

# SAARC is still in slow motion after a quarter of a century

SOUTH ASIA

**India-Pakistan rivalry is the bane of the South Asian regional grouping**

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This week, the Bhutan will host the 16th SAARC summit with leaders of the 8 countries—Bangladesh, India, Maldives, Sri Lanka, Nepal, Pakistan and Afghanistan. China, Japan, the European Union, Republic of Korea, the United States, Australia, Mauritius, Myanmar, and Iran will participate as observers. SAARC states constitute a major part of

humanity, with a population of 1.5 billion. But after 25 years what has SAARC managed to achieve?

The degree of freedom in movement of goods, services, capital and labour is an important test of regional cooperation. SAARC's achievements in trade are still quite limited; with intra regional trade is still a meagre 5 per cent of SAARC members' total trade, compared to 24 per cent for ASEAN. The six member Gulf Cooperation Council set up in 1981, has achieved 10 per cent intra-GCC trade, and moved ahead to a common market in 2008. Business cooperation among entities in SAARC is far below its potential. SAARC has focused on cooperation in softer sectors, such as infrastructure, transport, culture, sports, youth, tourism, education, environment, health, etc. But even here, progress has been glacial.

SAARC's unique feature is that its two largest members, India and Pakistan have strained relations and deep mistrust. This feature has effectively

crippled SAARC. For example, the South Asian Free Trade Agreement, SAFTA, entered into force in 2006. But India and Pakistan have not yet ratified

SAFTA. Pakistan refuses to grant MFN status to India (despite the latter having done so). It pursues a restrictive policy towards India, permitting trade only in items covered in a positive list. The result is that consumers in Pakistan pay higher prices for Indian goods which go via third countries. Civil society within Pakistan should work to change Pakistan policy, which contradicts SAFTA and also violates its commitments under the WTO. There is much media speculation over meetings between Indian and Pakistani Prime Ministers, but one can hardly expect the leaders of the two biggest members of SAARC to ignore other. A meeting if it does take place would probably be a sterile repetition of earlier encounters. The indications are not promising. Cooperation on investigation into the Mumbai attack has fizzled out. Nevertheless the

other members have been able to build cooperation between them and the big two of SAARC, in some cases by playing off the rivalry between the big two.

After much discussion, it was decided in 2005 to set up a single mechanism, the SAARC Development Fund (SDF) with three windows (Social, Economic and Infrastructure) and an initial paid up capital of \$300 million. The Thimpu summit will see this entity move a bit further. The South Asian University, probably the biggest SAARC project was launched by Indian Prime Minister Dr. Manmohan Singh in 2005. It is being implemented in a campus in Delhi, is financed largely by India (\$ 240 million), and is expected to have some 3000 students by 2014, with an international faculty, and linked campuses in South Asian countries. Even in this case, there is squabbling over its governance.

President Rajapaksha's idea of a common SAARC currency to boost economic integration seems a far off dream given the low level of intra-SAARC trade

and financial flows. SAARC members have signed instruments on terrorism, but effective cooperation in counter-terrorism remains elusive, due to political problems. Meanwhile, terrorism continues to strike at many countries and take a heavy toll. Pakistan in particular will need to act firmly, in order to protect its own state and people from chaos and destruction.

Despite these problems, the SAARC Club has membership seekers. Myanmar applied for membership in 2008, presenting delicate issues of democracy and human rights. However, inclusion of Myanmar would strengthen SAARC, and it has at least as good credentials for membership as Afghanistan, the latest member to be admitted. Its inclusion could help in normalising its internal situation. Iran, China, and Indonesia have also shown interest in SAARC.

Environment and climate change have recently emerged as a key area of concern given the impact of climate change on the fragile ecology of sev-

eral countries. Rise in sea levels directly threatens countries such as Maldives and Bangladesh. Increase in frequency and intensity of extreme weather events such as cyclones, floods, and droughts threatens India, Sri Lanka, Pakistan and Bangladesh. Changes in mountain ecology threaten Bhutan, Nepal, and Afghanistan.

Subjects such as democracy, free media, independent judiciary, quality of governance, and corruption are subjects for cooperation among SAARC members if the necessary political will can be summoned. Civil society should pressurise governments to cooperate in these areas. The task ahead is enormous, and the small SAARC Secretariat can only play a catalytic role in fostering cooperation, which must ultimately be driven by strong SAARC-wide networks of collaborating institutions.

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