

CHAPTER - FIVE

5.1 PROBLEMS AND PROSPECTS

So far as statistics are available, the SAARC region represents 1.53 billion people, which is 25% of the world population. The analysis of population mix reveals that the region has largest youth population in the world and its people have highest combined purchasing power potential. The other favoring elements of co-operation among SAARC members are: high biodiversity, common colonial past and experience, common problems of poverty, employment, illiteracy etc. and a common civilization heritage which is more than thousands of years old.

Combined with above favorable factors are the core competencies of SAARC members which can be pooled together for mutual benefits. As the Indian President A.P.J. Abdul Kalam remarked during his address to SAARC leaders on April 4, 2007, SAARC countries have several core competencies and every country has a vision to become a developed nation in a time bound manner. For example, Afghanistan has abundant natural resources such as untapped oil and natural gas, minerals and metals and animal husbandry resources. Bangladesh has developed an elaborate and viable system of micro-credit distribution in the form of Grameen Bank concept which has improved the life of poor people in rural areas. The concept has received international recognition and praise. Bhutan has developed a Happiness Index and has abundant hydel resources. Maldives is recognized for innovation and development of tourism industry. Nepal also has huge hydel resource and rich biodiversity. Pakistan has scored noticeable development in the fields of cotton textile and apparel. Sri

Lanka is known for tea and rubber processing industries. India is known for development and use of Information Technology and e-connectivity.

With this background, the need is felt to improve the condition of people in South Asia through connectivity. The connectivity may take three forms: physical connectivity, electronic connectivity and knowledge connectivity which will eventually lead to economic integration of this region.

PROSPECTS

During the last twenty five years the South Asian regional co – operation has been a lively issue, even through the progress in this direction has been quite slow. This has largely been due to lack of stability and continuity of the existing political systems in the region. On the other hand the various international forums like the UNCTAD, non-Aligned Movement; the Group of 77, etc. has been extending every possible encouragement to the countries of the region to encouraged regional co-operation amongst the countries of the region because they saw in it a possible check to the growing influence of Soviet Union in this region. On the other hand Soviet Union was not favourably inclined to the idea of greater regional co-operation and tried to project that U.S.A. and China were using this as a cloak to increase their hold over the region and trying to get commanding power.

However, it should be said that the most positive factor in favour of regional co-operation in south has been growing realization among the countries of the region grown from within. Highlighting his point P.N. Hakar says, “We must certainly explore and promote the concept of south Asian Regional Co – operation. Such a co – operation must not be ‘sponsored’ co-operation. It must not be under the influence of some

undisclosed principles. It must arise out of and grow in response to a realization on the part of each of the governments that co-operation corresponds to vital interests of peace, security and development of the region as a whole. It must evoke enthuse the small South Asian countries that as regional co-operation broadens and advances, their economies may get integrated with and become dependent upon that of India's with adverse consequences for their political economy and identity in the region.

Perhaps it is due to this account that some of the countries like Pakistan are reluctant to enlarge the scope of co – operation.

One of the most serious problems that affect the regional peace is the inter – state conflicts and strategic disharmony in South Asia which has stood in the way of regional co – operation. There have been a number of issues of discord between India and other South Asian countries. This has made the countries of the region look outside for support and assistance. The external powers have been quite prompt to exploit the strategic schemes in South Asia to further their own interests and bring development in their own region.

In spite of the fact that there has been slow progress of regional Cooperation in South Asia the actual working of the SAARC since its establishment has raised high hopes of peace in this region bedeviled by conflicts of all kinds. Though the SAARC as such has not played any active role in resolving the differences among its members, yet its periodical meetings provide an opportunity for private consultation among the leaders of various member states. It is well known that the meetings of Dhaka and Bangladesh provided an opportunity to the leaders of India and Pakistan and India and Sri Lanka respectively to iron out

their differences and greatly contributed to the reduction of tension between these states. SAARC has not been able to play as effective a role as its supporters would expect it to play on account of historical bitterness and numerous current conflicts in this area, but it cannot be denied that its establishment did provide an instrument that might, over time and in small steps, build new confidence by solving non-controversial, non-political problems. If that confidence can be built the chances for solving the region's political problems, other than by military means, will have considerably improved and peace can be restored.

We should mention the fact that at present South Asian regional co-operation is far from the stage where EEC and ASEAN have reached, yet it cannot be denied that a small beginning has been made in this direction and the formation of SAARC would produce far-reaching results in future. Even EEC and ASEAN took several years to assume their present shape. The countries of South Asia are quite keen to improve the living standards of their people. The presence of conditions like fertile soil, vast hydel energy, forest resources, unexploited wealth of the ocean, presence of raw materials essential for development, etc. are favourable factors which can greatly contribute to co-operation among the states of the region. The depending world economic crisis is also likely to give a boost to the spirit of co-operation and the countries of South Asia have come to realize that it is in their mutual interest to pool their knowledge and experience and their past differences should not be permitted to hamper their mutual co-operation for economic development and other aspects.

It is due to the setting up of SAARC Secretariat at Kathmandu which have contributed to the strengthening of SAARC. Its services can very well be utilized to identify the projects, which must be undertaken

on priority basis for the good of the member countries. It can also work out plans for basis for intra-industry specialization, counter-trade product sharing, joint production ventures, joint marketing companies, etc. In fact during the past few years several technical committees have been set up to explore possibilities of further cooperation in the various fields, viz., agriculture, science, technology, improvement of infrastructures for exchange of information and for training of technical man-power. These committees have come out with several concrete suggestions, which are quite practicable and would work to the benefit of all the members of the SAARC in all dimensions.

CHANGING ENVIRONMENT

We should also refer to the changing environment that is prevailing in the region. The inherent potential of growth and co-operation among the member states of SAARC was hindered due to such factors as bilateral disputes and differences (India-Pakistan disputes over Kashmir, Indo-Bangladesh water disputes etc.) among the member states, big brother syndrome developed by members towards India, lack of financial resources and technology, internal interference by external actors, internal problems of member states, competitive economies of member countries (Tea trade with India and Sri Lanka, jute in the case of Bangladesh and India) and finally the outward linkages of economics of member states. However, there are certain positive strategic changes which are likely to facilitate a new environment and co-operation the region.

First, globally, in spite of ongoing tendencies of globalization and liberalization, there are successful examples of regional co-operation as in

Europe and North America. The ASEAN is also emerging as a powerful regional economic bloc.

Second, the perception towards bilateral differences between India and Pakistan has changed. Both of them have realized the need to forge co-operation amidst existing differences on other issues. India is no longer sensitive towards countering Pakistani moves of raising Kashmir problem on SAARC meetings.

The other positive development in the present context is also noticeable. There is an irreversible process of rehabilitation of democracy in Nepal. There is business-friendly government in power in Bangladesh, one that has promised to improve relations with India. The enlightened monarchy in Bhutan has also taken some steps for more representative government. Also, in spite of the problem of militancy, the government of Sri Lanka has managed to make its economy grow.

It should be said that there are, some troubled spots. The insistence of the present Sri Lanka government to defeat LTTE militarily has generated tensions between India and Sri Lanka. Also, the new entrance Afghanistan is a troubled state and the tension between Pakistan and Afghanistan on the issue of support to terrorism continues.

In the given circumstances there are mixed tendencies of co-operation and differences. The success of SAARC depends upon the role of three actors India, Pakistan and Bangladesh. India needs to shed its big brother attitude to generate a sense of trust and confidence among member states. India should not insist on the reciprocity from other members for its initiatives and co-operative activities. The involvement of external actors as observers may lead to border areas of co-operation and availability of resources and technology for such co-operation. To sum

up, the SAARC has, at present, a more favorable environment for co-operation and mutual benefit in comparison to its 25 years' existence.

5.2 Challenges before the SAARC

In spite of the fact that the SAARC has made considerable progress since its establishment, still it is confronted with numerous challenges, which it must overcome if it has to survive and progress.

- (1) the political climate prevailing in the region is not conducive to its successful working. An atmosphere of mutual hostility exists among various countries of the region, viz., India and Pakistan. No doubt there are close social and economic links between the countries of the region but these links cannot thrive unless they resolve their political differences.
- (2) the disparity in the regional resources of various member states hampers the growth of true cooperation among the members. India, in comparison with other countries of the region is not only very large in size but also possess disproportionate natural resources. As a result the smaller states always suffer from the fear that membership of SAARC would enhance their dependence on the region.
- (3) though all the countries of SAARC are under-developed, but their stage of development differs. Countries like India, Pakistan and Sri Lanka are more advanced than Bangladesh, Nepal, Bhutan and Maldives. As a result the less developed countries are always apprehensive that in the present scheme of cooperation they are bound to be at a disadvantage. This handicap can be overcome by ensuing an equitable sharing of costs and benefits.

- (4) the lack of interdependence of the countries of the region in matters of trade also poses a serious challenge. The intra-regional trade constitutes only about 5 per cent of the global trade of South Asian region. Further only developed countries like India in this region can supply large quantities of manufactured goods to other South Asian countries, but India can hardly purchase any important goods from the countries of South Asia.
- (5) the inadequacy of transport and communication facilities among the various members of SAARC also constitutes an impediment in the way of smooth working of SAARC.
- (6) the slow pace of cooperation among the members of SAARC has rendered the organization ineffective. For example the decision regarding direct air links between capitals of SAARC countries, which was taken in 1985, has not been implemented so far. Likewise the progress in the field of economic cooperation has also been rather slow.
- (7) the bilateral wrangles among member states have also adversely affected the working of SAARC. Though the SAARC charter bars discussion of contentious bilateral issues and insists on unanimity of decisions, yet bilateral differences have hampered its smooth working. For example in 1989 Sri Lanka refused to host the summit on account of presence of Indian Peacekeeping Forces in the country. Similarly in 1990 President Premadasa of Sri Lanka did not attend the summit at Male and sent his Prime Minister. This greatly undermined the importance of the organization.

Finally, the SAARC suffers from certain institutional and procedural shortcomings. In the first instance it operates on the basis of 'unanimity rule', which implies that all its decisions require affirmative vote of all the heads of state/government meeting in a summit. It is desirable that this provision should be made flexible. If a head of the state / government is unable to be personally present at a summit, he should be permitted to send his accredited representative and the decisions taken by him on behalf of the state should be binding only if they are ratified by the state / government. Secondly, the SAARC charter places a ban on rising of bilateral issues at the association's summit and other related gatherings. In fact bilateral discussions must be encouraged because it would help in fostering mutual goodwill and help in solving the inter-state problems and tensions .

5.3 Achievements

In spite of the above shortcomings and limitations, it cannot be denied that SAARC has sought to promote co-operation in a wide variety of areas. Apart from promoting government level cooperation the non-governmental organization (NGOs) are also involved in a variety of activities to promote mutual understanding by means of seminars, workshops, short-term training courses, exchange of information and data, preparation of the state of art reports, networking of institutions and meetings of counterpart scientists. SAARC has promoted people to people contacts through Audio-Visual Exchange (SAVE). It has set up several regional institutions such as SAARC Agricultural Information Centre (SAIC) at Dhaka to promote co-operation in the field of agriculture. The establishment of other regional institutions like Meteorological Research Centre and Institute of Rural Technology and Regional Software Centre are also being seriously considered. In addition

to the above several projects have either been approved or are under approval.

We should also mention the other important achievements of SAARC included establishment of SAARC Food Security Reserve; Agreement and Ratification of Regional Convention on Suppression of Terrorism, including the provision for extradition; Agreement on SAARC Travel Document, enabling members of Parliament and Judges of Supremen Court and their families to travel freely within the region without the requirement of visa; Agreement on a draft on regional convention on prevention of narcotic drugs and psychotropic substances. It may be noted that the above activities and agreements are merely statements of intent and there have not been any significant results. However, this should not be a cause of despair keeping in view the complex nature of problems confronting the region. No doubt SAARC is facing serious teething problems, but these need not be magnified. What is really satisfying that despite these the SAARC as a movement is moving forward steadily.

At present there are major areas of discord among the members of SAARC. Thus there is tension between India and Pakistan over Kashmir, Siachen, Wular barrage and arms race (both nuclear and conventional). The relations between India and Bangladesh are strained on the issue of illegal Bangladesh migration, safe havens in Bangladesh for the north-east Bigha corridor, and other disputes over maritime and land boundaries. Relations between India and Nepal are strained over trade and transit faculties, presence of Indian immigrants in Nepal's terrain region, and illegal Nepali immigrants in India. The relations between India and Sri Lanka are strained on the Tamilian issue. Likewise, Bhutan and Nepal are having strained relations over the Bhutani issue. Unless

there issues are resolved to mutual satisfaction of the contending parties, the required political climate, so vital for the success of SAARC cannot be achieved in the true sense of the term .

The success and achievements of SAARC are modest but not insignificant. Despite a few shortcomings, it cannot be denied that SAARC has made rapid strides. The early years were devoted to strengthening the institutional framework of the SAARC with the establishment of the permanent secretariat at Kathmandu, known as SAARCNET.

It should be said that the Integrated Programme of Action is the main vehicle for fostering inter-regional ties. The five originally identified areas of cooperation have been expanded to twelve comprising agriculture, education, environment, communications, science and technology, drug trafficking , drug abuse and other social evils.

It should be said that the initiative to formally establish the South Asian Preferential Trade Agreement (SAPTA) and its operation since December 1995 has been a major milestone in intra-SAARC cooperation. It is expected to intensify trade relations, liberalize inter-regional trade, provide concessional tariffs, and envisage special and favourable treatment to "least developed" countries in the region. SAPTA's long term vision is to achieve a Free Trade Area (SAFTA) by 2000-2025, a unified trading bloc on the lines of the European Community, North American Free Trade Area. Trade and commerce is the core of co-operation. The reality is that SAARC countries have a long way to go. Inter-regional trade as a percentage of the total trade of member countries remained stable between 2.5% and 3.5% during 1980-1995. But, having the latent unleashed developmental potential of the SAARC economies, a

positive step towards SAFTA, will enable South Asia to catch up with the fastest growing regions of the world by the end of the century, as an Asian Development Fund study has envisaged.

The first and second round of trade negotiations under SAPTA have been completed with an expansion of the list of items on which concessions are to be made, decision to work towards removal of tariff and non-traffic barriers and a move to widen and deepen tariff cuts towards the realization of free trade area in the region.

SAPTA has in recent times taken rapid strides towards evolving an integrated transit system for member countries, which is likely to facilitate movement of goods across the territories of all member countries and give a fillip to intra-regional trade.

It should be pointed out that an important development in SAPTA is the Indian Government's introduction from 31 March 1997 of a system under which non-tariffs on imports from least developed countries have been eliminated to a considerable extent.

It is to be mentioned that the SAARC has also stepped up co-operation with the UN special bodies and other regional organizations: agreement with UNCTAD on trade analysis and information system in February 1993 to increase transparency in international trading organization and facilitate trade; agreement with ESCAP in February 1994 on cooperation on development and with the UN Drug Control Programme on controlling drug traffic , drug abuse and many other things.

5.4 Evaluation of SAARC

If we make a proper evaluation of SAARC it should be said that the very purpose of SAARC has been to promote regional cooperation

among the South Asian states. At the Sixth SAARC Summit, the leaders tried to realize this objective by agreeing to remove trade barriers for gradually evolving the SAARC into a collective economic mechanism.

However, to translate this into a reality appeared to be a distant dream. The existence of political differences, particularly between the two major SAARC members – India and Pakistan and the attempts of the latter to sow seeds of discord between India and Sri Lanka and India and Bangladesh are bound to keep limited the SAARC attempt at increased economic cooperation. Pakistan always thinks in terms of parity with India, wants to keep India limited and does not heritable to create troubles for India. Its most recent example has been furnished by its attempt to raise the ‘Babri Masjid demolition’ issue at the next SAARC meet. It has been trying to woo Bangladesh and Sri Lanka into its game. Such moves are destined to keep limited the SAARC objective of increased economic cooperation in the South Asian region.

India being territorially the biggest, population wise the largest, development wise, technologically and industrially the most developed country of the South Asia, has played and continues to play a big role in the successful operationalisation of SAARC programmes for cooperation and development among the member countries. India has accepted SAARC as a voluntarily organized association of sovereign equal states for consolidating and expanding regional cooperation for development. India firmly believes that SAARC spirit can help the countries of South Asia to develop, and to resolve their bilateral issues outside the SAARC platform. But the existence of bilateral problems among the SAARC states and their inability to secure a high level of political and economic cooperation among them are keeping the progress of SAARC limited and confined.

The future is bound to remain dark for SAARC so long as the SAARC nations do not really come out of their prejudices and biases. The gaps between words and deeds and between pious declarations and concrete steps would have to be bridged through bilateral as well as regional level confidence building measures and concrete action plans and only then would emerge a real opportunity for the realization of SAARC spirit and objectives. The purpose for establishing a SAARC Preferential Trade Arrangement (SAPTA) needs to be executed in a 'business like' spirit and only then can it be of some value. Otherwise it is bound to remain a pious declaration like several other declarations that the SAARC leaders had adopted in their meetings. SAARC must work to make SAARC cooperation a success in practice. The time has come to get SAARC out of the era of theoretical cooperation and make it a dynamic and active association for regional cooperation in South Asia in this fast changing international system of the 21st century where globalization has emerged.