

## Opinion

### Another bus missed in south Asia

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It seems that the most important take-away from the recently concluded SAARC summit in Kathmandu was the belated handshake between Prime Ministers Narendra Modi and Nawaz Sharif. In concrete terms, there was a sole agreement on energy cooperation allowing for trade in electricity between the member nations. Even this single agreement was salvaged at the last moment, after Pakistan was persuaded to drop its objections, due to which two other stipulated agreements on road and railway networks could not be concluded. Any agreement on containing terrorism or improving internal security within the member nations was never on the agenda, even though the summit had symbolically opened on the anniversary of 26/11. Modi, of course, occupied the centre stage, but beyond a point, hype tends to become counterproductive and does nothing to mitigate the underlying mutual mistrust and suspicion that had characterised SAARC since its inception.

Ever since the first summit at Dhaka in 1985, tokenism and symbolism have marked the journey of SAARC. For one thing, SAARC has never been a great integrating force even within the South Asian region. Inheriting widespread poverty and economic backwardness from their common colonial past, SAARC nations indeed have an overarching need to bury their differences and work for the economic upliftment of their people through increased cooperation in trade, connectivity and economic exchanges, if not political integration. The kind of integration that has transformed the socio-economic and political landscape in Europe and many other regions since the last world war remains a distant dream in South Asia.

Despite the South Asian Free Trade Area (SAFTA) agreement 2004 to establish a free-trade zone among the eight member countries, the goal of achieving zero customs duties on traded goods among SAARC nations by 2016 is nowhere in sight. It is not that Pakistan has been the only stumbling block by not granting the 'Most Favoured Nation' status to India; other countries like Bangladesh, Sri Lanka and Nepal are also deeply suspicious of India, the hegemon within this group, and fear Indian goods flooding their markets and stifling their nascent industries. As a result, the total trade within this group does not even account for 5 per cent of global trade. Nearly 9900 kms of borders are shared between India and its SAARC neighbours – Bangladesh, Bhutan, Nepal and Pakistan alone, but poor connectivity and lack of infrastructure seriously thwart chances of better integration.

The existing synergies also remain to be tapped optimally. India has its pharmaceuticals, agricultural products, machinery, iron and steel, software and space technology to help propel growth of other nations in the region. Bangladesh has jute and textiles, Sri Lanka tea, Bhutan hydro-power potential, Maldives fish, Afghanistan raw materials and Nepal has huge potential of mountain tourism, but needs infrastructure to realise it. Pakistan at the moment seems to have nothing other than terrorism to trade, but is itself the worst victim of it. These countries can be competitive only by reducing costs through removal of barriers that restrict the movement of factors of production and trade and by liberalising the flow of technology and investment.

The potential is almost infinite - cooperating in infrastructure, education and health care, creating intra-regional energy grids, networks of transport, aviation, shipping and railways spanning different countries, building architecture for mitigating natural disasters all countries are prone to and for harnessing their river potential for power and irrigation available to others, for improving security and good governance within each.

A credible security architecture could have been erected with the cooperation of all members, side by side with an economic architecture that would have all members by creating economic opportunities and thus helping to contain terrorism. But security remains fragile, making governments watch helplessly when non-state actors inflict mindless violence on innocent citizens with impunity. One way forward is to ignore Pakistan for the time being and form sub-regional groupings with others, and to build supra-regional groupings like BIMSTEC, bringing East and parts of South Asia together.

SAARC remains the world's second least developed region after sub-Saharan Africa, with per capita income three times below the global average. Despite common cultural and civilisational inheritance and shared geographical congruence, fractious political relationships between member nations have dissipated opportunities for closer alliance and cooperation. The SAARC region that was mostly a single integrated economic region earlier was broken into several nation states, sacrificing trade and connectivity. In the post-colonial era, these nations, thanks to their unimaginative political leadership, became inward rather than outward-looking. Reforms are yet to start in most countries. Naturally the group has not moved much beyond the tokenism of a SAARC satellite and the symbolism of a SAARC University. Together, SAARC nations can form an important block in international fora, and the voice of 25 per cent of the world's total population living in 4 per cent of the world's geographical area cannot be ignored easily. There is hardly any likelihood of this happening anytime soon. But despite its dysfunctional nature, it has attracted nine observers – including European Union (EU), USA, Australia, Japan and China, and that indicates its strategic importance in today's world.

China is demanding an enlarged role in SAARC which is being opposed by India. Perhaps India ought to consider that these two nations together, till the 1820s, used to command 49 per cent of global GDP, as economist Angus Maddison had documented in his book, "The World Economy", before colonialism drained away their resources. It is in their mutual interest to ignore differences and come together, and see each other as collaborators rather than competitors.

SAARC leaders can take lessons from international organisations on how the benefits of coming together far outweigh the choice of staying apart, especially in today's technology-driven, connected and flat world. That borders can be turned into bridges rather than barriers has been most convincingly demonstrated by the European Union (EU), which has its origins in the Treaty of Paris in 1951, forming the European Coal and Steel Community to integrate coal and steel industries of the seven original participating members, including Germany and France who were just beginning to recover from the ruins of a World War they had fought so bitterly against each other. As the then French Foreign Minister, Robert Schuman, had famously said, "The pooling of coal and steel production will change the destinies of those regions which have long been devoted to the manufacture of munitions war, of which they have been the most constant victims." Political thinker Ernst Haas in his 1958 book, "The Uniting of Europe", has pointed out that regional integration moves forward on the basis of processes he calls 'spillovers' which can be functional, political, or cultivated. Functional spillover implies that integration in one functional area would necessarily lead to integration in other areas. Political spillover results from political pressures by trans-national interest groups demanding more integration. Spillover can also be cultivated by supranational institutions advocating more integration. European Union has seen all the above three processes working together, moving from economic cooperation to common market and common currency to political union. Given Europe's history of centuries of bloody conflicts, this was a remarkable achievement, a fact recognized by the Nobel Peace Prize awarded to the European Union in 2012.

In 1986, the Single European Act laid the foundation for internal markets allowing free movement of goods, services, capital and people, and mandated the EU members to speak in one voice in international fora. Treaty on European Union, or Maastricht Treaty of 1992 then created the EU's Monetary Union and initiated Europe's Common Foreign and Security Policy. It also obligated all member states to defend the interests of the EU. The position of High

Representative for Foreign Affairs and Security Policy was created by the Lisbon Treaty in 2009, to coordinate the preferences and priorities of EU member states in international fora.

After the end of the Cold War, Eastern European nations also integrated into the European Union, and today it is a vibrant 28-member body. Integration helped the nations face challenges thrown by the global financial crisis of 2008-09, taking the Union further forward by instituting new agreements for ensuring fiscal and monetary stability. Today, it is the largest global trading block commanding 15 per cent of global trade on goods and 22.5 per cent of global trade in services, has 20 per cent of the world's GDP and a strong common currency, the Euro, which though still young, is a major reserve currency in central banks around the globe.

Like the EU, past discords has not deterred other countries from taking pragmatic steps overlooking and ultimately overcoming the initial mistrust in the interest of mutual benefits. Russia and China had fought three wars till 1929, and a seven-month long bitter border standoff even in 1969. All these conflicts did not prevent the rivals from coming together in the Shanghai Cooperation Organization (SCO), established in mid-1990s, that includes some breakaway Soviet countries as well. Accounting for a quarter of the world's population, its charter emphasizes trust, regional stability and economic, social and cultural integration amongst its members. The SCO focuses specifically on countering the "three evils" of terrorism, separatism, and extremism, as well as combating illicit narcotics trade, arms trafficking, and illegal migration. It has erected a regional anti-terrorism structure in Tashkent, Uzbekistan, ensuring coordinated military, security and intelligence sharing activities, something SAARC has not been able even to think of. India is keen to become a member of SCO, but its entry is opposed by China.

SAARC countries have a lot of common problems, poverty, slow growth, unemployment, cross-border terrorism, etc. and together they can combat these evils much better than individually. India, which accounts for three quarters of its population and two thirds of its area, has the highest stake in it. But it, along with other nations, just missed yet another opportunity to transform SAARC into a dynamic forum.