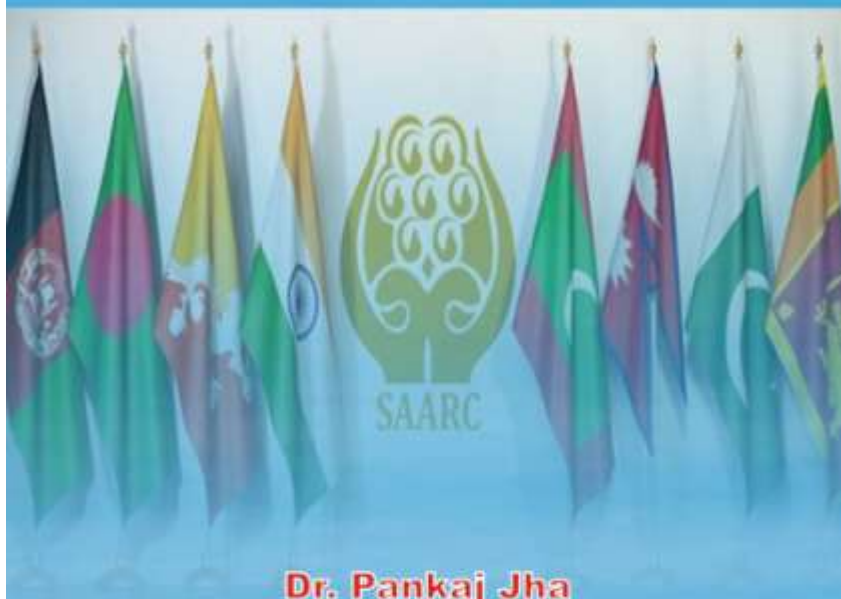


Union of SAARC, New Power and South Asian Order



Dr. Pankaj Jha



**भारत नीति प्रतिष्ठान
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Executive Summary

South Asia as a regional geographic construct has been influenced by successful regional cooperative models such as ASEAN and EU. As a demonstration effect, South Asia in the early 1980s started discussing the possibility of a regional multilateral forum. South Asia at that time included the Burma and Afghanistan, apart from the seven south Asian countries. As a nascent initiative, SAARC (South Asian Association for Regional Cooperation) was formally launched in 1985. The founder members of the organisation were India, Bangladesh, Bhutan, Pakistan, Nepal, Sri Lanka and Maldives. SAARC was floated primarily with the aim of cooperation in socio-economic, political and cultural fields.

Nearly three decades after its inception, SAARC is still perceived as slow starter and an organisation sabotaged by the security discourse. All comparisons between SAARC and other regional organisations were futile as the SAARC failed to even build consensus on primary issues. A look at the SAARC Charter of 1985 shows hardly any mention of security. Eulogising the cooperative venture, SAARC Charter tried to emulate the principles of United Nations as well as stressed on the interdependence and cooperation. Unfortunately right since the formation of SAARC, the international security environment has been fragile and has seen different configurations of polarity. This has resonated on the attitudes, perceptions and approach of South Asian political leaders towards security. In security matters, attitudes and perceptions often shape reality.

Now when Indian Prime Minister Narendra Modi has tried to galvanise SAARC as a cooperative forum and has shown inclination of India taking the lead in many issues, there is hope for this forum. Even President Pranab Mukherjee in his address

to the Parliament said “*We will further work together with South Asian leaders to revitalise SAARC as an effective instrument for regional cooperation and as a united voice on global issues*”. Drawing parallels with ASEAN, SAARC can work on Non-Traditional Security Issues, education, health, medicine and build SAARC cooperatives on products such as jute, tea and cotton, and also space. Are there possibilities which exist for SAARC to emerge as a Union, and whether a security order under SAARC can be conceptualised? In this context, this monograph would highlight the problems faced by SAARC and what are the future possibilities that exist for the success of SAARC as a multilateral organisation.

Chapter-I**Defining Regionalism in South Asia**

The regions generated by the geographical territoriality are far from being the transient concepts in the contemporary world. With the rise of the discourse that societies are territorially demarcated, social distinctiveness is, at least at a large scale, essentially tied to territorial connection¹. The meaning of a territorial description of culture is in part functional; as economies, executive systems and social structures become territorially defined, people's conception, perception and projects are deeply affected. However, the ideas about geographical region are not solely shaped by functional factors. They are connected in a way to the political and social ideologies that dominate the process of territorial formation and subsequent governance². To a certain extent, the ancient civilizational and social moorings also help in defining a region.

In essence, many of the most significant regions in global affairs synthesise from territorial processes and strategic conceptions. By extension, they are manifestations of ideas about world, and how it should be organized. The debate is about realist notions and normative thinking. As those ideas and perceptions get more precise and defined through interactive discourse of region, they assume the role in defining perceptions of people and their places. Hence, if we choose as a point of departure a territory of some significance for a society we seek to study, we are premising our investigation on an analytical category that itself is part of the social dynamic of that place. Given the importance of ideas about territory for the ways that individuals and groups see themselves and the world around them, some acknowledgement of the world of territorial affiliation seems necessary³.

India, Pakistan, Afghanistan, Sri Lanka, Myanmar and Bangladesh were seen as one essential unit and were termed as the Indian sub-continent. During the colonial era, the Britishers administered these different areas through one federal administration. The concept of South Asia germinated from the same legacy. In terms of cultural and political connect also; these constituents adopted the similar colonial administrative and governance set-up even after their independence as different nations. The political fissures which germinated because of divide and rule policy of Britishers and the subsequent adherence to the political elite to capitalise on those fissures have built a legacy which forestalled any convergence on political issues. This also stymied any basic understanding on economic issues particularly trade and investment. However, the umbilical cord which was at the sub-surface level included cultural and traditional ties. In order to assimilate political concerns and territorial reservations, the charter of SAARC has been rather conservative. However, the organisation took shape because of the pressure of regionalism, and building coherence under international pressure. The demonstration effect of other regional organisations gaining necessary support within the regional and international adulation forced the most fragmented South Asian polity to look for convergence. However, in case of other regional organisations ideological strands and the need to evolve as an economic entity supported their cause.

The germination of regional integration has resonated in the works of Paul Krugman. According to his prognosis, the structure of this world economy was as follows:

- a) The world was presumed to consist of a great number of small geographical units ('provinces'), each focussed in the production of a distinct good.
- b) The products of all provinces were assumed to enter symmetrically into world demand, with a constant elasticity of substitution between any two such products.

c) The world was assumed to be organized into trading blocs of equal economic size, with free trade within each bloc and an ad valorem tariff rate charged by each bloc on imports.

d) The blocs were assumed to set tariffs non-cooperatively, in order to maximize welfare⁴. This bloc configuration resulted in the evolution of regionalism.

The study of regionalism can be construed as part of the education about regional integration or even as a separate stream of study. Regional cooperation is a nebulous term encompassing any slow state activity with less than wide spread involvement mandated to meet some generally experienced needs at regional level. Such activities often generate data, lessons and interaction for the study of regional integration. However, any conclusive judgment about the success of any cooperation must be based on select criteria. This should be very dissimilar from those applicable to the study of integration. The study of regional organizations sums up activities of regional cooperative initiatives and links to these actions and observations concerning institutions evolution⁵.

From the argument of the single region, one can distinguish five levels of regional complexity or 'regionness'. They express a certain evolutionary logic, but the ideas are not to suggest a stage theory. The degree of regionness can both increase and decrease.

The first very simple level of analysis is region as a *geographical and ecological unit*, delimited by natural geographical barriers: 'Europe from the Atlantic to the Ural', 'Africa south of Sahara', or 'the Indian subcontinent'. In order to promote regional integration, this particular territoriality must, necessarily, be inhabited by human beings. The second level is, thus, region as social system, which implies translocal relations of social, political, cultural and economic nature between human groups. These relations may be positive or negative, but, wither way, they constitute some kind of regional complex. For instance, they can form a security complex, in which the constituent units are dependent on each other as well as the

overall political stability of the regional system, as far as their own security is concerned (Buzan, 1991). The internal system of this type of region, like the international system of which it forms part, is anarchic. The classic case is 19th-century Europe. At this rather primitive level of organization, balance for power or some kind of 'concert' is the sole security guarantee. From a regionalist perspective security mechanism, and further regionalization is thus seen as a viable security strategy. The regional security complex must be transformed into what has been described as a 'security community'⁶.

The third level is region as organized cooperation in any of the cultural, economic, political or military fields. In this case, 'region' is defined by the membership of the regional organization in question. The point to be stressed here is the unidimensionality which characterizes this stage of regional cooperation. There may thus be various issues which constitute shared problems or interests among the states in the region and therefore suggests some form of regional cooperation. The creation of regional organizations with specific purposes is a crucial step towards multilateralism in a regional context. In the absence of any organized regional cooperation, the concept of regionalism does not make much sense⁷.

The fourth level is region as regional civil society, which takes shape when the organizational framework promotes social communication and convergence of values throughout the region. The process of regionalization thus implies a degree of cultural standardization. Of course the pre-existence of a shared cultural tradition throughout the region is of crucial importance here, but culture is not only a given but continuously created and recreated. However, the defining element here is the multidimensional quality of regional cooperation. The cooperating states together become a new form of community, a 'regional society'⁸.

The fifth level of regionness is region as acting political subject with a distinct identity, actor capability, legitimacy and structure of decision-making. Crucial areas for regional

intervention are conflict resolution (between and within former 'states') and welfare (in terms of social security and regional balance). The organizational expression of this level for complexity naturally also trends to become more complex, as the current transformation of the European Community into a European Union shows. The ultimate outcome of this comprehensive level of regionalism (which is something for the future) could be a 'region-state', which in terms of scope can be compared to the classical empires, but in terms of political order constitutes a more voluntary evolution of sovereign national political units into a supranational community to which certain functions are transferred⁹.

The New Regionalism, is thus primarily European, but also increasingly a third World Phenomenon. It may in fact provide solutions to many problems (development as well as conflict resolution) for the South:

- Self-reliance was never viable on the national level (for most countries) but may be feasible development strategy on the regional level (collective self-reliance).
- Collective strength could make it easier to resist political and strategic pressures from the North and collective bargaining on the level of the region could improve the economic opposition of Third World countries in the world system.
- Certain conflicts between states could more easily be solved within an appropriate regional framework and certain conflicts within states (ethnic conflicts) often spill over into neighbouring countries where they are perceived as threats to national security. Therefore a regional solution is often the only realistic option. A regional organization can take the role of mediator¹⁰.

Some scholars and academics have referred to regional subsystems and transnational structures. If the reference is about intense network of multilateral relations within a defined geographical range, it invariably refers to regional cooperation, operation, or institutions though at a higher level of perception.

A “regional system” is just a manifestation of describing such interactions. To be useful for dealing with the fundamentally vibrant concerns of the scholar of integration the portrait of the entirety as a “system” must yield to the examination of the discrete strands of which the structure is made up.¹¹

Regional “subsystems” contain descriptions of the particularly strong interfaces in a given locale e.g., the West Asia, explained largely in terms of the responses of the “system” (i.e., the global grid of international relations). Regional subsystems, then, act as instruments for explaining the interdependence between regional concerns and the greater international system which constrain them.¹² So what makes any regional organization successful can be enumerated in the following points:

- 1) Associates of regional grouping distinguish themselves as being increasingly interdependent as the volume and rate of relations among them increases as compared to the third countries. These remains factually accurate despite recurring debate as to the most appropriate statistical methods and data mining mechanisms.
- 2) Regional actors particularly the participating nations will evaluate interdependence as negative if they feel their regional counterparts reap more benefits; negative assessments can be foreseen in common markets and free trade zones among less developed countries. Participants would assess interdependence positively if it is perceived that benefit accrue equally among the partners with some differential benefits in some areas though not necessarily in all or in all concurrently; such a trend can be witnessed and forecast in regional economic arrangements between industrialized countries¹³.
- 3) The comparative size of the members in a regional grouping cannot be an all important factor of the success of integration. Inequality may incentivize integration in some economic and strategic settings if the “core area” can provide special benefits. This can be seen in the case of common membership of many nations in European Union (EU) and North

Atlantic Treaty Organization (NATO). Inequality might also mar integration, however, when tangible benefits are neither foreseen nor provided, e.g., the role of the USSR in the Council for Mutual Economic Assistance (COMECON), of Brazil, Argentina, and Mexico in the Latin American Free Trade Association (LAFTA), and the United States expectant role since 1963 in the North Atlantic Treaty Organization (NATO). Disparities in size may advance the assimilation of diplomatic groupings when one resolve is supposed to be under the control of the “core area” by the smaller partners, as in the case of the Organization of American States (OAS) ¹⁴. However, organizations like North American Free Trade Association (NAFTA) signify tradeoffs between larger and smaller members within an organization.

4) The proliferation of both governmental and private organizational channels in any regional mechanism encourages interdependence among the members. In case of any clash of interest or conflicts the two mechanism act as supporting institutional mechanisms. However, apposite evaluation of such interdependence on the part of the actors cannot be predicted, e.g., the reactions of the Federal Republic of Germany in the European Economic community (EEC) and of Nicaragua in the Central American Common Market (CACM) ¹⁵.

5) A critical example composed of integrative accomplishments in a number of areas might facilitate *de facto* or *de jure* political unification but the duration and strength of such integration is difficult to predict. After successful endeavours, many fields of possibly integrative activity might result in “self-encapsulation” structurally and attitudinally, and therefore may not contribute to the evolution of new demands by actors. Other areas of supposed interdependence result in the creation of competing organizations whose activities and achievements may or may not have a say to overall assimilation, leading to the “spill-around” condition which hinders political centralization. This can be seen in the case of South Asia where sub-regional institutions such as BIMSTEC have created a new

zone for cooperation excluding some and including new actors. Self-encapsulation has been observed especially in activities relating to transportation, telecommunications, human rights institutions, military strategy and acquisition of weapons, and community health.¹⁶

6) Among all the issues and policy areas, the pledge to create a collective market is the most favourable to swift regional integration, and the resultant trickledown effect. Military alliances have been less successful in lasting integrative consequences.¹⁷ Provisions limited to the establishment of common technical and scientific services gravitate toward self-encapsulation.¹⁸ Regional measures for the human rights protection and even refugees have so far not contributed to the ethical integration, and have generated problems for new institutions.¹⁹ Organizations with an economic mandate short of creating a common market or a free trade area have experienced great difficulty in influencing the policies of their members.²⁰ However, the long lasting stability and prosperity in a region has assisted in such formulation while prolonged recession might trigger fragmentation.

With the surge in intra-regional as well as inter-regional connectivity, reduction in transportation and communication costs, formation of regional transport arrangement, there is a strong tendency of countries to trade with their neighbours. This is further facilitated by the free movement of labour and comparative cost advantage in terms of production of select set of goods. The new economic measures complemented with liberalised tariff structures is increasingly being used in regional integration is regional value chain which means that each country is linked to a single product through adding value to the product before it is sent to the market. If provision is made for free-trade areas (FTAs) or even regional economic zones, are to be created among neighbours having congenial relations, then there is possibility that consolidation into a small number of big trading blocs might help the regional economies. Also the integration of economies in the major and ancillary industry

formations helps the labour as well as creates a safety zone of continued demand and linked supply subject to the developing a niche industry within the region. This has happened in the case of European Union where Airbus Industries which began as a consortium of select European firms from France, Germany, Spain and the UK which now generates employment for more than 63000 people across four countries. The direct benefits from intra-regional trade liberalisation, industry cooperation and free movement of labour and capital has its own advantages, which in turn off sets the costs of reducing interregional trade. The argument in support of the trade liberalisation can be explained by one example. This can be exemplified by a world of four countries, which may potentially consolidate into two trading blocs. Suppose that these countries are all symmetric, and that external tariffs are fixed at 10 percent. Then two blocs is the number that minimizes world welfare, and hence this consolidation will be harmful. Suppose, however, that each pair of countries is on a different continent, and that intercontinental transport costs are sufficiently high that the bulk of trade would be between continental neighbours even in the absence of tariffs. Then the right way to think about the formation of continent FTAs is not as a movement from four to two, but as a movement of each continent from two to one-which is beneficial, not harmful²¹. In practice the sets of countries that are now engaging in FTAs are indeed 'natural' trading partners, who would have done much of their trade with one another even in the absence of special arrangements. A crude but indicative measure is to compare their current trade patterns (in a world of fairly low trade barriers) with 'geographically neutral' trade, in which country B's share of A's exports is equal to B's share of gross world product outside of A²².

In some wisdom the question of whether regional trading engagements are good or bad is a debate able point. There is nobody who is in a position to decree regional blocs either into or out of existence. Soon need to ask why such blocs are in fact emerging. First, there is the sheer number of participants in the

multilateral negotiations. As a practical matter, this changes the need and character of negotiations. In the early, highly productive GATT rounds, the relatively small number of players was able essentially to carry on parallel bilateral negotiations, something like playing a game of Risk. By the time of the Kennedy round, the number were too great, and it harder to strike the right political balance. Also, once there are many players the threat that cheating will bring down the system became less credible?²³ Even the successor of GATT, WTO has its share of problems where Doha Round of negotiations got stuck because of certain reservations about set of rules and the differential treatment meted out to develop and developing countries on agricultural subsidies.

Second, the changing character of trade restrictions makes monitoring increasingly difficulty. The rise of the New Protectionism of voluntary export restraints (CERs), orderly marketing agreements (OMAs), etc. has been massively documented; it represent both exogenous bureaucratic creativity and an end run around negotiated tariff reductions. What it does is to make the negotiation space vastly more complicated, and to make monitoring of adherence extremely difficulty²⁴. The complaints with regard to dumping and unfair trade practices is what has marred WTO in the last few decades. The penalties for non-compliance and use of Non-Tariff Barriers (NTBs) have been a grey zone for international trade arrangements.

Third, the decline in the relative dominance of the United States has probably made the system more difficulty to run. The political theory of ‘hegemonic stability’ – essentially, the view that some dominant power must be there to enforce the rules of a cooperative game – is not as well founded in theory as one might suppose. Nor is it universally accepted even among political scientists. But it is certainly reasonable to argue that a dominant America, preoccupied with trade as a binding agent in apolitical; and military struggle, may have helped the GATT/WTO to a better world a generation ago than it does now²⁵. This systemic lapse have led to mega regional trading blocs such as Free Trade

Area of the Asia –Pacific (FTAAP) and Trans Pacific Partnership (TPP) which have competing and exclusive set of rules for the participating countries. This has resulted in trading blocs transforming into strategic trading zones with member countries evaluating their gains and losses with regard to mega trading blocs. SAARC countries do not fall into any of these major trading blocs making it more feasible for economic cooperative endeavours.

Finally, among major countries institutional differences pose problems for the system. In case of TPP the reservations expressed by Japan on liberalising tariffs on agricultural and fisheries products as well as reservations from domestic industry in US have created problems during negotiating process. The reason is not that there are no gains from trade between countries with different institutions. It is that at least shared understanding is necessary to overcome the Prisoners' Dilemma. Suppose that a tariff reduction in country A, with its free-wheeling markets, really does open access to those markets; while a tariff reduction in Country J, whose markets are governed by informal understandings and cartels, does little to open the gates. Then unless J can find something else to offer, the trade-bargaining game between the countries will break down. It may well be the case that A's welfare would be higher if it ignored this problem and simply pursued unilateral free trade. But as the GATT process itself had recognized that governments do not maximize national welfare, and a successful trade regime must build on the motives governments actually have, not the ones we wish they did have²⁶.

Taking into account the different formulations of regional identity and regionalism it would be prudent to analyse the formative stages of SAARC and scrutinise the issues of convergence within the regional structure. Regional trade agreements can enhance the credibility of domestic economic reforms and thereby increase the attractiveness of economies to potential foreign investors. Such considerations have become more important in an increasingly integrated global economy

where countries are competing to stake their claims as preferred partners in global production networks.²⁷

Often, the choice of trade policies faced by governments is not between liberalization at the global level and liberalization at the regional level, but between entering a regional agreement and undertaking unilateral liberalization. In contrast to a unilateral lowering of tariffs, which is usually politically difficult for governments because domestic groups believe that the government is giving something away (tariff protection) and not receiving anything in return from other countries, a regional trade agreement provides a means for a government to ensure that it receives concessions (reciprocity) from its partners in return for those that it has offered. And, insofar as a regional agreement makes it easier politically for governments to undertake liberalization, and therefore enhances such activities, it may be beneficial not just to regional partners but to the wider international community²⁸. Having discussed the need and feasibility of any regional organisation it would be prudent to evaluate the basic foundations of SAARC.

Revisiting Foundation of South Asia Regionalism

The South Asian Association of Regional Cooperation (SAARC), founded in 1985 by its seven founding members i.e. Bangladesh, Bhutan, India, Nepal, Maldives, Pakistan and Sri Lanka. In the year 2007, Afghanistan as the 8th member joined the organisation. During these thirty years, SAARC has designed for regional cooperation a healthy intellectual base, and built awareness in South Asia amongst more than 1.5 billion people, of the significance of regional cooperation. The SAARC Charter evidently reflects its priorities and needs which include promotion of economic and social progress, technological and cultural development within the South Asia region emphasising self-reliance. The SAARC Charter envisages that cooperation among member-states will be based on sovereign equality, territorial integrity, political independence and non-interference in internal affairs²⁹.

The first concrete proposal for establishing a framework for regional cooperation in South Asia was made by the President of Bangladesh, General Ziaur Rahman on May 2, 1980. Prior to this the idea of regional cooperation was discussed at, atleast, during three conferences: the Asian Relations Conference in New Delhi in April 1947, the Baguio conference in the Philipinnes, and Colombo conference in 1954. Nothing substantial came out of those discussions. In regard of forming a regional organization between 1975 and 1979 General Ziaur Rahman met and held meetings with head of states of almost all South Asian countries³⁰.

Several factors influenced his thinking about establishing a regional organization in South Asia during 1975-79(1) General Ziaur Rahman's need for India's support to legitimize his *coup de etat* ;(2) an acute balance of payment crisis in almost all South Asian countries, which was further aggravated by the second oil crisis in 1979;(3) Failure of north-south dialogues, and increasing protectionism by the developed countries;(4) Former Soviet Union's military intervention in Afghanistan in late December 1979 ,and the resulting rapidly deterioration of South Asian security situation³¹.

Eventually, Bangladesh's proposal was endorsed by Nepal ,Srilanka,Maldives and Bhutan,India and Pakistan were sceptical ,initially.Indian policy makers fear was General Ziaur Rahman's proposal for regional organization might provide an opportunity for smaller neighbours to regionalise all bilateral issues and to join with each other to gang up against India.Pakistan,assumed that it might be an Indian ploy to organize South Asian countries against Pakistan,and ensure a regional market for Indian products.To address India and Pakistan's skepticism,series of diplomatic consultations among the South Asian Foreign Ministers took place, at the United Nations(UN) Head Quarter in New York from August to September 1980.Finally, it was agreed that Bangladesh would draft a working paper for discussion among the foreign secretaries³².Consequent to four rounds of Foreign Secretary level meetings, which was followed

by three rounds of Foreign Ministers level of meetings, resulted in the first summit meeting of the Head of States in December 7-8, 1985 in Dhaka. Bangladesh, Bhutan, India, Nepal, Maldives, Pakistan and Sri Lanka are the founding members³³.

However, with nominal success SAARC has remained tardy in executing the promise of development and affecting the lives of ordinary people in the region so far. It has registered sluggish progress compared to several of its counterpart like ASEAN (Association of South East Asian Nations), the EU (European Union), NAFTA (North American Free Trade Association) etc. The strategic divide between India and Pakistan has cast a long shadow on regional security from the beginning. India-Bangladesh, India-Nepal, and India- Sri Lanka relations are not tension free, either. In case of the free trade initiatives, South Asia Free Trade Agreement (SAFTA) still lacks the rigor and effort from the member countries. The South Asian Free Trade Area includes the eight members of the South Asian Area for Regional Cooperation (SAARC). These are Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka and Afghanistan which joined in 2005. SAFTA was launched in 2006 to reduce tariffs for intra-regional trade among SAARC countries. Member states have agreed to reduce their tariffs on each other's goods not on sensitive lists as long as those goods have been produced in accordance with the agreement's Rules of Origin provisions. The Agreement also includes provisions related to customs cooperation, dispute settlement, trade facilitation, safeguards against injury to industry, and eligibility for technical assistance³⁴.

Given the fact that SAARC is a conglomeration of countries which have low labour costs, high potential for growth and development, it needs to be analyzed that what are the critical element decelerating its growth as a regional organization and whether it can mirror the success as has been seen in the case of ASEAN and EU. For that it would be rational to study those organizations and the formula for success.

Chapter II**Drawing Lessons from Other Regional Organisations**

All across the globe regional organisations have evolved while taking into consideration important areas of convergence and departure. However, in many of the regional organisations, the problem at the initial stages has been the memberships. As Robert Keohane observes, regional organizations differ in goals and intent from universal membership organizations by the very fact of their restricted membership; the restrictions they place on membership are a crucial part of the goods they offer their members: ‘Restricted membership institutions others seek to achieve gains *vis a vis* outsiders (a function for which there must be outsiders to exploit) or to build strong bonds of community³⁵’. The criteria establishing eligibility for membership are determined by and are crucial to selecting the combination of states thought best to deliver the desired objectives of the regional organization³⁶.

The other major set of considerations concerning membership criteria of those associated with group effectiveness. Olson’s concept grew up on the direction led him to the conclusion that the larger a group, the smaller the fraction of the total group to benefit that accrues to each participant ; the lower the incentive of each individual to contribute to the collective benefit; and the greater the organization costs. Consequently, ‘the larger the group, the farther it could fall short of providing an optimal supply of the collective good and very large groups normally with not, in the absence of coercion or separate, outside incentives, provide themselves with even minimal amounts of a collective good.’ There are organizational disincentives to each expansion in group size, depending on whether the group is providing exclusive or inclusive goods to its members. The second effectiveness consideration is that of decision-making

effectiveness³⁷. Buchanan and Tullock's model of group size and decision-making costs leads them to the conclusion that 'The costs that the member expects to incur as a result of his own participation in collective decision-making vary directly with the size of the deciding group in a given sized total population.'³⁸ In other words, the larger the group, the longer it would be and the more diplomatic resources it will absorb to generate a collective decision. For Buchanan and Tullock, there are also disincentives to increasing membership: 'One means of reducing these costs is to organize collective activity in the smallest units consistent with the extent of the externality that collectivisation is designed to eliminate'³⁹. In this context, APEC faces the predicament of expansion or limited membership.

East and South Asia are home to breathtaking economic diversity. At one end of the spectrum are the advanced economies of Japan, South Korea, Taiwan, Hong Kong and Singapore. At the other end are the least-developed economies such as Nepal, Bangladesh, Cambodia, Laos and Myanmar. Then there are low-income countries, notably China and India, but also Sri Lanka, Vietnam, Indonesia and the Philippines. In between are upper-middle and middle-income Malaysia and Thailand. Finally, there are anomalies such as North Korea and Brunei. Huge differences in politics, institutions and historical legacies accentuate the diversity. Hence it is not surprising that Asian economic integration, even in 'globalizing Asia',⁴⁰ is rather weak⁴¹.

Comparing Asian regionalism to the experience of Europe reveals the challenges posed by great power competition. In Western Europe during the cold war, intense historical rivalries were put aside as the existential threat posed by the Soviet Union came to dominate security strategies. In the process, geostrategic considerations created two regional spaces on either side of the bipolar divide, supported and sponsored by the two global hegemonic powers. Within each of these two European regions, there remained some separation between the regional security and economic spaces—not everybody in Western Europe, for

example, joined the European Coal and Steel Community or the European Economic Community. But the security and economic spaces were in a broad sense synchronised, insofar as geostrategic competition created the 'we' and the 'other' that established the parameters within which regional economic institution-building took place. The expansion of the European economic space to include former members of the opposing socialist bloc could only occur once the geostrategic logic of competing regional spaces was concluded with the end of the cold war. Once more, the parameters of potential regional institution building were constructed by changing geostrategic logics⁴².

The second point of importance is the actuality of regional elites in Europe that were prepared to push for the formation of regional institutions (Haas 1958). Critically, there was a clear denial by European elites of the desirability of punishing the losers of World War II, as had happened to Germany at Versailles in 1919. The punishment caused continental instability and had given birth to a more confrontational and nationalistic Germany (Fritzsche 1999). Politicians such as Jean Monnet, Robert Schuman, and others sought not to deprive and chastise the new West Germany, but instead desired to cooperate by establishing a common High Authority to oversee coal and steel production in Europe. This laid the foundations for economic unification later, its immediate objective was to ensure that 'war between France and Germany becomes not merely unthinkable, but materially impossible' (Schuman 1950). This recommends that understanding regionalism in South Asia not only requires attention to potential common interests in the region, but also to the beliefs and attitudes of state elites as to what forms of cooperation can best realize these interests. Third, as discussed in Chapter I is the need of finding the correct spatial 'fit' between economic and geopolitical regions (Young 2002)⁴³.

In Europe during the 1950s, regionalism was critically aided by the cohering influence of the Cold War. There was an urgent need to act collectively to address perceived threats from the

erstwhile Soviet Union, active support from the USA to promote regional cooperation, and a strong conception of ‘us’ and ‘them’ based on a capitalist/democratic identity. As a result, Cold War bipolarity created not only a desire to build regional cooperation mechanisms, but also a correlation of different conceptions of ‘space’. However, it also gave birth to collective security organizations such as North Atlantic Treaty Organization (NATO). The European economic space more or less coincided with the geopolitical security space. This does not mean that all European countries had a uniform view on all issues. Some countries decided not to join regional organisations and instead pursue dalliances with non-regional states (for example, the initial response of the UK). Some also tried to maintain their dominance in European institutions by excluding outsiders such as the UK when it first sought to join the formal regional project. Nonetheless by establishing a shared sense of regionness, geopolitical concerns were a positive spur to establishing institutions that eventually evolved into the contemporary European project⁴⁴.

In comparison to Europe, Asia is full of contradictions. On the one hand, considerable regionalisation—the intensification and deepening of economic, political and social ties—has taken place. In the two decades to 2012, intraregional trade between the East Asia 15 group increased tenfold to US\$5.316trillion, and regional partners now account for 50 percent of Asian countries’ trade and 48 percent of their foreign direct investment inflows (ADB 2014). As a result, many regional production networks—transnationally organised manufacturing systems where production is spread across different countries linked through trade and investment ties—have emerged in the East Asia such as electronics, textiles, consumer goods and automotive industries (Young 2009). However, on the other hand, East Asian regionalism—the construction of inter governmental multilateral institutions to manage cross-border ties—remains relatively less integrated. For example, Asia Pacific Economic Cooperation (APEC) has remained relatively underdeveloped

and weak. Attempts to institutionalise binding forms of cooperation within the region's principal multilateral bodies (the Association of Southeast Asian Nations [ASEAN], Asia-Pacific Economic Cooperation [APEC] and the East Asia Summit) have been generally unsuccessful. As Ravenhill (2009), has put it: inter governmental regionalism in Asia is, to a large extent, 'much ado about nothing'⁴⁵. APEC's membership is diverse and unwieldy; its agenda has become impossibly broad and unfocused; its vaunted 'open (i.e. non-discriminatory) regionalism' is dead in the water; and these days it is driven by shallow 'conferencitis' and 'summitry'. It cannot be expected to contribute anything serious to regional economic integration. An APEC FTA initiative for a Free Trade Area of the Asia Pacific (FTAAP) was launched at the APEC Hanoi Summit in 2006. It has now found some grounding after Beijing Summit in 2014 however political and economic divisions in such a large, heterogeneous grouping are manifold and intractable. The best APEC can hope for it's to encourage 'best-practice' trade-related policies through research, mutual surveillance and exchange of information, akin to what the OECD does for its members. But even that may be too much to expect⁴⁶.

Association of Southeast Asia Nations (ASEAN) and related associations

The ASEAN which germinated as an anti-communist bloc transformed itself in the post-Cold War after incorporating economic agenda into its charter. The intense political will among the leaders as well as the need to build export oriented economies helped these countries in developing the coherent agenda and goals. The ASEAN Free Trade Area (AFTA) had an accelerated timetable for intra ASEAN tariff elimination, but has seen little progress on 'AFTA-plus' items such as services, investment, non-tariff barriers, and mutual recognition and harmonization of standards. An ASEAN Economic Community (AEC), a single market for goods, services, capital and the movement of skilled labour, with a fast track for 'priority

sectors', was supposed to be achieved by 2015 but may be actualized in 2016. A new ASEAN Charter gives the group a common legal personality. On the economic front, the charter contains two new agreements: the ASEAN Trade in Goods Agreement (ATIGA) and the ASEAN Comprehensive Investment Agreement (ACIA).⁴⁷ These integrate separate agreements into single; consolidate legal texts on trade in goods and FDI, respectively. The ASEAN Agreement in Services (AFAS) remains unchanged.

Lastly, there is much talk in the region of folding bilateral FTAs and collective ASEAN FTAs with third countries into larger, integrated FTAs that would cover East Asia and, perhaps, include south Asia too. An 'ASEAN plus Three' (APT) FTA (the 'three' being Japan, South Korea and China) has been touted. There is talk of an 'ASEAN plus Six' FTA that would subsume APT plus India, Australia and New Zealand. The first East Asia Summit (EAS), held in Kuala Lumpur in 2005, gave impetus to these ideas. An ASEAN plus Six FTA has been promoted by the Japanese Government – as a counter to what Japan sees as inevitability China-centered APT. And, in 2009, the then Australian Prime Minister, Kevin Rudd, floated the idea of an Asia-Pacific Community, probably reaching across to north America and some South American countries,. This would be an overarching forum that would cover political, security and economic issues⁴⁸. However, Regional Comprehensive Economic Partnership agreement between ASEAN nations and six Dialogue partners might get institutionalised in 2016. The ADB advocates a region-wide FTA as a part of its general promotion of Asian regional economic integration. In *Emerging Asian Regionalism* (ADB 2009), it argues that the consolidation of Asian FTAs into a single FTA would yield substantial welfare gains (ADB 2009: 12). CGE modeling shows large income gains to FTA members, with small losses for the rest of the world and an overall gain to world income⁴⁹. While these organizations are relatively developed organizations, one organization which reflects a similar political and economic standing is UNASUR.

Union of South American Nations (UNASUR)

UNASUR, in full, Union of South American Nations is a conglomeration encapsulating Spanish Unión de Naciones Suramericanas, Portuguese União das Nações Sul-Americanas, and Dutch Unie van Zuid-Amerikaanse Naties, formerly South American Community of Nations, South American organization created in 2008 to propel regional integration on issues including democracy, education, energy, environment, infrastructure, and security and to eliminate social inequality and exclusion. It was inspired by and modeled after the European Union. UNASUR's members are Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela. Panama and Mexico hold observer status⁵⁰. UNASUR is the successor of the South American Community of Nations (Comunidad Sudamericana de Naciones; CSN), which was established when 12 South American leaders signed the Cuzco Declaration in the city of Cuzco, Peru, in 2004. The CSN united two trade groups—the Andean Community and Mercosur, which continued to exist in their own right—with the additions of Chile, Guyana, and Suriname. At the organization's first two annual summits (in September 2005 in Brasília, Braz., and in December 2006 at Cochabamba, Bol.), CSN leaders formulated their objectives and developed a strategic plan. At the South American Energy Summit in April 2007, they renamed the organization the Union of South American Nations⁵¹.

The four basic initiatives which have been undertaken by UNASUR and might be emulated in the case of SAARC are the following:

1. The health initiative which will carry out an inventory of the public and private drug production capacity of the Member States of the Union of South American Nations. This also will help with the advancement of a regional drug policy which will serve to guarantee the good quality, safety and effectiveness of medications for all South American citizens⁵².
2. Infrastructure and Connectivity Action- Building a geographic information system for connectivity. This system is a

tool that will be mounted to a computer platform which all countries of the Union will be able access in order to identify, design and territorially plan their own infrastructure projects. These projects will serve to ensure connectivity, and integration among all Member States of the Union⁵³.

3. The "Network for Drug Monitoring of the member states of the Union of South American Nations" project was approved of on July 22 of 2014, by the South American Council on the World Drug Problem (CSPMD). It seeks to stimulate the Drug Monitoring Network and will prepare the: "Current situation of drug use and characterization of new illicit drug deals in the Member States of UNASUR" report⁵⁴.

4. The building of the South American citizenship promotes free intra-regional mobility; and the creation of a South American education space and common identity, which will contribute to deepening the regional integration process. In addition it will guarantee civil, political, labor and social rights for all natives of the Member States who are at present residing in any country of South America⁵⁵.

Among the four initiatives undertaken by UNASUR, the item no. 4 would be most difficult in the case of SAARC citizenship because of the transnational terrorism as well as the problem of illegal immigrants among the South Asian countries. The first three might be initiated and in case already in the formation it can be intensified through better political discussion and understanding among the member countries. The knowledge network and space and education can be the other three major elements for cooperation. Sports exchanges among the south Asian school and college students can be also explored under the SAARC auspices. In order to build better understanding among the SAARC nations the discourse need to be desecuritized, and the counter terror mechanisms should be strengthened to build better security infrastructure within nations.

Chapter III**Desecuritising and Building
Economic Complementarities**

Multilateral institutions, then, are multilateral arrangements with persistent sets of rules; they can be distinguished from other forms of multilateralism, such as ad hoc meetings and short-term arrangements to solve particular problems. These institutions may take the form of international regimes - institutions with explicit rules, agreed upon by governments, which pertain to particular sets of issues in international relations - or bureaucratic organizations, which assign specific professional roles to their employees. In fact, however, regimes are usually accompanied by organizations: an international organization is established to monitor and manage a set of rules governing state behavior in a particular issue-area⁵⁶.

The one important issue that has marred the development of SAARC as a regional entity is the question of security. The need is to desecuritize the SAARC. Most of the regional organisations have developed through regional associations such as steel and coal in the case of EU, anti-communist grouping in the case of ASEAN while in the case of SAARC the starting point took a rather different turn. It started with the issue of redefining the region and taking SAARC as an alternative platform for addressing regional issues. However, the bilateral issues have dominated the interactions within the institution. The one big issue which has been discussed and has been the parameter of any regional organisation is whether it can give birth to any security community. ASEAN and EU have manifested itself as loosely bind security communities. While EU has started working on the larger security and defence concept, ASEAN has aimed for a politic –security community by 2050.

The term 'Security Community' was coined by Karl Deutsch, a prominent political scientist in 1957. A Security Community is a region in which a large scale use of violence has become very unlikely or even unthinkable. What differentiates a Security Community from Collective Defence is the 'presence of a common threat from an external source'. Deutsch has identified two conditions that facilitate the formation of a Security Community. First is, 'the capacity of the participating political units or the governments to respond to each other's needs, messages and actions, quickly, adequately, and without resort to violence'. And the second condition is 'compatibility of major values relevant to political decision-making'. The definition of security community is wide enough to accommodate all the possible common external threats to the region. But it is the interpretation that is problematic when it comes to application. 'Common external threat' takes the restricted form, confining to traditional realist interpretation. In other words, Military superiority or threat takes top priority for the states. The military insecurity is so pervasive that it pushes the other four areas that need security, i.e., Environmental, Economic, Political and Societal to the fringes⁵⁷.

SAARC was built on the idea of transformation and progress of different multiple areas even though there were mutual distrust and major irritants between the member nations. It envisioned as combined regional economic block which was expected to conclude into a security community. Unfortunately, it had become hostage of Indo-Pak rivalry and failed to make any sound impact in South Asia⁵⁸.

If one looks at the SAARC mandate it is very conservative and cautious. However, in reality it does not meet the agenda which was set during its evolution process. To desecuritize the process there is a need to involve the military and armed forces under the SAARC plus agenda which would create a platform for the South Asian militaries to discuss elements of cooperation both under the security and non-traditional security aspects particularly in disaster management, food security and

countering environmental hazards. While the agenda for desecuritisising should go in parallel to exploring the economic benefits of integration.

Economic Benefits of Regional Integration

Within South Asia, the debate rages on whether the complementariness would benefit the region or would hamper domestic growth in terms of export revenue and domestic industry. The costs of production have been relatively low in select Least Developed Countries in South Asia and there is a view that major developing economies such as China might have to go up the value addition network. In that case low cost economies would be able to fulfill the void left by China. However, there is also a view that the opportunity costs of selecting any particular product or item need to be seen in the comprehensive regional economic discourse rather than individual country's economic comparative cost advantages. This clearly means that the production costs and marginal costs are not the only criteria for integration in South Asia but also its integration with inter regional value addition networks. There are other factors such as relative advantages and strategic pursuits to achieve a certain set of economic goals. However, there is also a threat from transnational economic and trade integration networks which might challenge the integration in Asia in a major way. Given these parameters, it has become imperative for the region to grade economies in terms of technology, labour and capital availability as well as political stability to look for best permutations and combinations for larger regional good. The mechanisms have been there but these are putting a lot of stress on the economic integration given the fact that political understanding and the benefit quotient needs to be critically evaluated in the context of regions.

The process of global integration forces significant adjustments in production patterns across states. In particular, the changing distribution of costs and benefits from trade liberalization could result in strong political opposition, both for

and against further liberalization. Adjustment has been all the more difficult in that it leads to unpredictable outcomes and instability in the prices of trade goods. This has proven particularly problematical for many of the lowest-income countries because they often rely on one or two commodities for the bulk of their exports. Not only have the prices of most non-fuel commodities been volatile, but they have also been declining over the past decades due to both larger and deeper slumps than booms. Ultra-specialization in some of those commodities has therefore, on the one hand, brought severe adjustment costs and, on the manufacture of exports have also faced significant adjustment challenges. For example, many Latin American countries have increasingly faced a loss of market share in the United States and Europe with the rapid rise of the Chinese export juggernaut⁵⁹.

Liberal analyses often argue that countries will be able to manage the process of adjusting to a rapidly shifting division of labour. From their perspective, the prospect of growth in large number of newly competitive sectors, combined with state capacity to provide social and fiscal transfers, should serve as mean to address the challenges of world competition. Yet, developing countries, in particular the poorest among them, often have a pre-industrial economic structure. As a consequence, economic openness has brought about a radical transformation of their socioeconomic structures, particularly flows to urban areas. The state structures of developing states are often simply unable to cope with such a rapid and radical transformation. This has led to chaos and, in many instances, to famine and violence as well as to further political instability and insecurity. For their part, rich countries often face strong domestic lobbies in agriculture, textiles, steel and other older sectors of the economy, creating pressure for trade-distorting restrictions of various kinds including subsidies, tariffs, quotas, voluntary export restraints, and the like⁶⁰. This type of reservations about economic liberalization at the global level has led to the emergence of the

regional integration mechanisms and economic communities with a regional space.

Given these political constraints, countries may wither be unwilling or unable by themselves to sustain processes of economic liberalization. In that it would be difficult to renege openly and fully on previous commitments, they may be tempted to gain time by shirking on the implementation of their commitments. While others would continue to implement fully their market opening commitments, they could slow or halt theirs. But their counterparts may find this unacceptable, and react by reneging on their own commitments, leading to an action-reaction cycle that slows global integration and decreases economic welfare. International co-operative action may therefore be required to avoid the unfortunate effects of this temptation to free ride. This temptation varies according to the sociopolitical organization of countries and to their degree of economic flexibility. On the sociopolitical dimension, the political insulation of governments from lobbying by those who are affected by adjustment costs can ease the process of economic liberalization in the second half of the nineteenth century when few countries had democratic systems of government⁶¹. This can be explored in South Asia. Firstly, the foreign affairs and trade ministries should be integrated for better coherence in policy making which would have an impact on regional economic integration. Secondly, regional associations for health labour and select industries such as sugar, tea, cotton and jute can be further integrated and promoted.

The most interesting aspect of the stock taking undertaken by the Foreign Ministers in their SAARC meetings (between the New Delhi and Male Summit meetings) has been their ability to demand radical steps in the field of regional cooperation, and economic and political integration. This theme was emphasised with greater vigour during the Male Summit meeting as well. In the years 1981-85, when the idea of a regional cooperation was mooted and till the time the Charter was adopted in Dhaka, most countries which held informal parleys at different locations

within and outside the region, were hesitant to take leaps in the name of regional cooperation. At the time, it was their perception that political issues be kept out of the purview of regional cooperation because of the possibility of big brother India squeezing their hands. But ten years later, the situation has altered dramatically. It has been the smaller states, namely, Bangladesh, Maldives, Bhutan and Nepal that have sought a greater inter-active role for SAARC in conflict resolution and confidence building measures. Both issues have political overtones and these countries, mindful of the Charter, have suggested that these are ideas for SAARC to take up in its second decade. The Foreign Minister of tiny Maldives said at the Commemorative Session meeting in 1995 that there should be the creation of "a mechanism of exploratory nature to deal with acute problems in the region (which) may be an advantageous exercise in raising the regional cooperation in South Asia to a higher plane." Bangladesh went even further in suggesting the creation of "SAARC Conciliation Groups," whose mandate would be "to bring reconciliation between member states with disputes."⁶²

The SAARC forum has made significant attempts towards economic cooperation and social cohesion. With the overall aim of economic integration, the SAARC Chambers of Commerce and Industry was set up in 1992 to promote regional cooperation in the areas of trade and economic relations. A breakthrough came with the SAARC Preferential Trade Arrangement (SAPTA) Agreement which was signed in April 1993 and entered into force in December 1995; opening the way for a certain expansion of intra-SAARC trade. At the January 2004 summit meeting, the SAARC countries' foreign ministers signed the South Asian Free Trade Area (SAFTA) agreement. Ratified and entered into force in January 2006, the objectives of SAFTA include; elimination of all sorts of barriers in trade and facilitation of free and fair movement of products; promoting fair competition and free trade environment in respect of the existing economic conditions which will ensure the maximum benefit

and; and establish an institutional frame to promote and expansion of regional cooperation. One of the key highlights of SAFTA is the compensation for revenue losses for smaller regional economies (Nepal, Bhutan, Bangladesh and Maldives) in the event of tariff reductions. By the end of first two years of SAFTA's implementation, 2006-07, the developing countries in South Asia that is, India, Pakistan and Sri Lanka, were demanded to bring their duties⁶³. India has expressed willingness for unilateral reduction of tariffs but other countries also have to develop their own mechanisms for incremental liberalization of the markets. This can be done under SAFTA.

Exploring Possibilities for Future

From a macro economic point of view, the South Asian region is not a non-performing region. Led by India, the South Asian region is now the 'fastest' region in terms of GDP growth rates. It is projected to grow at an average growth rate of 7.4 per cent and 7.6 per cent in 2016 and 2017, respectively - as per the recent World Bank estimates. This is a considerable feat given that the South Asian region, like other regions, was impacted by the global financial meltdown. Its size in terms of real GDP is much larger than some of the notable regional economic groupings including ASEAN, MERCOSUR, SACU, SADC, COMESA, GCC, CARICOM, among others. In 2013, real GDP of South Asia was larger than the combined GDP of ASEAN, ECOWAS, EAC and CARICOM or those of MERCOSUR combined with CARICOM. Region's share in the Gross World Product in PPP terms has been growing faster during the last two decades as compared to other regional groupings. Further, growth potential of the region has remained robust given the scope to increase its savings and investment ratios⁶⁴.

Apart from the fact that the trade integration has moved at a fast pace, the intra-SAARC trade has hovered around 5-6 per cent or so as a proportion of SAARC's trade with the rest of the world. This only means that intra-SAARC trade has been expanding at the same pace as extra-SAARC trade, keeping the

ratio of the two constant. In fact, the success of SAFTA lies in the fact that the intra-SAARC trade has doubled since the region implemented the SAFTA Treaty. The intra-regional exports have increased to about US\$ 22 billion in 2013 from US\$ 10 billion in 2006. The individual SAARC countries' intra-SAARC trade is relatively very high, going up to the extent of 70 per cent, as a proportion of their total trade with the rest of the world⁶⁵. Intra – Regional trade liberalisation has two effects on employment, viz. scale effect and technological effect. With expansion in scale of production there will be a higher demand for labour and trade liberalisation and the ensuing market access will thus boost employment. Also, as trade is liberalised countries get a chance to become specialized in certain products on the basis of their comparative advantages. This can be an important channel for employment generation. With increase in levels of production activity there is also an increase in technological innovations and capital-intensive investments that generate productivity growth. The impact of such productivity growth on employment is generally negative in phased out industries and positive in expanding industries. Thus peace via trade can be thus achieved⁶⁶. The other important aspect which has been experimented in many southeast Asian countries has been the trilateral growth and export zones. SAARC can also explore this possibility given the fact that Bangladesh–Bhutan–India–Nepal (BBIN) motor vehicles agreement has already been signed and might be implemented very soon.

Recent times have witnessed increase in intra-SAARC FDI and projects. However, their volumes, sectoral- and country-coverage can be augmented further. Investment is one of the major determinants of growth. This needs to be observed as a vehicle to build a manufacturing and services base for meeting the employment generation objectives and, in turn, peace. Its relevance gets heightened when situated in the background of trade-FDI nexus. Given that South Asian countries are highly import dependent, the regional investment becomes crucial to expand the export supply capacities, especially to address the

foreign exchange constraints imposed by severe and rising trade deficits. Some of the capacities that merit attention include agribusiness and processing power, telecom, construction, wool and carpets. Note should also be taken of the provisions that could be developed under Mode III of the already existing SAARC Trade in Services (SATIS) agreement⁶⁷.

The SAARC Investment Area would serve the purpose of generating investment flows not only within the SAARC region but would also attract foreign investment, as Foreign Direct Investment (FDI) can come in to take advantage of the growing and liberalised market opportunities of the entire SAARC region.' By declaring the SAARC region as a SAARC Investment Area, the smaller members would be able to take advantage of the higher credit ratings of the bigger nations and also the assurance of large markets in the region. Further, promoting local currency bond markets, especially corporate debt markets, to reduce dependence on external commercial borrowings should be considered. The conception of the SAARC region as a single investment area would encourage the business community of the SAARC region and also the investment community of the rest of the world to explore the possibilities of finding optimum locations for their investment activities in different countries of the region⁶⁸.

With the SAFTA Treaty, the process of SAARC economic cooperation has reached a milestone. However, in order to realize greater benefits of SAFTA, a developmental and integrated approach towards trade in goods is needed. This stems from the fact that trade in goods and trade in services could be used to reinforce each other. More broadly, trade and investment linkages need to be strengthened. All these together, bring the developmental focus to regional trade and investment cooperation, especially in South Asia. It is in this context, that efficiency-seeking regional restructuring becomes important and achieving a South Asian Economic Union becomes realistic. These only highlight that the SAARC regional economic integration process needs to adopt extensive and intensive

approaches, simultaneously. The former may entail expanding the scope of SAARC economic cooperation to include trade in services within its ambit. This would help integrate the region in the realms of factors of production including long term capital flows in the form of investment and movement of natural persons, leading to a South Asian Economic Union. The latter would mean expediting these economic integration processes. Thus, the economics of neighbourhood becomes relevant in this context⁶⁹.

The services sector has already importance across the SAARC countries vis-a-vis GDP and trade with important implication for prosperity and peace in the region. The sector has immense potential for cooperation at the intra-SAARC level in various sectors, with tourism, IT, education and health being just a few. Given this, the businesses would get a boost in all the countries of the SAARC both from the point of view of export interests and import interests, provided negotiations under the SATIS are completed at the earliest⁷⁰.

A regional Economic Union entails freer flows of goods, services, capital and labour. With the implementation of SAFTA, much freer flows of trade in goods in the SAARC region are ensured. Recent initiatives to address sensitive lists and non-tariff barriers, with a unilateral special and differential treatment accorded by India to the LDC members of the SAARC also provide further scope for even freer flows of trade in goods under SAFTA. The regulations governing trade in services are also being negotiated under SATIS to make trade in services much faster and easier in the region. Considering that Mode III of the SATIS focuses on intra-regional FDI movement and Mode IV tackles freer movement of natural persons, SAARC is well on its way to achieving what is known as South Asian Economic Union. At this stage, it may be imperative that South Asia focuses on real and effective implementation of SAFTA and SATIS and does not venture into a Customs Union, spreading itself a bit too thin. What is possibly more important is to address some of the policy-induced challenges like the NTBs, investment

protection, etc., on one hand and structural constraints like inadequate trade facilitation and connectivity, on the other⁷¹.

Given the fact that possibilities exist between the SAARC nations, it would be prudent to take facilitation projects on a trilateral basis and also work on pilot projects in select sectors such as health, primary education, sanitation and child welfare.

Chapter IV

Creating the Common Denominator- Non-Traditional Security Threats

In recent years, the human impact of food and water crises, natural and environmental disasters, and pandemic diseases that cut across geographic boundaries has awakened South Asia's leaders to the seriousness of these "soft" non-traditional security challenges. As countries in the region have witnessed, the higher incidence of calamities in these areas can have political consequences, if not adequately addressed, and exacerbate conditions contributing to more traditional "hard" security threats⁷².

In the past decade, South Asia has been forced to deal with a series of ever more devastating natural and environmental disasters. If predictions regarding shifting tectonic plates and climate change bear true, the region should anticipate many more such incidents in the future, possibly with increasing intensity. The evidence of glacial recession in the Himalayas has potentially serious consequences for the critical river systems that traverse the South Asian region, including those in Nepal, India, and Bangladesh, as well as in China. Predictions that a slight increase in air temperatures could decrease rice yields in China by 5%–12% and net cereal production in South Asian countries by 4%–10% by the end of the century suggest alarming implications for water and food security in a region comprising more than one-fifth of the world's population⁷³.

Food insecurity has already proved to be a source of social and political unrest in the region, as exemplified by the 2008 riots in countries such as Bangladesh to protest rising food prices. Further, according to the Intergovernmental Panel on Climate Change (IPCC), a rise in sea levels would have devastating consequences in low-lying areas of South, Southeast,

and East Asia, rendering millions of people homeless in countries such as Bangladesh, India, and China. The region has already proved vulnerable to natural disasters over the last decade. In 2004, India and Sri Lanka were devastated by tsunamis triggered by an undersea earthquake in the Indian Ocean, while in 2005 the South Asian earthquake severely affected politically vulnerable regions in Pakistan, India, and Afghanistan. In 2007, Cyclone Sidr caused one of the worst natural disasters in Bangladesh since the cyclone in 1991. Likewise, in 2010, Pakistan was devastated by some of the worst floods in its history and has continued to experience heavy flooding in subsequent years due to unusually powerful monsoons⁷⁴.

A major factor in the positive prognostication about SAARC has been the slow realisation of a close and mutually reinforcing relationship between new economic policies followed by South Asian governments and regional cooperation. This in turn is seen to be in harmony with the larger framework of global inter-dependence. Similarly, as economies in the region gradually open themselves to market forces, there is also a growing awareness that the costs of non-cooperation and political confrontation amongst themselves will rise exponentially in the coming decade. It is logical, therefore, that SAARC countries, which face similar problems of deep-seated poverty, rapid population increase, low per capita income growth rate, high unemployment and under-employment, unsatisfactory human development, inadequate supply of skilled human resources, environmental degradation, sluggish private sector, influential public sector, slow growth of the non-agricultural economy, high rate of energy deficiency and continued vulnerability to oil prices, terrorism and internal ethnic conflicts, emerging problems of trans-national character like drug trafficking, AIDS, terrorism, environmental degradation and conservation of bio-diversity, will start looking within the region to tackle these scourges sooner than later⁷⁵.

SAARC nations recognised the need for a comprehensive response to non-communicable diseases, acknowledging the importance of traditional medicines in healthcare. In a declaration adopted during the 5th meeting of SAARC health ministers, the nations recognised that 80 percent of premature deaths associated with chronic non-communicable diseases (NCDs) occur in developing countries, highlighting the need for a comprehensive response to NCDs⁷⁶. The need for high quality, and high coverage immunisation for vaccine preventable diseases along with modern monitoring systems, action for prevention and control of tuberculosis, vector borne diseases, hepatitis B and C, non-communicable diseases and mental health disorders⁷⁷.

In order to build consensus on these issues, the SAARC plus platform could be considered which would involve the military as well as Non-Governmental Organizations' (NGOs) for easy implementation and support. Further, the SAARC charter needs to be updated as per the prevailing challenges.

SAARC Charter-An Audit

The issue which needs debate at this juncture is whether there are lacunae in the SAARC charter itself which has limited the horizons of cooperation within the South Asian countries. While regional organisations such as ASEAN have incorporated Human rights and democracy in their charter, SAARC has failed to even revise its charter as per the existing requirements.

At the summit meetings, politics seems to have dominated the informal agenda, with efforts to expand regional cooperation being agreed to at an incremental pace. The first summit identified issues relating to women in development, prevention of drug trafficking and drug abuse. Special attention was devoted to child health, education and shelter. An Integrated Programme of Action was also drawn up in Dhaka (1985). It included cooperation in the fields of agriculture, rural development, meteorology, telecommunications, scientific and technological cooperation, health and population activities, transport, postal

services, sport, art and culture. In the intervening period between the first and second summit in Bangalore, the SAARC Secretariat was set up, headquartered in Kathmandu. The second summit (1986) saw new areas of radio broadcasting and television, tourism, SAARC documentation centre, SAARC scholarships, fellowships and university chairs and an Organised Volunteer Programme for youth in the fields of agriculture and forestry extension work being introduced⁷⁸. The third summit at Kathmandu (1987) underscored the problems dealing with environmental issues like deforestation and natural disasters. Two other important issues were agreed to in Kathmandu--the creation of a South Asian Food Security Reserve and the SAARC Regional Convention on Suppression of Terrorism which became operational by August 1988. The fourth summit at Islamabad in 1988 sought to further the aim of "people-to-people" contact and it was decided to exempt judges and national parliamentarians of member states from visa requirements and allow them to travel in the region under special SAARC travel documents. At this summit, implicit political difficulties surfaced, when India supported Afghanistan's entry into SAARC. Still ruled by a Communist government, it saw opposition from Pakistan, which was involved in the resistance effort. A compromise was affected, which was reflected in the summit declaration. Admission for another country into SAARC was to be governed by the principle of unanimity, which has stalled SAARC's expansion since then⁷⁹.

Between 1988 and 1995, the four summit meetings have tended to be lack-lustre, with greater focus being generated on bilateral dialogues on the margins, principally between India and Pakistan, whose bilateral relations during this period had skidded to new lows. The first summit of the second decade is scheduled to take place in Male (Maldives) in May 1997. Between the last summit meeting in Dhaka and the next one in Male, SAARC passed its first decade milestone, which was commemorated during the 16th session of the Council of Ministers of SAARC countries in New Delhi in December 1995. The SAARC

commemorative session held along with the regular meeting of the SAARC Foreign Ministers showed both that deep differences exist among member states about the functions of SAARC as well as in its future course of action⁸⁰.

Reviewing SAARC Charter

Created in 1985, SAARC follows the principles of: focus on social and economic matters; decisions by consensus; and non-discussion on contentious bilateral issues. According to the SAARC Charter (1985) member states are ‘desirous of peace, stability, amity and progress in the region through strict adherence to the principles of the United Nations Charter and Non-Alignment, particularly respect for the principles of sovereign equality, territorial integrity, national independence, non-use of force and non-interference in the internal affairs of other States and peaceful settlement of all disputes’. This charter was signed by heads of states of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka, in 1985 in Dhaka. Over the years, SAARC has attempted to address several regional concerns, for instance drug and human trafficking, economic cooperation among South Asian states and the forging of a south Asian social identity and most recently efforts have been made to tackle the menace of terrorism in the region. Despite its stated intentions SAARC as a regional body has for years grappled with inter-state, intra-state and regional conflicts. Since its existence in 1985, SAARC has been criticized for its failure to forge an effective regional identity. Inter-state conflicts and the bilateral interests of member states have a decisive influence on the achievements of SAARC; the regional body has also been influenced by external players and other regional organizations⁸¹. There are four basic elements which need to be explored under the SAARC charter. These are the formation of SAARC think tanks initiative, Youth and Young Parliamentarian exchange Programme, women and child welfare networks and social security initiatives. However within SAARC culture has been a binding factor and can further help in integration.

Chapter VI**Socio- Cultural Interaction
as the Binding String**

In academic discourse, soft power is seen as complementary to the hard power. However, at times, soft power is seen as a more acceptable form of diplomacy which can bear fruits over a long period of time. For strategic thinkers like Joseph Nye soft power encapsulates the foreign policy mandarins utilizing people, society and historical linkages as the foundation of furthering national interests. The critical element in this discourse is whether soft power has any relevance in Indian foreign policy or is it just the cosmetic way to reinforce the cultural influence through acceptable means. India has embarked on the course of cultural diplomacy through institutions such as Indian Council of Cultural relations, sponsored performance of Indian artists' abroad, Indian film and cultural festivals, instituting South Asia centers, commissioning historical research to excavate the civilizational linkages and restoration of archeological sites located in foreign countries for the said purpose. The list is endless but the problem is that many of the countries in South Asia do not want these studies to be exposed to the public because it would aggravate ethnic and religious fissures. However, the influence of Indic civilization has been manifested in the possessiveness of these countries towards their historical legacy. The chapter would discuss the threshold limits of cultural diplomacy, and how it can be calibrated to meet the desired objectives of the foreign policy.

South Asia along with the international community celebrated the International Yoga Day on June 21, 2015. For many international commentators it was an effort by the NDA government to elevate itself into the international community through its cultural diplomacy and ingrate the global society through the peaceful demonstration of its soft power. The

questions that still liners in the minds of many foreign policy experts is given the fissures involved in the cultural –religious conflict related to the use of Yoga as a galvanising force. The whole strategy needs to be studied and understood from three different angles. Is Yoga the perceptible change in India's outlook towards the world in which it wants to impose its cultural; and civilizational supremacy? Secondly, has Yoga given birth to an alternative thinking which is more related to the use of religion and culture and retracing ancient footprints in global polity? Thirdly, will Yoga give rise to the use of religion such as Buddhism and other religious relics to integrate the Buddhist world into one social unit where South Asia would administer doses of its primacy as the midwife of religions particularly that of Buddhism, Jainism, Sikhism and even moderate Islam better known as Sufism in the South Asian region. Will these prove to be the anti-dotes to South Asia's mute stance on global issues or is it just a way to create comfortable space for South Asia to look to global issues through the lens of peoples, society and institutions. Will this strategy give South Asia the vantage position to be accepted as the global player having aspirations which might recalibrate power balance conducive to South Asia's interests?

The queries are many but one thing seems very apparent that the competition between different civilizations would start from the cultural and religious supremacy discourse. South Asia has aspired for a global role in the past also by taking a high moral ground on issues of global relevance and also brining institutions, personalities and nations together through anti-colonialism, anti-apartheid and nuclear disarmament. Somewhere with the passage of time, the reasons for unity and common cause to struggle for a class based global institutions were lost. India's closeness to Soviet Union and subsequently even many NAM members getting close to different power blocs in a way disturbed the precarious balance between the nuclear haves and have not's. India's friendship treaty with erstwhile USSR was a result of the developing insecurities within the

Indian establishment owing to the intense great power rivalry and India's military requirements. However, in all these balancing India also discovered the importance of culture as a tool of diplomacy.

Cultural interactions as per the set institutional framework have gained momentum in the SAARC context. However, there is a need to enhance interactions among the journalist, media personnel, academics and social activists. In the case of academics and social activists the problem of thinking out of the box and providing manageable solutions has been missing.

Problem of Identity

The major hindrance that South Asia has faced with regard to its cultural diplomacy has been the narrative which veers from cultural to ethnic to religious diplomacy. While issues such as diaspora and theatres have usually been much neutral but the issues of depiction of Ramayana, Yoga and other socio-religious activities are increasingly seen as a form of religious propagation primarily by Hindu majority which in a way infringes on minority interests. This narrative has been usually provoked by the media and certain vested political elements which perceive alienation of minority through this kind of propaganda to fulfil its domestic political ambitions. The Indic civilization has been manifested not only through Hindu religious texts but also through Buddhism, Jainism and Sikh religious tradition. The Sufi culture and the tolerant form of Islam has been the primary point of South Asia's cultural heritage. However, South Asia has restrained itself from propagating this form of Islam or even using this discourse to protect its form of Islam. South Asia has desisted from using the legacy in certain Western Asian countries which have more conservative form of Islam and there is an inherent concern that any interaction with conservative form of Islam would dilute the traits existent in Sufism in South Asia. However, the existing features such as monuments have been a great draw for tourists and scholars to study the different variations in religious practices.

Social Aspects in the Charter

The Tenth Summit (Colombo, July 1996), while reviewing the progress made in the social sector, determined the need to develop, beyond national plans of action, a regional dimension of action including a specific role for SAARC with a view to speeding up social development in the region. It, therefore, decided to adopt a Social Charter incorporating a broad range of targets to be achieved across the region in the areas of poverty eradication, population stabilization, and empowerment of women, youth mobilization, and human resource development, promotion of health and nutrition, and protection of children. At their Twelfth Summit (Islamabad, January 2004), the Leaders signed the SAARC Social Charter⁸².

The provisions laid down in the Social Charter are now being implemented across the region with the establishment of National Coordination Committees (NCCs) in all Member States. The Leaders at the Thirteen Summit (Dhaka, 12-13 November 2005) reiterated their commitment to take initiatives at national as well as regional levels for achieving the specific objectives contained in the Social Charter. The Leaders decided on annual meetings of the Heads of NCCs and directed convening of their first meeting at the earliest for follow-up and implementation of the Social Charter. The Charter requires that Member States shall also formulate a National Plan of Action or modify the existing one, if any, in order to operationalize the provisions of the Charter. This shall be done through a transparent and broad-based participatory process. Stakeholder approach shall also be followed in respect of implementation and evaluation of programmes under the National Plans of Action⁸³.

The SAARC cultural forum and artists exchange Programme under SAARC scholarships could be promoted through proper channels.

Chapter VII**Policy Options for India**

There is an adage about South Asian Association for Regional Cooperation (SAARC) that, unlike other regional organizations, it takes one step forward and two step backwards. The reason for this is rivalries between India and Pakistan. They are regional powers who hold the string of the region. Due to their bilateral rivalries most of the policies accepted during SAARC summits have been failed to get implement. To serve its interests, India has established relations with other regional organizations like Association of South East Asian Nations (ASEAN) etc. It has also taken initiative to form new organizations like Bangladesh, China, India, Myanmar-Regional Forum (BCIM-RF) etc. Yet question remains :can India afford to move away from SAARC? Sane answer to this is: no, it cannot. It has to steer the SAARC.

India is the most prominent member of this organisation in terms of territory, population, economic growth and resources. It is more than two-thirds of the region's area and more than three-fourths of the region's population, GDP, and military. In this way, its remarkable growth could act as an anchor for the whole region and make a positive contribution to its development. Ironically, India's size, resources and growth have generated a 'fear factor' among other member countries. India is being perceived as bullying 'big brother' by them. They do not trust on India's intentions. Moot reason for it is India's inconsistent policies towards the region. To check India's dominance; other South Asian countries have invited the extra-regional powers like China or the United States of America (USA). This has further complicated the political equation in South Asia.

SAARC has never played any effective role due to seriousness of the political problems in mutual relations between all member states. Though she has eight observer states

including U.S, China and European Union but they have never succeeded to intervene and settle down their long standing differences⁸⁴.

How India can build its image?

Regional Organizations cannot be successful without a hegemonic stability. It is the hegemonic stability which takes initiatives and actions to keep the members intact. However for a regional organization to be successful there is always a need for *quid pro quo* in terms of political will and economic complementarity. To be a hegemony is different from being a bullying big brother. The former believes in acting through building consensus rather than use of force. India must focus on building consensus among the member states, instead of moving away from the SAARC. Acting on this logic, it has been mentioned about India's willingness to take on more asymmetric responsibilities within SAARC. India has to convince its smaller neighbours about its vision on SAARC. This can be done through constructive actions, not through words⁸⁵.

Sub-regional organisations such as BIMST-EC, BRICS, IBSA etc. might have offered greater potential for growth to many member countries of South Asia; however, to resolve the existing challenges of the region and for the economic development of the region, member countries must come together. Presently, there is perceptible change in the regional environment. For the first time, democracy has taken root in almost all member countries; all member countries are showing positive economic growth; and international interest in the region has increased. The regional players should focus on these developments. The opportunity is there to build a common successful future – now it is a matter of grasping it.

There are already a large number of interactions at the government level consisting of 126 bodies – starting from ministerial and focus working groups on natural herbs, energy, agriculture etc. There exists six technical committee, expert group, eminent persons group and four specialized bodies. Since

the last decade, SAARC is not a very fast moving process. There is a requirement of more energy, deliberations, and emotions in the process. However, there is a large proliferation of meetings but at the same time there is a slow Consolidation process – 11 regional centres established over time. During the last standing committee meeting in Male it was expressed that there was a need to review and consolidate. It was proposed that these 11 regional centres should be consolidated into five. SAARC process is to develop the architecture and build capacities a moving towards – South Asian Economic Union (SAEU). In Thimpu, ADB has prepared a report specific to SAARC connectivity.

The one issue which has gained momentum is the Motor Vehicles Agreement. Nepal, Bangladesh, Bhutan and India have made arrangements for this and have agreed to be part of this. Now, Myanmar and Thailand have also shown keen interest in joining the MVA. In this regard the regions of SAARC and BIMSTEC would be integrated. This would mean an integration of a market of about 1.4 billion people. Further, Global Value addition chain and regional value chain would get necessary support through this connectivity proposal. For India the focus is on Bodies such as Arbitration Council, SAARC Standards Organisation and improving the Financial Architecture. There exists a South Asian Development Fund – 370 million dollars – corpus three windows – social, infrastructure and economic window. Social window has been opened. As part of Security architecture – as a matter of Principle – Political aspects are not considered. There are working groups on Terrorism, drugs, trafficking and few countries have not yet ratified (Mutual legal Assistance) among SAARC nations which included Pakistan and Nepal.

There also exists Cyber-crime specialist meeting and legal experts group. SAARC Social Charter needs further attention and given the fact that there exists a SAARC Visa scheme (country – where the citizen resides gives the visa taking full responsibility of the persons. Country gives the visa). There

exists instrumental cooperation in rural development and animal husbandry. The political dissonance has led to lack of Connectivity particularly Road, rail and maritime connectivity. Multi modal transport study done by ADB, in which a number of corridors were identified, India has been working on those suggestions as well as suggestions made by the SAARC Eminent Persons Group report.

In terms of Intra – regional trade which is paltry at about 5 per cent, there is a need for Regional Investment cooperation. Under SAARC visa there are 19 categories of visa including business visas. Moreover, in terms of economic interactions while there are sectoral Focal Points such as Agriculture ministry, there is also a parallel National Focal Point which is the External/Foreign Affairs Ministry in each country but there is an absence of coordination between Sectoral Focal Point and National Focal Point. There is a need for Cabinet secretaries meeting at SAARC level and a comparative assessment of Poverty alleviation programmes can be done at the starting level. India should become member of TIR (International Road Transport convention) and South Asia can look forward to a single custom document (TIR Carnet) which is accepted at all customs controls. It is proposed that SAARC business Travel Card might be much better than SAARC visa card. In the services sector, trade in services even under Mode II and Mode IV Service delivery can be made through Mode I i.e., internet, distance learning. South Asia was least integrated in the global value chain and Complementarities can be explored through industrial re-structuring in sectors such as Chemicals, automobiles, textiles and garments. South Asia can work in certain production clusters.

There have been discussions about Regional Transit agreement and India has been unilaterally hosting the meetings. In terms of infrastructure there are possibilities. In case of existing mechanisms in case of India-Myanmar trade in which there are 61 items listed for barter and 63 items for MFN treatment between India-Myanmar. Even India-Nepal trade can

be replicated in the case of SAARC. Conceptually, emphasis is often given to trade integration or investment integration in isolation. What is needed is to adopt an integrated approach towards trade in goods, trade in services and investment flows, recognizing their inter-linkages while assessing any potential for economic integration in a particular region. That this is not understood is manifested in the fact that while trade in goods FTA through SAFTA is in place, negotiations on request-offer in sectors for trade in services under the SATIS remain incomplete; and the draft SAARC Agreement on Promotion and Protection of Investments till remains inconclusive⁸⁶.

The following recommendations need to be carefully evaluated and put into implementation incrementally:-

- There is a need for a Treaty of Amity and Cooperation among the member countries, very similar to that of ASEAN. The non-cooperating members should be evicted from the body. The dialogue partner could be built into discussion frameworks.
- Regular interaction between SAARC and UNASUR so as to build a better cooperative framework of South-South Cooperation and sharing of best practices.
- Training Programme for young bureaucrats across South Asian region so that they are better trained and prepared for long lasting negotiations on trade, investment and services.
- The SAARC Secretariat located at Kathmandu need to be expanded and upgraded along with additional staff from member countries. It can be rechristened as SAARC Commission. This way institutional set-up would be explored which can undertake project work as well as develop sectoral interactions among the member nations. This way the debate and discussion within the SAARC framework would be decentralised and might be more productive in due course of time.
- Productive involvement of all stakeholders. The businessmen and private sector is increasingly getting alienated in the whole process. This has to do with political overtones on any kind of business interactions. Further, the casualty of political dissonance usually falls on business interest.

➤ People's SAARC-Revitalization of SAARC Forum and SAARC literary festival as well as Think Tank Forum. In this regard the sensitivities are the most important issues as many of the nations have strong reservations about few of the literary works being discussed in the public forums. Also the Think tanks within the SAARC ambit should be carefully selected because many think tanks which represent government either take the government stance or are too cautious on taking or even suggesting any alternate option. Furthermore, in many of the SAARC countries there is hardly SAARC institutes which can do tangible work related to economic, social and cultural issues.

➤ The South Asian University has become more of an Indian university with maximum Indian students and the teachers from a particular ideological background have been teaching. The leftist orientation of majority of the teachers in the University has raised alarm bells in the South Asian countries because being the democracies leftist leanings would jeopardize their own governance structures. There is also paucity of teachers from other SAARC countries making it an underperforming initiative.

➤ Strengthening the Investment and Trade process through regular interactions among the Business and Industry forums such as FICCI and CII.

➤ Promote a SAARC media visa and regular interactions and sharing of video among the SAARC video channels.

➤ SAARC Disaster Management and Cooperation initiative. Network of SAARC Disaster Management Institutes and Agencies.

➤ Better use of SAARC Food Fund. Usually, the state's purchase the food grains without routing it through SAARC Food fund thereby undermining its utility.

➤ SAARC Knowledge Network- Integrating various educational institutions primarily in the field of social sciences as basic sciences might have certain sensitivities involved.

➤ Explore the facility of the SAARC Satellite and monitoring stations, and SAARC Agriculture Channel.

- Low Grant facility for the SME entrepreneurs from SAARC region. This facility can be extended to Myanmar also.
- Regional Fund for Disaster Fund Programme, and Small case study and commission project on low cost earthquake resistant housing Project.

Notes

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⁵ Philippe De Lombarde and Fredrik Soderbaum Ed., *Regionalism Volume II : The New Regionalism (1990-2000)*, Sage, London, 2013, p.4

⁶Ibid

⁷Ibid

⁸Ibid

⁹Ibid

¹⁰Ibid, p.52

¹¹ Discussion of the "Inter American system, " for instance, usually includes descriptions of all regional organizations, programs, and commitments of the member states of the Organization of American States (OAS) as well as the relations between separate organizations. The "European system" is sometimes taken as a descriptive term for the totality of Western European organizations and programs without regard to any impact on the reciprocal integration of the member nations.

The level of political integration is the main characteristic that distinguishes political communities from other political systems. System is the more encompassing concept, indicating that changes in the action of one (or more) unit (s) affect actions in one (or more) other units, and that these latter changes in turn have repercussions on the unit or units in which or from which the change was initiated..... In short, units of systems are interdependence; members of communities are integrated. [Etzioni, p.6.]. Philippe De Lombarde and Fredrik Soderbaum

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¹⁵ Robert L. Pfaltzgraff and James L. Deghand, "European Technological Collaboration: The Experience of the European Launcher Development Organization (ELDO)," *Journal of Common Market Studies*, September 1968, (Vo. 7, No. 1), pp. 22-34.

¹⁶ This distinction was first clearly elaborated by Schmitter in the article cited in note 7. It may be observed also in Africa and in Eastern Europe. For a European example see Robert L. Pfaltzgraff and James L. Deghand, "European Technological Collaboration: The Experience of the European Launcher Development Organization (ELDO)," *Journal of Common Market Studies*, September 1968, (Vo. 7, and No. 1), and pp. 22-34.

¹⁷ The definitive study probing the ability of NATO to trigger integrative results outside the narrow military field is Francis A. Beer, *Integration and disintegration in NATO: Processes of Alliance Cohesion and Prospects for Atlantic Community* (Columbus: Ohio State University Press, 1969). Modelski makes the same point about SEATO and Slater about the OAS (see Nye for full citation). See also Andrzej Korbonski, "the Warsaw Pact," *International Conciliation*, May 1969 (No. 573), and Korbonski's contribution to this volume.

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²³ Philippe De Lombarde and Fredrik Soderbaum Ed., Regionalism Volume II : The New Regionalism (1990-2000), Sage, London, 2013, p.34

²⁴ Ibid, p.34

²⁵ Ibid, p.34

²⁶ Ibid, p.34

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²⁸ John Ravenhill ed. Global Political Economy, Oxford University Press, Oxford, 2011, p. 181.

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