabad (December 1988); (5) Male (November 1990); (6) Colombo (December 1991); (7)
Dhaka (April 1993); (8) New Delhi (May 1995); (9) Male (May 1997); (10) Colombo (July 1998); Kathmandu (January 2002).

These meetings have recorded a progress *albeit* slow in areas of concern to participating countries. In the summits concerns over regional and international economic and political issues have been expressed and common policy on common problem is advocated. In most summits there is an emphasis on adopting coordinated position in international forums so as to minimise the adverse effect of global developments. Significantly, most of the summits have given a push to regional cooperation by adopting new schemes and programmes for the benefit of region as a whole.

These summits not only provided opportunity for the leaders for official exchanges but, equally important, they have enabled direct bilateral and informal interactions. In a conflictual region like South Asia where there are no other common platforms for leaders to come together and interact, SAARC fills the bill. This besides helping to promote personal friendship and goodwill among leaders also facilitates increased interaction among participating countries. Especially for India and Pakistan SAARC forum has become a useful platform. This is no mean achievement given South Asia’s past history and low level of interaction among South Asian countries since their independence. Informal talks among leaders at SAARC meeting have led to inter-elite reconciliation on many sensitive issues, producing noteworthy results in South Asia.

It was in the first summit in 1985, for instance, Indian Prime Minister and Pakistani President Zia met informally and discussed bilateral issues, which was
followed by Zia’s visit to India. The second summit at Bangalore in 1987 helped leaders to clear Pakistani apprehension regarding India’s troop movement (‘Operation Brass-tacks’) along the border. As a follow-up resulting from the informal meetings of Indian and Pakistani leaders at fourth summit, two countries signed agreements relating to avoidance of double taxation on mutual trade, promotion of cultural exchanges and prohibition of attacks on nuclear installations.

Male summit brought both Prime Ministers of India and Pakistan – I.K. Gujral and Nawaz Sharief – closer and issues of common concern were addressed by them. Tenth summit at Colombo, conducted after Indian and Pakistani nuclear lists, accorded an opportunity to meet each other although the differences in the nature of security perception and dialogue process constrained the two countries to make best use of SAARC setting at Colombo.

The eleventh summit took place after a considerable delay and amidst Indo-Pak tensions and India’s break-up of relations with Pakistan over the issue of terrorism. But the summit was significant in so far as it activated the stalled SAARC process and witnessed participation of both Indian Prime Minister and Pakistan President despite bilateral tensions and reaffirming their commitment to the SAARC process as well as cooperating in adoption of fifty-six point declaration which addressed the core challenges of South Asia such as terrorism, poverty alleviation, accelerated economic cooperation, development of social sector, people-to-people contact etc.

This reflected not only their concern regarding the pressing issues of South Asia but also the tacit belief in the inevitability of SAARC for addressing larger
issues. Given the tense relations, the space in Kathmandu summit may not have been used by Indian and Pakistan leaders but the summit did help to re-establish contacts at a level that mattered at a time when tensions were running high with a commitment to meet again in Pakistan in early 2003. The follow-up, however, remained far from satisfaction to both the countries.

SAARC proceedings, therefore, despite breaks owing to divergent perceptions, have helped in continuation of relations. This is also true of other countries where SAARC structure provided space for meetings outside the summits at different levels whether it was for India and Sri Lanka on Tamil crises or India and Bangladesh on Ganga water sharing or Nepal and Bhutan on refugee issue. SAARC has become a major instrument in South Asia to facilitate interactions at different levels on wide range of issues of common concern on an equal footing irrespective of the size and strength of member states, thereby attempting to promote good will. Apart from the official machinery, increased interest and participation of Non Governmental Organisations (NGOs) and business groups in the SAARC proceedings in its own way also have a positive impact on the overall economic and political climate of South Asia. In the process SAARC has lowered, if not eliminated, the psychological gap between the member States.

At the same time, it has to be noted that not all the lofty declarations and policy intents made at the summit are sufficiently followed up. It is true that SAARC has facilitated cordial bilateral relations and confidence building measures. But at the same time SAARC was also a victim of bilateral relations when member States pursued their national identity and security perception conditioned by their
geographical settings, socio-cultural and historical experiences to the exclusion of regional interests. These mutual perceptions were hard to conceal in the SAARC activities and hence, the carefully devised SAARC structure has not always been effective in realizing its intentions. SAARC, especially India, appear to have believed that by avoiding bilateral and contentious issues, the vicissitudes of bilateral relations would not affect the dynamics of regional cooperation and vice-versa. This strict compartmentalisation despite best efforts has not always succeeded given the divergent perspectives of member States on various issues.

SAARC meetings, therefore, despite Treaty's provision to the contrary, many a time, have become channels for expressing bilateral grievances by way of boycotts, blatant accusations or veiled references. Ministerial meetings, for example, in Thimpu (1985), New Delhi (1987) and Islamabad (1989) were wrecked by the uncertainty of Sri Lankan participation over the issue of India’s role in its ethnic crisis.30

Summit meetings were no exceptions. Bilateral problems cast its shadow, for example, initially on the second summit meeting at Bangalore with Pakistan accusing India of unwarranted troop movement along the border. In Kathmandu (1987), India’s inclination to accommodate Afghanistan in SAARC was opposed by Pakistan on the ground that Afghanistan was presently not a “sovereign and independent” country; but without missing the opportunity to express admiration for the “fortitude and heroism of the Afghan Mujahideens fighting an epic struggle for the nations liberation”, thus bringing into SAARC proceedings aspects of the

30 N. 25
Afghanistan problem which India viewed differently. Matters came to standstill when Pakistan mooted proposal for increasing relations of SAARC with other regional organisations such as ASEAN as a counter-strategy to India’s move knowing India’s position clearly.

The 1989 summit scheduled to be held in Sri Lanka was cancelled due to rebellious mood by Sri Lanka over the issue of IPKF presence. The 1991 Colombo summit was postponed due to the reported objections raised by India for holding summit when a head of State of Bhutan was unable to attend due to internal problems. The opportunity was used by others (Sri Lanka, Bangladesh, Pakistan and Maldives) who met at Colombo on the proposed day of the summit and in a direct and veiled references blamed India for breaking up SAARC. India, along with Bhutan and Bangladesh has used the internal situation (military regime) in Pakistan to postpone the eleventh summit meeting scheduled in Nepal in 1999.

When the summit meeting was held in early 2002, Indo-Pak problems and tensions again cast their shadow over the meeting. The summit took place at a time when India had snapped its relations with Pakistan insisting on latter handing over twenty alleged terrorists to India and troop build-up along the border. The summit platform was used by India and Pakistan to blame each other in a direct and veiled manner for wrecking the SAARC process. For instance, Pakistan President implicitly attributed his delay in reaching the venue to Indian intransigence in denying air space to travel. India’s decision to not to interact with Pakistan

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32 *The Hindu* (Madras), 7 and 8 November 1991. However, in the meeting it is reported that Maldives President remained neutral and Bangladesh Prime Minister maintained silence.

33 *Indian Express* (New Delhi) 4 November 1999.
delegation implicitly portrayed Pakistan as supporter of terrorism and an impediment to regional peace and progress.\textsuperscript{34}

At summit, Pakistan President's 'shake-hand' diplomacy intended to project Pakistan's sincerity to global community as well as expected Indian leaders to respond in kind and reduce military build-up which apparently caused worry to Pakistan. But it was precisely for this reason Indian leaders were avoiding interaction with Pakistan hoping that such pressure would force Pakistan to give up cross-border terrorism. In this bilateral wrangling SAARC ideals and process appeared to be a victim with dispassionate attitudes and more of lip-sympathy towards SAARC rather than time-bound action oriented programmes.

This indicates that contentious and bilateral issues/perceptions are not completely out of SAARC process and mutual problems have influenced, at times adversely affected the SAARC progress. But what is noteworthy is that despite tensions SAARC has continued to operate and efforts are made to overcome problems, wherever possible, through diplomatic persuasion and negotiation signifying the importance SAARC has acquired in the region.

(ii) Integrated Programme of Action

Concrete progress of SAARC is reflected in the Integrated Programme of Action (IPA) that constitutes the core of SAARC activities. The IPA basically aims at promotion of interaction, knowledge and cooperation and exchange of expertise in the areas of common concern. Given the political dynamics of the region the areas of cooperation are chosen with extreme caution to avoid breakdown of the existing structure and these activities in agreed areas are brought under the IPA.

\textsuperscript{34} The Hindu (Bangalore), 4, 5 and 8 January 2002
The mutually acceptable areas of cooperation are studied for its feasibility at various levels before it is put to implementation. The identification of the areas of cooperation and their formal approval/inclusion in the IPA is done at the highest political level; but the cooperation is pursued by the technical committees in charge of the respective areas of cooperation under the supervision of Standing Committee.

At the time of Dhaka summit (1985), SAARC had identified nine areas of cooperation. They are - Agriculture; Rural Development; Telecommunication; Meteorology; Health and Population Activities; Transport, Postal Services; Science and Technology; Sports, Arts and Culture. However, there have been modifications in these areas of cooperation with either merging of two similar areas and/or introduction of new areas. The IPA presently consists of seven mutually agreed areas of cooperation, each being the responsibility of respective technical committees.

These seven areas were reconstituted in the Year 2000 considering the recommendation of an Independent Expert Group as well as the Group of Eminent Persons (GEP) set up by the Ninth Summit that reviewed the IPA in order to streamline the functioning and effectiveness of the existing arrangement. These seven reconstituted areas of cooperation are - (1) Agriculture and Rural Development; (2) Transport and Communications; (3) Forestry, Environment and Meteorology; (4) Social Development (dealing with issues relating to women, as suggested, for instance, the problems of infrastructure for trade development to be addressed under the heads of Transport, Telecommunication and Energy. SAARC Vision beyond the year 2000. Report of the SAARC Group of Eminent Persons Established by the Ninth SAARC summit (Delhi: Shipra, 1999), pp. 73-77.
children, health and population); (5) Science and Technology; (6) Human Resource Development; and (7) Energy.\textsuperscript{36}

The IPA has brought together the experts in the region in their specific fields of specialisation. This has promoted personal contacts and friendship as well as exchange of professional expertise. Moreover, the interactions have proved valuable resources of obtaining information and knowledge on concerned area of cooperation in each other’s country and South Asia as a whole. Beside, under IPA in respective area of cooperation seminars, workshops and training programmes are regularly conducted which have become instruments in building up human resource base in South Asia.

Significant work has also been done by the Technical Committees (TC) in compilation of compendiums, project reports and Directories that provide valuable information concerning the area of cooperation. Mention may be made of project proposals such as “Promotion of the Bio-villages” and “Reaching the Million – Training of Farmers and Farm women by 2000 AD” by the TC on agriculture; Documentation of Musical and oral traditions by TC on culture; Directory of NGOs involved in Drug Abuse Prevention by TC on Drug Trafficking and Drug Abuse; Compendia of information on Roads in the SAARC region, two Directories on Centres of Excellence and on consultants and experts, in the field of transport etc.\textsuperscript{37}

Beside, TC’s have also prepared state-of-the-art reports concerning the State of affairs and prospects in specified areas such as study on “Causes and

\textsuperscript{36} SAARC News, News letter of the South Asian Association for Regional Cooperation. SAARC Secretariat, vol. 11, nos. 1, 2 & 3, January-March 2000, p. 7.

\textsuperscript{37} SAARC in Brief, SAARC Secretariat, November 1995, pp. 8-22.
consequences of natural disasters and the protection and preservation of the environment” (as per third SAARC summit’s decision) and “Green house effect and its impact on the region” (as per fourth summit’s decision) by TC on Environment; Study on “In-depth examination of Transport infrastructure and transit facilities” by TC on Transport; Reports on Bio-Gas, Mineral Resources Exploration, Application of Remote sensing techniques, use of organic fertilisers etc. by the TC on Science and Technology.38

Therefore, the SAARC has become an important agency in conceptualisation and implementation of programmes of regional concern. Official importance apart, IPA has also become significant instrument in for arousing public awareness through its programmes and activities that has become a crucial factor in influencing appropriate policy making at national settings. Moreover, the active involvement of NGOs in such areas like Prevention of Drug Trafficking and Drug Abuse, Population control etc. has extended the scope of SAARC activities beyond official machinery to the peoples level. In certain areas like trafficking in women and children the nature of cooperation, in fact, has improved from exchange of information and experiences to attempts of coordination of actions. Institutional arrangement for cooperation in combating terrorist and trafficking in narcotics are sought to be achieved by creation of SAARC Terrorist offences monitoring desk and SAARC Drug offences monitoring desk at Colombo for exchange of information. Though these are yet to be implemented on an effective scale the idea of such agencies speaks of the importance the SAARC countries attach to the intervention on urgent issues in South Asia.

38 Ibid, pp. 12 ff.
Efforts are made to supplement the work of technical committees with a network of regional institutions designed to share information and coordinate activities in priority area identified by the member states. Five such major institutions have been set up namely, SAARC Agricultural Information Centre (SAIC), the first regional institution established in Dhaka in 1988; SAARC Tuberculosis Centre (STC) which become operational in 1992 in Kathmandu; SAARC Documentation Centre (SDC) in 1994 in New Delhi; SAARC Meteorological Research Centre (SMRC) which became functional in Dhaka in 1995; and SAARC Human Resources Development Centre (SHRDC) in Islamabad in 1998. To promote the distinctive arts of the South Asia and closer interaction among the cultural institutions in the region, a South Asian Culture Centre (SACC) is proposed to be set up in Kandy, Sri Lanka. Various other proposals, such as those relating to the Institute of Rural Technology and the Regional Software Centre are at an advanced stage of examination together with the alternative proposal of cost-effective networking of national institutions rather than incurring heavy capital costs in setting up new ones.

However, a closer look at IPA suggest that several important economic areas in South Asia like manufacturing, services, money and finances or even river water harnessing have not become part of IPA without which the progress in cooperation would not yield rich dividends. There is no gainsaying that involvement of certain areas like population, environment, drug addition etc. though many not appear to be integrating sectors are important from South Asian region point of view and also they are increasingly becoming centre of global agenda. But manner in which

39 SAARC News, January-March 2000 Vol. 11, No. 1, 2 and p. 9
cooperation is taking place and non-incorporation of certain core economic sector that may have integrative spill over effect reduces the intensity of cooperation and gradual sectoral integration in South Asia for mutual benefit. Even in the areas where SAARC is active, policy intentions made at the highest political level are not sufficiently followed up nor there is serious effort to involve people in the process. As a result progress under IPA is mostly limited to official or academic interactions without time bound action plans in many areas. The impact of the activities carried under IPA has suffered as GEP notes, due to ad-hoc selection of such activities, their short-term nature, and the absence of any clearly delineated set of priorities for the selection of such activities and the plan of action to implement them.\textsuperscript{40}

Beside, representation in the meeting organised under IPA has been at relatively low level and problems have been encountered in the follow-up and implementation. In other words, IPA programmes have not adequately promoted complementarities in the region, as originally envisaged in the SAARC charter. Paucity of resources has emerged as a major constrain in the implementation of IPA projects and programmes.\textsuperscript{41} SAARC initiatives in arousing consciousness in South Asia on critical areas like population control, drug abuse, malnutrition etc. are abysmally low. Therefore, IPA has not been able bring any fundamental change in South Asian set-up as, for instance, EU has been able to do in the European context. Considerable improvement and much more concrete actions are required under IPA to effect changes in South Asia, which, however, are dependent on the attitudes of member states given the absence of free hand to SAARC.

\textsuperscript{40} n. 35, p. 36
\textsuperscript{41} Ibid.
(iii) People Oriented Programmes

Under the auspicious of SAARC, many programmes are arranged to promote interactions and awareness among people across the borders in South Asia. Many of such programmes were spelt out at the second SAARC summit at Bangalore. This includes, South Asian Broadcasting programme, later known as SAARC Audio-Visual Exchange Programme (SAVE); Scheme for promotion of organised tourism; SAARC Documentation Centre (SDC) for reliable and up-to-date information on technical, scientific and developmental matters; SAARC Chairs. Fellowships and Scholarship Scheme (SCFSS) to promote cross-fertilization of ideas through greater interaction among students, scholars and academics in SAARC countries; SAARC Youth Volunteers Programmes (SYVOP) to involve youth cross nationally in regional cooperative programmes in the field of agriculture and forestry extension work.42

SAVE is operational since 1987. SAVE programmes have attempted to promote an awareness in South Asia not only about other member States culture and developmental aspects, but also the socio-economic issues concerning region like problems confronting women, girl child, education, drug trafficking etc. The SAVE programmes are constrained by lack of proper planning; nevertheless, the concept with certain inputs has potentialities to effect positive transformation in the region.43 The member states have also agreed on a travel voucher scheme which will help in promotion of intra-SAARC tourism without outflow of foreign

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42 Joint Press Release issued on 17 November 1986 at the end of the second SAARC summit, Bangalore, SAARC Secretariat, para. 4
The scheme on the institution of SAARC chairs and grant of fellowships and scholarships, which is now operational, is monitored by the TC on Education. The SYVOP now constitutes an integral part of the working of the TC on Rural Development.

The SAARC visa exemption scheme for certain categories of people like Supreme Court judges, members of national parliaments etc. initiated by the Islamabad Summit in 1988 (effected from 1992) to increase gradually the closer and frequent contacts among the people of South Asia now covers as many as 21 categories of people from different walks of life. Besides, there have been formations of good number of professional associations and regional apex bodies at South Asian level that reflect on issues concerning their area of competency in the SAARC region. Mention may be made of SAARC Chamber of Commerce and Industry (set up in December 1992), Association of SAARC Speakers and Parliamentarians (April 1993), SAARCLAW – an association of persons of legal community of SAARC countries (July 1994), Meeting of Chief Election Commissioners of SAARC countries (February, 1999). These networks and activities have helped in fostering awareness in South Asia regarding the need and potential of cooperation for mutual benefit. The SAARC Trade fairs, exhibitions, film festivals and sports meets have complemented the SAARC role.

Though not necessarily flowing out of SAARC process, but facilitated by the process is the increased relations at the non-governmental level comprising of intelligentsia, former officials and diplomats etc. across South Asian nations who have shown interest in the increased interactions among South Asian nations.

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44 Sharma, n. 32
Mention may be made of the institutions like Independent Group of South Asian Cooperation (IGSAC), SAARC Economic Cooperation, Coalition for Action on South Asian Cooperation (CASAC) and Indian Council for South Asian Cooperation. This non-official interaction (Track II diplomacy) at times has proved conducive for official relations. This apart, many groups have also focused on interaction at civil society level (Track III) independent of official relation. In South Asian context the Track II and Track III process to a large extent is successful in operation even when official relations deteriorate and in a way they have compelled states to enter into negotiations when conflicts disrupt relations between states.

However, even people oriented programmes suffer from implementation problems and myopic approach. Most of the programmes and initiatives have not percolated to the desired grass-root level. The broad conceptualisation of the activities and occasional and symbolic SAARC display and representations rarely invoke enthusiasm about SAARC at the common man’s level. SAARC programmes have not aroused consciousness or educated people even on some of the common social problems relating to population, drugs, gender discrimination or communicable diseases in South Asia.

Most SAVE programmes are drab with little constructive imagination to reach message/information to end-users. Naturally, the ‘South Asian consciousness’ remains a distant dream. People-to-people contacts have been reduced to tokenism with visas open to very limited categories of people. Borders are still closed for free movement of people and information on pretext of security
and other political considerations and NGOs are tightly monitored at the official level. Therefore, the opportunities for networking and awareness of each other’s culture, economy and common initiatives are minimal.

Nevertheless, in a region like South Asia characterised by suspicion and rivalry the progress cannot be considered totally unsatisfactory. But much needs to be done at the civil society level by SAARC since it is here that regional organisation finds its durable base and help region to realise its potential by promoting contact among people across South Asia and reduce conflicts.

(iv) Regional initiatives

SAARC has highlighted the need for regional approach in tackling of certain common problems. This includes the efforts in the direction of adoption of a regional plan called “SAARC 2000 – a basic needs perspective” as proposed by the Islamabad summit in 1988. This long term, action oriented scheme incorporates ‘core-sectors’ identified by national developmental plans with specific targets to be met by member states. With the creation of another important regional agency i.e. SAARC Regional Fund, SAARC 2000 scheme - which covers basic areas such as food, clothing, shelter, education, primary health care, population planning and environmental protection - is assured regional assistance.

Second, the SAARC has set up Food Security Reserve on 12 August 1988, pursuant to the agreement signed at Kathmandu Summit in 1987. This provides for a minimum reserve of food grains of 2,00,000 tonnes for meeting emergencies in
member states and each country maintaining minimum specified quantity with India’s share being 1,53,000 tonnes.\textsuperscript{45}

Third, to have long-term solutions, a regional study on “Causes and Consequences of Natural Disasters and the Protection and Preservation of Environment” commissioned by third SAARC summit (1987) which consolidated the national studies was approved by the Sixth SAARC Summit (1991). Similarly a joint study was undertaken on “Greenhouse Effect and its impact on the region” on the initiatives of fourth summit (1988) was approved by the Seventh summit (1993). The TC on Environment has identified measures for immediate action from among the recommendation of both the studies.\textsuperscript{46}

Consequently, an Environment Action Plan adopted at the third meeting of SAARC environment ministers in Male in October 1997 focusing on environmental impact evaluation, exchange of information and development of human resources through training was endorsed by the tenth SAARC Summit at Colombo in July 1998.

Fourth, a regional perspective was adopted by SAARC on certain problem areas. This includes “SAARC Regional Convention on Suppression of Terrorism”, agreed during third summit (1987) and implemented from 22 August 1988 following ratification. The eleventh summit reaffirmed the determination of member states to fight against terrorism “” in all its forms and manifestations’ and agreed that such fight has to be comprehensive and sustained.

\textsuperscript{45} Agreement on Establishing the SAARC Food Security Reserve, SAARC, SAARC Secretariat, Article II and Schedule.

\textsuperscript{46} SAARC, n. 37, pp. 12-13.
“SAARC Regional Convention on Narcotic Drugs and Psychotropic Substances” was signed during fifth summit (1990) and implemented from 15 September 1993 following ratification. Two other SAARC conventions – “Convention on Regional Arrangements for the Promotion of Child Welfare in South Asia,” and “Convention on Preventing and Combating the Trafficking in women and children for Prostitution” – initiated by the tenth Summit (1998) were signed during the eleventh Summit. The eleventh summit also recognised the debilitating and wide spread impact of HIV/AIDS, TB and other deadly communicable diseases on population of South Asia and the need to evolve a regional strategy to combat these diseases with, interalia, culturally appropriate preventive measures, affordable treatment and targeting vulnerable groups.47

Fifth, the significant issue of South Asia i.e. poverty alleviation was sought to be addressed on a priority basis by (a) creation of an Independent South Asian Commission on Poverty Alleviation to assess and recommend measures as expected by the sixth summit (1991); (b) stressing priority to the right to work and primary education within the conceptual approach of “Dhal-Bhaat” (Seventh Summit, 1993); and (c) creation of three-tier mechanism (Eight Summit, 1995) with Government secretaries dealing with poverty eradication and social development in the first-tier, Finance and Planning secretaries in the second-tier and Finance and Planning Ministers in the third-tier, to provide impetus to poverty eradication.

The ninth summit (1997) and tenth summit (1998) proposed and committed to the eradication of poverty at the earliest, preferably by the year 2002 through an Agenda of Action which would as suggested by the seventh summit (1993), inter-alia include a strategy of social mobilisation, policy of decentralised agricultural development and small scale labour intensive industrialisation and human development. The eleventh summit pledged to undertake effective and sustained poverty alleviation programmes and decided to reconstitute the independent South Asian Commission on poverty alleviation for reviewing the progress made in cooperation on poverty alleviation and for suggesting appropriate and effective measures.

Sixth, to take care of resource crunch in implementation of SAARC projects creation of three windows South Asian Development Fund (SADF) that mobilises global surpluses for the development of the SAARC region is endorsed by the eighth summit (1995). The SADF is now merged with SAARC Regional Fund (SRF), SAARC Fund for Regional Projects (SFRP) and a third window for social development and infrastructure building.

Seventh, to critically review the functioning of SAARC institutions and provide a Perspective Plan up to the year 2020, SAARC leaders for the first time at Ninth Summit (1997) set up a Group of Eminent Persons (GEP) whose recommendations have now become valuable source of drive to SAARC. The GEP inter-alia recommended for economic integration and suggested for implementation of the SAARC Free Trade Arrangement (SAFTA) to start from the beginning of the year 2000 and the process to be completed by the year 2010 for
Least Developed Countries (LDC’s) and 2008 for others; creation of Customs Union (SACU) preferably by the year 2015; and creation of South Asian Economic Union (SAEU) by the year 2020.48

In the social field, GEP recommended target of reaching a replacement level of population, which translates into a birth rate of 21 per thousand, before the year 2020; universal primary education before 2010; elimination of gender disparities in access to education by 2010; reduction of infant mortality below 50 per thousand; 100 percent immunisation by 2000 in target areas set by UNICEF programmes, empowerment of women, regular biennial ministerial meetings on Women’s Development; setting up of time frame by each member state for Poverty eradication and adoption of a social charter which could incorporate those objectives.49 Others being considered, two of the important recommendations of GEP, i.e. negotiation of a separate treaty for SAFTA and the adoption of a SAARC social charter are accepted by the tenth summit (1998).

Eighth, for rapid the development of a particular area and focussed strategies for the purpose, a sub-regional cooperation in the form of Bangladesh-Bhutan-India-Nepal Growth quadrangle (BBIN-GQ) in the Brahmaputra basin was accepted whose working modalities were finalised by the concerned four foreign secretaries on 17 July 1998 despite the initial reservation of Pakistan, Sri Lanka and Maldives that such moves would go against the SAARC spirit.50 This cooperation

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48 SAARC Vision, n. 35, pp. 53-55
49 Ibid. pp. 83-102
50 The idea was not only opposed by Pakistan, Maldives and Sri Lanka but also even within Bangladesh. When in 1997 Bangladesh Prime Minister Sheikh Hasina was supportive of the idea, leader of the Opposition Begum Khalida Zia was bent on its opposition. See Abdul Kalam, “Sub-regional Cooperation in South Asia in comparative perspective: Ideals and Realities”, In B.C.Upreti. ed., SAARC Dynamics of Regional Cooperation in South Asia, Vol. 1, Nature, scope and Perceptions (New Delhi:
follows a project led approach in the core economic areas of multimodal transportation and communication, energy, trade and investment facilitation and promotion, optimal and sustainable utilisation of national resource endowments, and Tourism and Environment. These projects are to be supportive of, and complementary to, the national plans and they propose to make best use of neighbourhood synergies. Tenth summit (1998) with the objective of enhancing regional solidarity and promoting overall development within SAARC encouraged the development of specific projects relevant to the individual needs of three or more member states under the provisions of the Article VII and Article X of the SAARC Charter.

Ninth, SAARC has given a visible standing to South Asia in the contemporary international solutions by its presence. SAARC, to promote better understanding between South Asia and rest of the world and also to get the required support from outside, has signed Memorandum of Understanding and Cooperation with several UN agencies including UNDP, UNCTAD, ESCAP, UNDCP and UNICEF, and with the Colombo Plan, EU and International Telecommunications Union. SAARC has also limited donor agreements with Japan (through the SAARC Japan Fund) and Canada (through the SAARC-CIDAMOU).

Tenth, with the desire to pool resources and to speak with one voice SAARC has attempted to pursue Common positions on matters of common concern in international forums. For instance, SAARC Environmental ministers conference

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Kalinga, 2000) pp. 109-143. Three of the SAARC members are also part of another sub-regional grouping (outside SAARC forum) called BIMST-EC (Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Cooperation) whose inaugural ministerial meeting took place in Bangkok in June 1977.
was held in New Delhi in April 1992 to evolve a joint position on the issue relating
to the UN Conference on Environment and Development (UNCED). SAARC also
presented a common position paper at the fourth World Conference on Natural
Disaster Reduction (Yokohama, May, 1994). There was also a declaration issued
by the SAARC commerce ministers on the eve of second WTO ministerial meeting
at Geneva setting out a SAARC approach on these issues. Commerce Ministers and
SAARC Commerce Secretaries in 1999 sought to identify issues of mutual concern
and coordinate policies well in advance of Seattle meeting of WTO. These
SAARC efforts have given South Asia a visible stand in the contemporary
international relations.

Nevertheless, it has to be admitted that benefits of regional initiatives are yet
to be accrued on an effective scale. While SAARC has promoted common
positions on issues like environment, north-south issues etc. differences between
South Asian countries on significant issues like CTBT, South Asia’s linkages with
external powers, regional security etc. exist on which they have openly clashed
before global community and SAARC has hardly presented an image of being a
coherent bloc. Within the region on agreed areas decision taken at the highest levels
almost remain unimplemented. For instance, two conventions on suppression of
terrorism and narcotic drugs and psychotropic substances have had no impact on
controlling terrorism or drug trafficking in South Asia. As GEP notes, some of the
countries are yet to enact national legislation (for example Pakistan and Bangladesh

51 "Analytical Report by the Secretary-General at Nineteenth session of the Standing Committee. 27-29
July 1994, Dhaka", SAARC Documents: Milestones in the Evolution of Regional Cooperation in South
52 National Herald, (New Delhi) 15 and 17 May 1999
on Terrorism) to give effect to these conventions. Further, although member states have suffered acute food shortages at times, facilities provided under SAARC food security reserve has not been utilised. The gains from sub-regional BBIL-GQ do not appear to be substantial.

Regional intervention in crucial areas of social sector and environment etc. is also limited. In the latter, except for two studies, regional initiatives are not conspicuous and environment action plan is yet to be effective. The regional centres have not emerged as recognised centres of excellence and are bogged down by routine activities hardly distinguishable from the national centres with which they are associated.

In other words, with most SAARC initiatives remaining either at the official level or with proclamation of policy intentions without sufficient perusal, SAARC’s regional initiatives are yet to make a visible impact on the conditions of the region despite the moves already made in this regard.

**Economic Cooperation and SAPTA**

The most important achievement of SAARC, though little late, is the progress made in the field of economic cooperation. Though the progress might appear to be modest compared to the situation of the region with low intra-regional trade of less than 4 percent of region’s global trade, divergent trade policies, perceptions and tariff rates, the progress is remarkable.

Economic cooperation was a primary objective of SAARC. Two years later, the third summit (1987) agreed to examine the possibility of including trade cooperation in the core area of SAARC and the same was stressed by the fourth

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53 SAARC vision, n. 35, p. 37
summit (1988). To give effect to the idea a regional study on Trade, Manufactures and Services (TMS) was constituted by the SAARC Secretariat. Based on its recommendation (1991) SAARC set up a high-level Committee of Economic Cooperation (CEC), thereby formalising regional economic cooperation.

The decisions of sixth summit (1991) are extremely important in this regard. Significantly, it approved the Inter-Governmental Group (IGC), set up on the recommendations on CEC, to suggest measures on an institutional framework under which specific measures for trade liberalisation among SAARC member states could be furthered. Endorsing Sri Lankan proposal for creation of South Asian Preferential Trade Arrangement (SAPTA) by 1997, summit stressed the examination of the proposal by IGC.54

Subsequently the framework agreement on SAPTA in a historic decision was approved by the Council of Ministers during Seventh summit (11 April, 1993). IGC on trade liberalisation negotiated the trade concession on SAPTA agreement, which was completed in June 1994. Following ratification by member states, SAPTA was effected on 7 December 1995, a decade after launching SAARC.

Preferential trade is not new to the South Asian countries. For instance, India, Bangladesh and Sri Lanka along with Korea, Laos and Papua New Guinea are party to the Bangkok agreement (1975), initiated under the auspicious of ESCAP, in which more than 700 items are offered concession by the Contracting Parties (CPs). India also has a long history of bilateral trade preference for example with Nepal under Indo-Nepal Trade and Transit treaty. However, SAPTA extended

trade preferences to the whole region by CPs and this move was prompted by certain issues and developments.

First, with the end of cold war excessive importance to politico-strategic affairs was reduced and economic factors came to the fore with the accompanying forces of liberalisation and globalisation, which encouraged opening of national economies to outside world, flow of capital and technological resources and expansion of the activities of Multi National Corporations (MNCs). To the countries of South Asia regional collective enterprise naturally became a viable option to protect their interests in an interdependent economy given the limitation of nation-states to satisfy all demands internally and, on the other hand, by the absence of a genuine multilateralism.

Second, end of cold war removed the anchoring points and left South Asian countries, like other countries of third world, to protect their interest on their own. This made South Asian countries to turn towards each other and realise the importance of the region-oriented policy for economic development and mutual benefit.

Third, in late 1980’s and in 1990’s, in most parts of the world there was consolidation of the regions and regional organisations in protection of member states’ interests. It was only through the collective actions South Asian States could withstand the pressure or bargain with such powerful groups. Intensifying regional cooperation, therefore, had become imperative to have access to regional resources for economic development as well as well as to have collective identity vis-a-vis rest of the world.
Fourth, in 1990's most states in South Asia had embarked on a process of economic liberalisation that created a conducive atmosphere in South Asia for trade liberalisation for mutual benefit. The move towards democracy in countries like Nepal, Bangladesh and Pakistan which were willing to explore new avenues in regional cooperation was a complementary factor.

Fifth, the academia and business class were already in favour of a regional approach highlighting its advantages and urging their governments to explore the possibilities in this direction. Sixth, the SAARC Secretariat, though not comparable to 'Brussels institutions' of EU in policy initiatives, was in place to provide continuity and work for SAARC programmes. Seventh, regions' commonalities, developmental needs, priorities and problems necessitated the consideration of region as a single developmental unit and adoption appropriate collective strategies for regional consolidation.

Preferential trade arrangements occupy lowest position in the scale of regional trading arrangements. Yet in the South Asian context this was a significant development indicating economic cooperation and willingness to move towards higher terms of cooperation. This preferential trade arrangement was expected to remove impediments (Tariff and Non-Tariff Barriers) to trade in South Asia and thus, contribute to the economic development of member states and welfare gains in South Asia.

Article 4 of SAPTA *inter-alia* consists of arrangements relating to – (a) tariffs; (b) para-tariffs; (c) non-tariff measures; (d) direct trade measures. Article 5 states that contracting parties may conduct their negotiation for trade liberalisation
in accordance with any or combination of approaches and procedures such as – (a) product-by-product basis; (b) across-the-board tariff reductions; (c) sectoral basis; (d) direct trade measures. Initially the negotiations were to be on tariff preferences on a product-by-product basis.55

Laudably, SAPTA is based on the principles of reciprocity and mutuality of advantages so as to benefit all contracting parties equitably considering their respective levels of economic and industrial development, patterns of their external trade, trade and tariff policies and systems (Article 3a). Equally important is the stress on special consideration to LDCs in Articles 3 (c), 6 and 10. Article 7 states that the tariff, para-tariff and non-tariff concessions negotiated and exchanged should be incorporated in the national schedules of concessions.

On exceptions, SAPTA emphasises in Article 11 that its provisions will not apply to preferences already granted or to be granted by any contracting state to other contracting states outside the framework of this agreement and to third countries through bilateral, plurilateral and multilateral trade agreements. Certain safeguard measures are provided in article 14 to suspend concession when manner or quantity of imports cause or threaten to cause serious injury to importing country but with stress on solving disputes between two by consultation.

In operation, the consolidated National Schedules of Concessions containing list of products for concession is not impressive. However, the number has increased substantially. In the first round of SAPTA negotiations 226 items of which nearly 100 items in favour of LDCs were identified for exchange on tariff concession ranging from 10 to 100 percent. Under SAPTA, tariff concessions are

55 Agreement on SAARC preferential Trading Arrangement (SAPTA), SAARC, 11 April 1993
mentioned as a percentage of Most Favoured Nation (MFN) rates, which imply that when MFN rates are brought down by member states, proportionately the preferential rates would be reduced to maintain preferential margin. Since Pakistan does not extend MFN status to India in its trade relations, Pakistan offered concessions on certain products out of the list of 575 products which it was permitted to import from India. Following table sums up the concessions extended by member states on the number of items in the three rounds of negotiations undertaken.

<table>
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<tr>
<th>Concessions Granted by</th>
<th>First Round</th>
<th>Second Round</th>
<th>Third Round</th>
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<tr>
<td>Bangladesh</td>
<td>12</td>
<td>272</td>
<td>481</td>
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<tr>
<td>Bhutan</td>
<td>11</td>
<td>47</td>
<td>124</td>
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<td>India</td>
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<td>911</td>
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</tr>
<tr>
<td>Pakistan</td>
<td>35</td>
<td>386</td>
<td>295</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>31</td>
<td>112</td>
<td>82</td>
</tr>
<tr>
<td>Total</td>
<td>226</td>
<td>2013</td>
<td>3456</td>
</tr>
</tbody>
</table>


In the second round of SAPTA effected from 1 March 1987 concessions were directed towards specific countries and concessions granted to an item that carried NTB's (especially quantitative restrictions were listed in the schedules). The third round of negotiations concluded on 23 November 1998 and SAPTA III operationalised from June, 1999 further increased the number of items for concessions and multilateralised concessions except those granted to LDC's. For example, concessions granted by Pakistan would automatically become applicable to Sri Lanka thus facilitating increased intra-regional trade in South Asia.
At the ninth summit (1997) leaders recognised the importance of achieving a (South Asian) Free Trade Area – SAFTA by the year 2001. The tenth summit (1998) decided to accelerate progress in SAPTA with deeper preferential tariffs covering products which are actively traded, remove discriminatory practices and NTBs, reduce of domestic content requirement under SAPTA rules of origin. It clearly emphasised the importance of achieving SAFTA as mandated by Ninth Summit and directed to set up a Group of Experts drawn from all member states for purpose of drafting a comprehensive treaty regime for creating a free trade.\(^5\)

The eleventh summit, recognising the importance of achieving free trade area in a time framework directed the Council of Ministers to finalize the text of Draft Treaty Framework by the end of 2002 as well as directed to expedite action to remove tariff and non-tariff barriers and structural impediments to free trade. Significantly, the Summit agreed to accelerate cooperation in the core areas of trade, finance and investment to realize the goal of an integrated South Asian economy in a step-by-step manner.\(^5\)

In addition, for trade facilitation many initiatives are undertaken such as (a) Customs Action Plan and constitution of a standing customs coordination group for harmonising and simplifying customs procedures\(^5\); (b) intra-SAARC investment and joint ventures emphasised by the ninth summit (1997) is given a shape by efforts to create a Regional investment treaty and SAARC Arbitration Council; (c) decision to set up a “SAARC Finance” by SAARC finance secretaries

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\(^5\) Declaration of the Tenth SAARC summit, Colombo, 31 July 1998, SAARC Secretariat, para 22 and 23.
\(^5\) Declaration, n. 47, para 5-7
and Governors of Central Bank meeting at the time of IMF-World Bank annual meeting in Washington on 5 October 1998. This “SAARC Finance” proposes to exchange information on developments in the region, especially relating to the status papers on payment systems in respective of their countries, to enable quick settlement in respect of cross-border trade flows\(^{59}\); (d) SAARC meeting on “Avoidance of Double Taxation” (August, 1999) with a view to comprehensively to study the taxation regimes in the member states and drawing up a draft regional agreement on the avoidance of double taxation as a trade facilitation on measure.\(^{60}\)

The initiatives are suggestive of the gradual expansion of the scope of SAARC into many functional and trade areas. The liberalised global markets and their impact on policy frameworks of member states is a driving force in regional cooperation. The increasing confidence among the business class and academia in the working of SAARC is an intangible gain from the economic cooperation in South Asia and their appeal for closer integration is a compelling factor.

SAFTA, or even the potentialities of preferential trade is yet to be realised in effective terms. But advances towards higher forms of cooperation are already indicated by member states as evident in the Indo-Sri Lankan free trade agreements beside India’s existing free trade arrangements with Nepal and Bhutan.\(^{61}\) The smaller states have gradually shed their apprehension of India’s domination in trade and they have become major advocates of SAPTA and SAFTA. Such measure is

\(^{59}\) Ibid., p. 15


\(^{61}\) Rajya Sabha, Unstarred Question No. 994, 4 March 1999. India-Sri Lanka Free Trades Pact was signed on 28 December 1998 in which India would allow duty free imports of 1000 items from Sri Lanka and the latter would permit duty free entry of around 900 items from India. Beside a 50 percent margin of
partly the result of the realisation that other trade blocs such as ASEAN or APEC is not open to them; but mostly to achieve equitable gains from trade in the region in the context of global trade liberalisation.

Pakistan is now willing to trade more with South Asia even if it means greater interactions with India. This stand is influenced partly by the appeals of Pakistani businessmen for the need for free trade and partly its membership in WTO gradually pushing it towards giving MFN status to India.

The unofficial or third country trade between India and Pakistan in 1999 is estimated to be around $2 billion with Kargil conflict having no impact. This may be replaced by regular trade with increased interaction between two. Therefore, in South Asia increased trade is seen as advantageous from different points of view such as greater access to regional resources, to overcome internal economic constraints, to face the challenges of globalisation, to have greater strength in bargaining vis-a-vis rest and trade as a counter point to the internal disintegrative trends where ethnic and religious unrest are on the rise. So in the given situation though the degree of economic cooperation is not very high, there is a realisation of the strength of cooperation.

However, realisation has not always translated into practice even as domestic and global situation have proved to be compelling factor for increased regional cooperation.

preferences is given to all items when Treaty comes in to force and Tariff laws would be brought down to zero over a period of 3 years.

62 Economic Times (New Delhi) 14 July 1999
Table 1*

<table>
<thead>
<tr>
<th></th>
<th>Exports</th>
<th>Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Global Exports of SAARC countries</td>
<td>Intra-SAARC exports</td>
</tr>
<tr>
<td>1991</td>
<td>28352</td>
<td>1014</td>
</tr>
<tr>
<td>1997</td>
<td>51136</td>
<td>1930</td>
</tr>
<tr>
<td>1999</td>
<td>56449.4</td>
<td>2479.5</td>
</tr>
</tbody>
</table>

Table 2*

<table>
<thead>
<tr>
<th></th>
<th>Global Trade of South Asia</th>
<th>Intra-SAARC Trade</th>
<th>SAARC share (percentage) of Global Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>1991</td>
<td>63436</td>
<td>1884</td>
<td>2.97%</td>
</tr>
<tr>
<td>1997</td>
<td>115250</td>
<td>4055</td>
<td>3.52%</td>
</tr>
<tr>
<td>1999</td>
<td>126313.2</td>
<td>4960.4</td>
<td>3.93%</td>
</tr>
</tbody>
</table>


For instance, as Table 1 and 2 suggest intra-SAARC trade has not picked-up significantly even after the creation of SAPTA and the bottlenecks exist for increased trade in South Asia as evident in its share of less than 4 percent of its global trade. This is in contrast to other regional organisations. For example, the intra-EU trade is around 34 percent and intra-ASEAN trade is around 22 percent. Therefore, despite overt claims, trade in South Asia and policy measures remain at the lower side.

Tardy progress in trade could be attributed partly to the attitudes of political elites and partly to the economic situation prevalent in the region. Unlike other regions, the trust among each other, whole-hearted support and political willingness to carry forward the economic cooperation with vigour and commitment is missing.
On the other hand, region’s economic structure has partly constrained the urgency in realisation of the potentialities of the region and economic integration. Consequently the progress in economic cooperation has tended to be moderate; at times, inert. This is evident in the operation of SAPTA whose liberalisation effect is limited because of number of factors.

First SAPTA’s focus appears to be more on product coverage than trade coverage. It does not adequately cover the actively trading items in South Asia and on the other hand, most products covered are sourced from outside. For instance, only 22 out of the 106 items offered concession by India and only 13 out of 35 products in the case of Pakistan in the first round were sourced within SAARC region. The first round resulted in the total value of regional trade liberalisation not more than 72.5 million dollars equivalent to no more than 6 percent of intra-regional trade in 1993.

While the modest gains in the first round could be attributed to the product-by-product approach as mandated by the treaty, the second and third rounds were not very different from the first in terms of trade focus and poor targeting of products. This suggests that there was not much serious thought about the products marked for concession. And especially in the case of Nepal, Sri Lanka and Bangladesh some of the products offered for concession in schedules by India were the products already granted concession by India either in the bilateral trade agreements with India or as parties to the Bangkok agreement making SAPTA concessions irrelevant. For Instance, in the first round, 17 of the 18 products

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offered concession by India to Sri Lanka had already the same preference under other agreement as those offered under SAPTA making SAPTA offer irrelevant in those 17 products. Moreover, majority of the products offered concession were not imported at all by the contracting Parties which make offer under SAPTA meaningless.

Second, many countries of South Asia have similar production structure and commodities for exports, restricting the benefit of comparative advantage in the region. Most of them are primary commodities producing economies with small industrial base manufacturing limited only the few products. Trade is mostly confined to agricultural items whose demand and supply is inelastic. This is because either its exports are small due to existence of many producers to meet the requirement of importing country or because of market situation which is partly dependent on vagaries of nature. Lack of diversification consequently impacts upon limited intra-regional trade.

Third, preferential trade even in limited number of items is off-set by the existence of tariffs at the higher level or by the number of NTBs such as handling charges, complex documentation procedures etc. beside quality control. Overall reforms in South Asia are not as deep as, for instance, South-East Asia. As IMF opines South Asia tops the rank with an average unweighted tariff of 21 percent in Bangladesh, 35 percent in India and 24 percent in Pakistan and trade reforms are

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64 Indra Nath Mukherji. "Transition from SAPTA to SAFTA", In Sankar Ghosh and Somen Mukherji, eds., Emerging South Asian Order: Hopes and Concerns (Calcutta: Media South Asia, 1995) p. 196
65 If countries of South Asia have brought down tariff rates in accordance with WTO provisions for liberalisation, SAPTA can not take credit. Reduced tariffs accompanied by restrictions on NTBs can boost trade without the need for preferential arrangements.
loosing momentum in South Asia in the last couple of years. Therefore, few tariff based approach with concession to already existing high tariffs, that too without removal of NTBs and para-tariffs is not sufficient incentive for increased trade in South Asia.

Fourth, share of actively trading items in South Asia like spices, sugar, rice, cotton etc. have witnessed downward trend in proportion to the degree of self-sufficiency achieved in those items by importing country. On the other hand, large production and export of raw cotton by Pakistan and jute by Bangladesh which have not significantly faced intra-region competition are being affected by the cheap synthetic fibre production outside the region, thereby affecting the competitive edge of these countries and trade in South Asia.

Fifth, trade scenario in South Asia at times represents the mismatch between demand and supply. For example, Pakistan not being a tea producer offers large market for tea exports of Sri Lanka, Bangladesh and India. However, a good part of Pakistan’s tea requirement is imported from outside the region such as East African countries because the kind of tea required by Pakistan (CTC Tea) is not produced in adequate quantities in South Asia.

Similarly, India’s wide range of machinery and manufacture is generally seen as inferior in quality compared to products from outside, having its impact on Indian exports to SAARC region. Therefore, reduced barriers need not necessarily promote trade since supply side constraint becomes equally important in limiting

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67 Saman Kelegama, “SAPTA and its future,” In Gonsalves and Jetly, eds., Dynamics, n. 43, p. 177
trade. Supply – quantity and quality – has to match up with the expectation of the
importing country which is also price conscious and compares products to the
extra-regional products.

Sixth, political factors have their own impact on trade relations. Some
countries of the region (for example, Pakistan, Bangladesh and Nepal) have
diverted deliberately their imports away from India to other countries for political
and non-economic reasons and in some cases (for example, Nepal) to lessen the
earlier heavy dependence on India even if it meant importing competitive Indian
goods at higher cost through third country (Dubai, Singapore etc.) or through the
so-called unofficial or “informal” trade (including smuggling).\(^68\)

Trade preferences have not served as incentive to overcome political
differences between countries especially between India and Pakistan. Pakistan, for
instance, continues to import iron ore from Australia, Canada, Brazil instead of
India which could reduce for Pakistan the landed cost and delivery time. On the
other hand, India imports natural rubber from Indonesia, Malaysia and Thailand
instead of Sri Lanka, which again imports cement from South-East Asia rather than
from India.\(^69\) Such preferences hardly are conducive to trade-creation in South
Asia.

Most of factors, therefore, have limited complete realisation of the benefits
of SAPTA. However, in most of these, the centrality of lack of political
commitment cannot overlooked. SAARC has embarked upon several trade

\(^68\) Charan D. Wadhwa, “Assessing the SAARC Preferential Trading Arrangement,” in Gonsalves and
Jetly, eds., *Dynamics*, n. 43, p. 197.

\(^69\) Buddhadeb Ghosh and Prabir De, “Infrastructure, Economic growth and Trade in SAARC”, *Bhse
Journal*, vol. 21, no. 2, April 2000, pp. 142-74; For the effects of such high cost extra-regional imports
facilitation measures since SAPTA alone can not boost regional trade. This includes attempt to improve the intra-structural facilities and other measures such as investment treaty, arbitration council, avoidance of double taxation, common standards, harmonising and streamlining of documentation procedures and requirements etc. The end results of these is yet to accrue; nevertheless, an attempt though appear marginal is made to make SAPTA a base of potential SAFTA.

Economic cooperation in South Asia is just about 10 years old. The progress it has made, despite the constraints cannot be belittled and SAFTA might prove yet another step in promotion of trade. With gradual incorporation of core economic areas like manufacturing, services, money and finance coupled with interface between industry and civil society, SAARC could realise its potentialities. The ongoing liberalisation process in many South Asian countries, pressure of globalisation and sharing of experiences with other regional organisations such as ASEAN, EU etc. could serve as a incentive for greater cooperation in the region. SAARC and national leadership as well as industry and academia perhaps need to tap on this imperative so that integration in the region could be protected and effectively projected for mutual benefit.

Constraints in regional cooperation:

Success of a regional organisation depends on the commitment and the willingness of the member states to put the regional interests above narrow national interests. In the common endeavour mutual benefits are accrued by subordinating mutual suspicions and rivalry to economic security and cooperation. However,

South Asia witnesses a complex and contradictory impulses of cooperation and conflict limiting the pace of regional integration in South Asia.

A closer look at SAARC suggests that over the years importance of SAARC has increased; number of areas of cooperation have gone up and initial hesitation and inhibitions are overcome. Yet the ‘deepening’ both at the political and economic level is extremely slow and tedious. SAARC hardly had any contribution in eliminating the sources of conflict in South Asia or in playing a notable role in promotion of common values and interests concretely.

Part of the problem is very structure of the organisation. SAARC activities are expected to be followed up by member states where national perspectives begin to interfere with the work. Moreover, official machineries are not tuned to follow up SAARC projects and the latter does not enthuse the former. On the other hand SAARC can not pursue projects independent of member states. It is constrained by the terms of the treaty where SAARC committees consist of national representatives and Secretary-General is expected to work under the guidance of the Standing Committee.

Moreover, the rotation of Secretary-Generals in a brief period of two years makes the earlier initiatives diffuse when new Secretary-General assumes office with his own priorities. Consequently the consistency and thrust in pursuing of projects tend to wither away. SAARC has hardly any autonomous power in pushing through the cooperative frameworks.

Further, SAARC has no income of its own to give a thrust to projects. It is dependent on member states for resources which make SAARC projects indirectly
dependent on them. Given the economic position, member state’s attitude towards each other and perceptions of unequal benefit and returns disproportionate to spending, not much enthusiasm or political willingness comes forth to promote SAARC activities. While a country like India has not been sufficiently generous in general, except perhaps for a brief period of Prime Minister I.K. Gujral, its neighbours are yet to realise the naivety of unreasonable expectation by harping on asymmetry all the time.

Consequently, the SAARC projects have become vulnerable to vicissitudes of member states. The government actors are still in control of SAARC programmes and activities making the SAARC state-centred and state-directed organisation. External factors or agencies hardly played a major role in establishing SAARC unlike EC or ASEAN and, interestingly, SAARC growth remained unaffected by the vagaries of international system. Instead it was predominantly driven by the domestic political and economic dynamics of South Asian Countries. How long this situation would continue and whether economic factors remain subservient to politics in future in South Asia could be a matter of contest. But there is no gainsaying that hitherto primacy of politics and political considerations has restricted the scope for regional initiatives or effective plan implementation. SAARC’s base in promoting regional cooperation in South Asia naturally has become limited in the context although there was an air of urgency for South Asian countries to catch up with global market forces and to lessen volatile situation in South Asia.
At times the smaller countries have shown willingness to speed up economic integration, partly compelled by economic forces, partly to find space between bigger countries, but the response of the latter has been dull. Regionalism is seen as secondary to national progress and SAARC naturally has become a peripheral institution. Therefore, the support to SAARC has been either dispassionate or carefully evaluated to gauge anticipated benefits tending the progress of SAARC extremely slow.

The reason is not far to seek. Countries of the region have not been able to establish stable relationship with one another, more so between India and Pakistan, later Bangladesh. There exist certain obstacles to interaction between countries of South Asia such as communication links and infrastructural facilities, which are improving and are not as large as impediment to cooperation as is the perennial conflict between countries of the region. Constant tension has put pressure on the region which has undermined peace, prosperity and progress.

Much of these attitudes and actions of the member states could be attributed to their mutual and regions perceptions structured by their conditions and experiences. Unlike west where nation and state almost evolved simultaneously, though not without turmoil and conflicts, partitions and unifications in its capitalist development, in the ideological perceptions of member states of South Asia ‘nation’ has almost become the cultural embodiment of states after de-colonisation in which dominant groups’ identity was largely implicit often to the exclusion/subordination of minority groups. In the ‘nation-building’ process, depending upon elite perception, motives and experiences, different principles were
emphasised in different countries which at times were not only competitive but contradictory to one another.

For example, Sri Lanka focussed on secularism but drifted towards Buddhist identity. Nepal consciously followed Hinduism. In Pakistan following two-nation theory religion became the basis of Pakistan’s formation and nation-building. On the other hand India followed a secular approach. By extension this meant for Pakistan, (despite Bangladesh liberation in 1971), without incorporation of Muslim majority Kashmir, its creation and form is incomplete.\(^7\) Hence is the support to Kashmir “Liberation”. To India, Kashmir is show-case of Indian secularism and integral part. These perceptions coupled with political considerations made conciliation between two difficult. Any questioning of these identities was treated as challenge to the very basis of ‘nation’, and ‘national’ perspectives with cultural anchorage were pursued in relation to others to maintain distinct identity.

In a multi-ethnic societies of South Asia ‘building’ a nation was a difficult process and the proliferation of differences with assertion of neglected groups has led to stress on governmental machinery resulting either in mis-governance or authoritarian government even within formal democratic systems such as India and Sri Lanka. For purpose of internal consolidation neighbour whose basis of nation rested on contradictory principles was often projected as enemy. Cultural, religious and ethnic divides were abetted by mixture of politics and desire to maintain cultural specificity and identity in relation to others (implicitly, not to be subsumed under India) in the face of commonality stressed by regional cooperation.

Propaganda and education served as instruments in reinforcing 'national' principles and denouncing the 'other' which shared and/or viewed as supporting that community which was opposed to the 'nation' where it is existing. In South Asian context, more so in India, Pakistan, Sri Lanka, 'nation' has become a volatile and emotive concept potentially explosive because of the existence of cross-national communities and migrations and the difficulties in limiting the effects of ethnic conflicts and minority reactions to national boundaries.

This is the case with Muslims in India, Mohajirs in Pakistan or migrations from Sri Lanka and Bangladesh to India or Bhutanese refugee in Nepal etc. What is considered as domestic problem by its very nature has spill over effect on bilateral relations and have even caused inter-state crisis (for example Sri Lankan crisis or communalism in India). Role of 'other' is always projected negatively in such continuing crisis either by government or by dominant groups in society making the region inherently suspicious and instable limiting the scope for forward push to integrative/cooperation process.

However, beneath the ideological aspects, the overriding role of material factors – power considerations, geo-strategic and economic constraints can not be overlooked. For example, despite the ideological values authoritarian Pakistan ruled by martial law had no hesitation during the cold war in leaning towards democratic and human right advocate, the United States. On the other hand 'democratic India' forged linkages with Soviet Union, very anti-thesis of free democratic system. In the changed context after the end of cold war, India’s appeal
to west is in terms of democracy fighting Pakistan backed terrorism vaguely defined as “Islamic threat” – a new ideological evil.71

In the domestic settings ‘nation’ is often defined in exclusivist sense (for instance, some Sinhala groups like JVP in Sri Lanka, “Sangh parivar” in India) tacitly aiming at denying power share to groups that oppose dominant interests. Hence, it would not be exaggeration to say that often relations are pursued to derive advantages, identities are “constructed” to suit conveniences or adversary is instrumentalised as opposite pole in order to build rapport with potential friends/benefactors.

With each pursuing its own idea of national interest and identity and mirror-images of ‘other’, coupled with large bilateral border, river, infiltration and other problems, threat perception emanates from within the region to the detriment of region. This is in contrast to most other regions (for example Western Europe, South-East Asia) where perception of common (external) enemy has led to consolidation of the region. Outside powers are in fact welcomed to the region or aligned with presumably to neutralise the perceived dominance of some countries viz. India. Pakistan and Sri Lankan inclination to forge closer linkages with external powers like China or ASEAN with assumptions of counter-balancing India’s power in the region is an example of this attitude.

India’s plea for collective self reliance in the region and warning against any foothold to external powers are interpreted by others as borne out of India’s

71 Citha D. Maas, “South Asia between cooperation and conflict.” In Gonsalves and Jetly, ed., Dynamics, n. 43, p. 52
hegemonistic designs. With the end of cold war disjuncture between India and small states of South Asia is reduced with India’s efforts to improve its relations with all extra regional powers and reluctance of the latter to get involved with smaller countries against India. While with the US India’s relationship is improving, China has no reason to worry about India as a Soviet client in South Asia though it has to be admitted that there is no perceptible preference to India as against Pakistan by the US or China. But within South Asia the mind set of appealing to outside powers for common and bilateral problems that directly or implicitly involve India has not vanished.

While the bilateral problems continue to affect regional cooperation, divergent perceptions on the role and nature of cooperation complicate the matter. India, for instance, wishes to see SAARC as a body dealing and promoting Economic, Science and Technology, Cultural and developmental areas without touching bilateral controversial political and strategic aspects and aim at self reliance. But to smaller countries, as Pakistani academician put it, “SAARC appears not just as an association that promotes mutual cooperative ventures in economic field but also a means that could provide alternative route to security”, and they ‘would like to retain some credible security options to seek help from outsider equalisers, the level of dependence in many ways continues to be linked with behaviour and policies of the core country-India’.

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India’s hegemonistic and ‘domineering’ role is accused as being central to India’s bilateral problems. India’s military interventions in Bangladesh (1971), Sri Lanka (1987-90) and Maldives (1988), two nuclear explosions (1974 and 1998) are perceived as instances of Indian hegemonistic designs. These suspicions and divergent perspectives have affected the regional cooperation at every level as, for instance, could be noted in the refusal of Pakistan to extend MFN status to India in its trade relations. The divergent political regimes such as democracy (India, Sri Lanka, Maldives), hereditary monarchies (Nepal and Bhutan) or zigzag between democracy and authoritarian military regimes (Pakistan, Bangladesh) further compound disharmony and prevent enduring convergence of political perspectives.

The military imbalance and economic disparity has added to the purview images of ‘dominated-dominating’ and security continues to be articulated in the essentialist components of military paradigms rather than as a measure of eliminating all threat to human survival including those emanating from non-military sources in South Asia such as poverty, hunger, malnutrition, environmental degradation etc. by mutual cooperation and development.

The quest for parity with India (for example, Pakistan) or efforts to counterbalance India’s supposedly hegemonistic designs and long-standing conflict areas such as river sharing and refugee disputes between India and Bangladesh; trade and transit arrangements between India and Nepal; effects of ethnic conflicts in Sri Lanka on Indo-Sri Lankan relations; refugee problem between Bhutan and Nepal; Nuclear issues and Kashmir which Pakistan has made a core issue for peace in

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South Asia becomes central issues in bilateral relations and perceptions and prove impediments to strengthening of regional cooperation and SAARC.

Here, while ‘Indo-Phobia’ – perceived fear of India’s domination-backed by its size, military and economic power seizes neighbours’ thought process, India rues denial of its rightful place, unjustified apprehensions of its neighbours banking on disparity and neighbours entering into a league with external powers that might jeopardise its security. Not surprisingly Indian policy makers consider Pakistan as irrendist power in Kashmir dispute.\(^{75}\) SAARC not only was created amidst suspicions and conflicts, but has incorporated it within its structure since SAARC progress has become difficult to be bifurcated from issues in South Asia especially between India and Pakistan. Naturally the progress towards ‘deepening’ of relations has come to be linked with the political climate of South Asia.

While problem exist in most parts of the world regional organisations seek to promote common interests and gradually overcome problems. Its success, however, depends on political will. In certain organisations like EU most policy structures, especially in economic areas, are communitarised and in areas where there exists no consensus others are not prevented from moving ahead. Whereas SAARC being intergovernmental organisation is completely dependent on the consensus of member states for progress. But the goodwill of members can not be taken for granted as evident in the frequent postponement of summits. The lack of political will coupled with divergent perceptions – bilateral, regional and role of extra-regional powers – and weak institutional base of SAARC has not been

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\(^{75}\) Kishore C. Das “The political economy of regional cooperation in South Asia”, *Pacific Affairs* (Vancouver) vol. 69, no. 2, summer 1996, pp. 185-209.
conducive to regional cooperation. Regional cooperation in South Asia and advances of SAARC, therefore, has become extremely slow and tedious and the progress is mostly confined to discussions and interactions among officials and few others and its response to global and regional situation is superficial.

However, regionalism can not thrive as mere defence mechanism to globalisation pressures, although the latter can serve as an incentive to regional cooperation. Instead, it needs to play a pro-active and productive role in realising the potentialities of the region through promotion of goodwill among member countries, harnessing the resources and integrating the people of the region for the common benefit of peace and development. At the same time SAARC also need to direct its attention to global market and situation along with the attention to the region so that countries of the region cooperate among themselves to meet the challenges of global market forces. This has become imperative in view of changes taking place at the global settings. Other regions are already integrating and getting consolidated, the effect of which in an interdependent world can not be neglected by SAARC.

The global developments with increased activity of MNCs and western economic tenets by its focus on neo-liberalism reflect capitalist homogenising tendencies. This has a major impact on North-South relations potentially reinforcing the existing inequality. The military and economic aid is no longer thrust on countries involved in conflicts. Investors too are becoming sensitive to the threats emanating not only from economic mis-management but also conflictual
situations leading to the diversion of investments. In this settings South Asia is in real danger of being marginalised.

Especially after the nuclear explosions by India and Pakistan in 1998 and the revealed capacity of the two adversaries peace and stability has become indispensable for the progress of the region as a whole. The sanctions have heart both the countries. Even the external moves of the two, conditioned by their bilateral rivalry (for example India keeping out Pakistan in Indian ocean Rim grouping or Pakistan trying to reach out to West-Asia and Central Asian Republics through ECO) has only been counter productive and made adjacent countries cold towards India and Pakistan fearing influence of negative politics of South Asia into their dynamic cooperation in ASEAN or even initial stages of evolving Indian ocean Rim Cooperation.76

India and Pakistan may have partially succeeded in seeking participation outside. But India is far from getting membership in ASEAN and APEC; IORARC in which India is a member is still in its initial stage. Pakistan is a member of ECO which has not yet taken viable shape to become strategically or economically meaningful. Therefore, for both countries South Asia becomes indispensable unit of reference for progress.

In South Asia internal and bilateral conflicts have resulted in excessive spending on defence and conflict areas that otherwise could have been used for welfare programmes. Such issues have also made states weak (for example ethnic conflict in Sri Lanka) and region vulnerable to outside pressure. Non-military

76 S.D. Muni, "Regionalism Beyond Regions : South Asia outside SAARC," In Gonsalves and Jelley eds., Dynamics, n. 43 pp. 119-22
threats arising from ethnicity, economic stagnation, failure to provide basic amenities to people etc. have become as dangerous as military threats in South Asia. Centralisation of powers, denial of plurality and diverting attention of the people to ‘outside’ enemy has harmed interest of the countries concerned as well as of the region both in short and long terms. Effective solution to the problems of South Asia lies in the strengthening of regional cooperation.

SAARC’s progress is not totally unsatisfactory given the conditions of the region and the recent fast-track approaches promise better results. Pace of progress does not compare adversely with other regional organisations in their early pace. Yet, given the compulsions, slow and tardy progress could be bettered if South Asian countries realise that SAARC though can not be an effective alternative to bilateralism at least can help in collective realisation of common purposes which can not be met with in their narrow national boundaries. This realisation of the advantages of regional cooperation such as expanded market, additional production and investment space, advantages of economies of scale, specialisation etc., apart from intangible benefits of peace and stability in the region requires a commitment on the part of South Asian countries to realise the true potentialities of the region. Hence, countries of South Asia particularly India and Pakistan need to exhibit a political willingness to carry forward the goals of regional cooperation and realise the objectives of SAARC.