

SAARC IN THE 20th YEAR

Meeting the Challenges of a New Era

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Exordium

At the dawn of the 21st Century and 20 years after the initiation of the search for a common future for South Asia through the SAARC, it is time to take stock. Where are we in relation to fulfilling the wishes of a common future for the region? Where do we stand in relation to the world in matters of human development? Where do we need to go now? Never more than before, we are in need of a consensus on a vision for SAARC that will take into account the realities of the new era and the need to chart a course for the future.¹

South Asia is a region with over 1.3 billion people the largest concentration of humanity in a single geographic region, which amounts to some twenty three per cent of global population. Its human resources are second to none, endowed as it has been since several millennia with rich cultural and civilizational influences. Philosophy, art, language and religion as well as sciences and mathematics flourished here and was in turn shared with the world. Much of this potential was suppressed in recent times due to two centuries of colonial rule. Even as its goods and produce enriched the western world, South Asia missed out on the first industrial revolution and as a consequence much of the fruits of global development of that era. Indeed according to a famous study by the Cambridge historian Angus Maddison united India had 22.6 per cent of global GDP in the year 1700 compared to 23.3 per cent for entire Europe. By 1952 India's share of world GDP had fallen to 3.8 per cent.²

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Subsequent vivisection of a single geo-economic space ensured that for the next fifty years the region would remain enmeshed in petty conflict and small rivalries, depriving all of the benefits of a promising collective cooperative future.

It was this recent reality that was attempted to be reversed through the process of coming together under SAARC. It was evident then that the challenges of a new era could not be met without pooling our common resources for the benefit of one quarter of humankind that inhabit this region. For, it was realized then that in spite of its potential richness, today South Asia remains one of the most deprived regions of the world. In terms of sheer numbers, about half the world's poor, the most sick, illiterate, under nourished and socially backward are to be found here. It is also among the least gender sensitive, with enormous social inequities and all manner of other backwardness.

Why has this been so in spite of the potential richness of South Asia? The answer may be found at several levels:

- The widespread prevalence of inter and intra-state conflict.
- While the region overall is adequately resource rich, these are not optimally utilised or shared for the benefit of all. The water resources and its potential for power generation and irrigation is one area where barely a tiny fraction of total capacity has been utilised.
- A single geo-economic zone now remains fractured with competing claims and barriers rather than seamless interaction.
- The synergy in human development, possible across the region through inter-state education and training exploiting the strengths of each, have not developed according to its potential.
- The very limited official trade in the region has led to both illegal as well as inadequate regional trade. This has deprived governments of legitimate revenue and led to inadequate livelihood opportunities for the people.

- The near absence of movement across borders has ensured that governments have shaped the regional agenda listening to their own fears rather than the collective hopes and aspirations of its citizens.³

It is nobody's case that regional cooperation alone will address all these ills. National endeavour is essential in areas of governance and policy formulation where their jurisdiction must remain supreme. Yet, regional cooperation and collective endeavour will be able to provide the external facilitation that will spur these developments.

A long term vision of the future of SAARC needs also to be rooted firmly in the principles and objectives enshrined in its Charter. The most important of these are to promote the welfare of the people of South Asia and to improve their quality of life. The impending challenges of the coming era are making this even more important than before.

The Challenges of a New Era

The 21st Century is already witnessing bewildering changes in a number of critical areas that vitally affect our daily lives and our future. Let us briefly examine those that will affect regional cooperation, so that we can be better prepared, not merely to absorb these changes but to anticipate and exploit them to our benefit. We will focus on just three issues among many.

First, is the fact that the future world will be knowledge driven like never before, where human potential will need to be harnessed to their maximum potential both in quality and spread evenly across all countries of the region. Not just excellence in higher education for a select few, but eradicating illiteracy among all and providing the means for further advancement for the down trodden that will be vital in this process. *Let there be no mistake, comprehensive national strength will be determined in future not by the percentage of GDP spent on defence, but the money spent on education at all levels.*

Second, is the phenomenon of a rapidly globalising world, which is an inexorable process that cannot be halted unilaterally. Getting off is not an option for that is to marginalise oneself from the rest of the world, like Burma. It is optimising its potential that is the challenge. Let us have no illusion that the process is anything but harsh and highly competitive, often disadvantaging those that are not prepared. But, if successfully exploited and harmonised has the potential to provide substantial benefits for all. Collectively we have a better chance to succeed. In practice we have no choice.

Third, is that the challenge of globalisation is propelling a move towards regional groupings. The European Union is an early example and there are several others. The Association of South East Asian Nations, North Atlantic Free Trade Area, the Shanghai Cooperation Organisation and recently the Africa Union are a few. There are several sub-regional groupings as well. Then there are also bilateral and multilateral free trade agreements. All these are helping to create regional groups where trade is facilitated through graded removal of barriers. In turn this creates a larger market for economic development and trade and facilitates external investments. Most begin through the impetus of economic cooperation, developing by stages to common policies and finally harmonising them through a process of union. In each case they provide synergy and benefit each participating member. In bringing about successful regional groupings and their fulfilment there are lessons to be derived from all. Let me highlight the more common and universal features that lead to and sustain such groupings:

- First, is political will, a determination of the collective good and then to pursue it relentlessly.
- A political leadership that is imbued with a vision and is able to convey this to the people beyond their own maturity.
- Next, is a step by step development identifying priority areas and then working out patiently additional steps in incremental measures, building on earlier successes.
- Will to compromise. Inflexibility is sometimes bad, but worse is adamantly sticking to unrealisable goals or rigid positions.

- Finally, accepting that each state in a group must bring something to the table, quite often the most powerful and the rich needing to make the maximum concessions.⁴

Setting out a Vision for SAARC.

Seven years ago mandated by the ninth SAARC Summit, a Group of twelve Eminent Persons (GEP) from member countries formulated a **SAARC Vision Beyond the Year 2000**. Let us briefly recollect that vision and see what needs to be improved upon. The GEP agreed that the vision must be rooted in the principles and objectives enshrined in the Charter. There were two distinct components to this and hence two separate lines of action:-

- First, was to promote the welfare of the peoples of South Asia, in order to provide all individuals in the region the opportunity to live in dignity and enable them to realize their full potential through social progress and cultural development.
- Second, was to improve their quality of life through accelerated economic growth.⁵

Widespread poverty is perhaps the most urgent challenge facing the region and has been identified as an area for immediate action. A major dent in poverty eradication is unlikely without implementing national and regional policies that are mutually reinforcing and complementary. Individual countries in SAARC will have to give careful consideration to implement policies at the national level to enable this. There has also to be harmonisation at the regional level through specific measures.

South Asia is one of the world's most distinctive cultural macro-regions, manifesting great variety, complexity, and historical and philosophical depth. This is a great strength of the region which must be fully harnessed. Culture is a vital component of a society's regenerative process, influencing and enhancing creative energies in all fields. Both in the short and long term, sufficient resources will need to be allocated to

fully realise this potential at par with education and health. In the present disturbing scene of societal alienation and resultant violence, this is one area which may pose the most problem yet will have maximum possibilities.

Another area of immediate attention should be eradication of illiteracy and improving standards of education. In the emerging knowledge world of tomorrow, no country will find a position of prominence if it has large numbers illiterate people and others who cannot match the standards of intellect at par with global conditions. This will again remain largely a national endeavour, but regional synergies can be developed through meaningful cooperation. A key area of cooperation will be in science and technology areas. The countries of South Asia can ill afford to lag behind in an area which is emerging as a key resource of future progress.

The environment of South Asia has been under considerable pressure from a rising population and the absence of carefully crafted sustainable development strategies. Systematic and collective monitoring in critical areas and collective measures to cope with them has emerged as key areas of regional cooperation. Along with this comes a responsibility to respond to natural disasters. The impact of the tsunami in January 2005 brought home to all of us our collective heritage of a shared environment and the devastation that nature can suddenly inflict on it. The need for a collective cooperative approach was brought home to all through this manifestation of nature's fury.

The strength and vitality of SAARC to meet the aspirations of its people will also depend to a large extent on the ability of governments to generate support from its citizens. Encouraging private sector entities to contribute to this process, along with their commercial networks is vital. To enable this there has to be much greater interaction between chambers of commerce, professional organisations, parliamentarians, media, government administrators, youth and students. Non-governmental organisations cutting across regions must be allowed to play a more prominent role.

Finally, in fulfilling this vision it is important that member states develop the will to move beyond ritualistic statements and proclamations to concrete plans of action and their time bound implementation. Monitoring missions should be incorporated in this process to ensure time bound implementation. Else, periodic evaluation should be conducted based on the zero based budgeting concept by eminent groups involving social audit.

Setting out Human Developmental Goals and the Social Agenda

In 200 September the leaders of the world assembled at the United Nations in New York to set out the *Millennium Developmental Goals* for the world. It is necessary to briefly remind ourselves of these even as we consider specific targets for South Asia:-

- ***Eradicating extreme poverty and hunger.*** Reduce by half the population living on less than a dollar a day. Reduce by half the proportion of people who suffer from hunger.
- ***Achieve universal primary education.*** Ensure all boys and girls complete primary schooling.
- ***Promote gender equality and empower women.*** Eliminate gender inequality in primary education by 2005 and at all levels by 2015.
- ***Reduce child mortality.*** Reduce by two thirds mortality of children below five.
- ***Improve maternal health.*** Reduce by three quarters the maternal mortality ratio.
- ***Combat HIV/AIDS malaria and other diseases.*** Halt and reverse the spread of AIDS. Halt and reverse incidence of malaria and other major diseases.
- ***Ensure environmental sustainability.*** Integrate principles of sustainable developmental in official policy. Reduce by half the population without sustainable drinking water. Achieve significant improvement in the lives of slum dwellers by 2020.

- ***Develop a global partnership for development*** by open trading, good governance and poverty reduction programmes. Address LDC's requirements on priority. Provide employment, availability of drugs, benefits of new technology for all.⁶

In setting out these goals the UN also suggested the means and support necessary to accomplish them. It called for a substantial redirection of global resources to these objectives and assistance to countries that needed this most. A five year review of the goals will be carried out at the UN at a global summit in September 2005. It is clear that not sufficient progress has been made in the last five years and we lag behind severely in many of these goals.

It is suggested that a similar vision for South Asia should be evolved at this stage. It is not too late to convene a meeting of concerned officials and formulate an objective in the next two months and have these approved at the SAARC Summit in November this year. Soon after they return from the UN Summit meeting, the leaders of South Asia should have these issues fresh in their minds and be in the mood to accept the challenge.. There are comprehensive data available on all aspects of human development in South Asia through reports published annually by the South Asia Human Development Institute at Islamabad. If set out now, it should be possible to meet such objectives say by about 2020. Areas in which the plan should focus are suggested as follows:-

- ***Poverty Eradication.*** Eliminate extreme poverty in 15 years.
- ***Education.*** Achieve universal primary education focusing first on the girl child. Develop regional universities of excellence in advanced sciences.
- ***Empowerment of women*** through guaranteed representation at a minimum of one third in all popular bodies and relevant state executive agencies. Ensure effective legislation and mechanisms for action against all forms of harassment of women. Provide for maternal health.
- ***Reduce child mortality*** and ensure gender balance at birth.

- **Employment.** Provide guaranteed productive employment for 200 days in a year to at least one member of each family.
- Promote **environmental sustainability** through adoption of local practices and grass roots participation. Ensure regeneration of flora and fauna and protect threatened animal species.
- Drastically reduce and **eliminate where possible all communicable diseases**, such as polio, HIV/AIDS, malaria, and others water borne diseases.
- **Medical.** Develop regional networks of medical facilities for access by all and selected medical institutes of excellence in a region for advanced treatment.
- **Habitation.** Ensure adequate habitation for all with clean drinking water and adequate sanitation facilities.
- **Culture.** Provide cultural exchanges among countries through exchange of scholars and artists and developing a standing programme of activities.

On approval by heads of state, a small GEP type committee can be formed to cull out pragmatic steps for their time bound implementation. The SAARC Secretariat can then be tasked to monitor these projects and report annually to the Heads of State at the Summit meeting. The Secretariat may be strengthened with suitable experts for this task. Given the political will these goals are achievable. Resources will not be difficult to find from within the region as well as through international agencies.

Addressing Collectively the Scourge of Terrorism

No effort at regional social and economic progress is likely to bear fruit unless the issue of terrorism is addressed collectively in the region. Unlike other regions of the world the SAARC has actually made much progress in this area. The SAARC Regional Convention on Suppression of Terrorism was concluded as early as the Third Summit at this very city of Kathmandu in 1987. These provisions were indeed ahead of its times. It unequivocally condemned all acts, methods and practices of terrorism. It requires all states to refrain from organising, instigating, assisting or participating in acts of civil strife or terrorist acts. The Eleventh Summit in 2002 again in Kathmandu took note of

international terrorism perpetrated on 9/11 and 13/12 and called for full implementation of the SAARC convention.

The Twelfth Summit at Islamabad led to the signing of An Additional Protocol to the SAARC Regional Convention. Under this member states have committed themselves to prevent and suppress the financing of terrorists by criminalizing the provision, acquisition and collection of funds for such acts. At the 25th Council of Ministers Meeting at Islamabad in July 2004 all SAARC member countries emphasised the need to put an end to the scourge of terrorism and welcomed the offer of Bangladesh to host a Ministerial Meeting on cooperation among SAARC countries on combating terrorism and transnational crimes.⁷

It is time to squarely and firmly address this issue given the continuing concerns and growing incidents of terrorism in the world and the region. If SAARC is truly to advance its charter of cooperation, this will have to be firmly dealt with collectively among member countries and Bangladesh's offer should be taken up in all seriousness. The debate on a definition of terrorism has ended. The UN High Level Panel of 16 international experts issued in December 2004 have in its Report ended this speculation by describing it as all forms of indiscriminate violence targeting civilians with the aim to advance political objectives. This should suffice for us in the region.

The challenge next is to develop a range of actions for ensuring that terrorism is countered regionally with the full force of national and regional cooperation and capability. Some actions that are recommended are as follows:-

- Develop effective joint intelligence sharing mechanisms.
- Commitment to sincerely pursue counter terror operations and give this the highest priority.
- Cooperate closely among neighbouring countries on material and moral support and exchange training and tactical procedures.

- Provide governments with necessary arms and material when requested to enhance their capability to conduct anti-terror operations.
- Provide political support as necessary.

Setting out a Road map for Economic Cooperation

Developing economic synergies between countries of the region was the primary motive for the formation of SAARC. Arguably this has been the more disappointing area of achievement. Equally, this is poised for a major change. First, a brief snapshot of the past.

For the first eight years of its existence cooperation in hard core economic areas were deliberately kept out of the agenda of the SAARC.⁸ This was redressed with the adoption of the South Asian Preferential Trading Arrangement (SAPTA) on 11 April 1993. The SAPTA provides a framework for the exchange of tariff concessions and also liberalization in para-tariff and non-tariff measures. SAPTA Agreement came in to force from December 1995.⁹ The Agreement provided for a transition to a South Asian Free Trade Area (SAFTA) which was expected to be operationalised by 2005. Due to many reasons this was not possible, but we are very close on track.

A committee of Experts from member states was constituted at the 10th Summit at Colombo in July 1998 and a comprehensive agreement for creating a free trade area was finalised. The SAFTA Agreement was signed at the 12th Summit at Islamabad in January 2004. The SAFTA will come in to force with effect from 1st January 2006 and will be fully operationalised ten years after that by 2016. This will be done by stages through differentiated schedules for developing and LDC countries.¹⁰

Four major issues are yet to be resolved, however, and may yet pose some difficulties. These are:-

- The sensitive list question.
- Rules of origin.

- Technical assistance to LDCs.
- Mechanism for compensation of revenue loss for LDCs.¹¹

Before any further discussion on SAFTA and economic cooperation, it is important to understand the current context in which these developments are taking place. The world trading system is undergoing a major change. It is at one level being divided up into three mega groupings; North America, Europe and the Asia-Pacific. The other is the rise of China as a major trading entity and its links with Southeast Asia. Trade groups are being formed primarily to enhance the bargaining power of member states. Through this process discrimination against outside states will be strengthened, thus keeping their goods out.¹²

China's emergence has meant that it has become a major attraction for foreign capital investment and its stronger trading capability as a source of exports against which competition has become very difficult. Both these processes have the potential to restrict trade of South Asian countries. The sudden loss of export quota for garments, led to Bangladesh losing out an enormous quantity of trade to China. Only India has withstood this pressure and maintains a credible surplus in its trade balance with China. It is only a mega grouping such as the one for SAARC which will enable market scale to allow competition. In the current process of globalisation economic survival will depend on the ability to compete, by attracting foreign capital, enlarging markets and pooling resources. Ultimately it will be the collective creative and entrepreneurial energy of South Asia that will enable to compete and emerge a winner in global trade. The alternative is permanent second class status and comparative poverty for a long time into the future.

Enhanced regional cooperation is thus an imperative if South Asian economies are to strengthen their competitive position globally. There are inherent advantages facilitating cooperation. These are geographic contiguity and shared social and economic characteristics, which reduces transaction costs. With a combined population of 1.3 billion, South Asia has the largest potential market in the world. The need of the moment is to be able to integrate, enlarge and unify the markets by removing barriers to trade.

This will allow full exploitation of foreign investment and technology transfer which can substantially improve the competitiveness of the region and help the economies of SAARC countries.

Particular priority will need to be accorded to two areas to further enhance meaningful economic cooperation; energy and connectivity.

Energy Cooperation. Access to energy and their high costs are proving to be major restraining factors inhibiting future growth. While South Asia is energy deficient, much can be done to overcome this with good regional cooperation and policy. One is to exploit available resources optimally. These should tap the river waters in the high Himalayas, wind energy along coasts, natural gas and other hydro carbons. Pipelines from neighbouring energy surplus regions will need to be cooperatively developed. Finally, nuclear energy too will have to be tapped to reduce carbon emission levels. A SAARC technical Committee on energy was formed in end 2002 and it has met in Dhaka in 2003 and again in 2004. A SAARC Energy Forum has been established and a SAARC Energy Centre has been proposed. When actual cooperative projects begin, the benefits are likely to be substantial for all countries.

Connectivity. Though geographic contiguity remains the greatest asset for SAARC, this potential is not best harnessed due to poor connectivity. Whether air, surface or digital connections, all are fairly weak and under developed. The true potential for cooperation cannot be realised till this aspect is corrected. Not a great deal has happened in this area till now except for some incremental measures. A major breakthrough is necessary.

South Asian Customs Union. This should constitute the next step in economic cooperation, where member states should agree on a single tariff for imports from non-members. They should also by then agree on common non-tariff barriers. The GEP had recommended this by 2015.¹³ It will be a major challenge to bring this about by that date.

South Asian Economic Union. Finally, is the question of an economic union of the region. This may be visualised by 2020 and the process may begin with the Customs Union. The first step will involve a single market for South Asia. This will only be possible after major upgradation of infrastructure, common standards and arrangements for free movement of capital, labour for specific economic purposes and other services. This will call for major and substantial measures to remove controls and bottlenecks. From common economic policies it will need to move towards harmonisation of economic policies resulting in a steady erosion of national sovereignty. This is a very far reaching objective and will call for rather dramatic measures. It is still a long way off and major reorientation of thinking will be required before this becomes a possibility. This is where the responsibility passes on in substantive measures to civil society to initiate macro studies to develop on these ideas.¹⁴

Conclusion

Twenty years after the first Summit, it is time for a new beginning for the entire region. Developments over these last two decades have led to substantive areas of cooperation among the seven countries. Yet, no major breakthrough has been possible. This is likely to happen with the Summit at Dhaka and the initiation of the SAFTA from 2006. It is time now to look ahead and think of the next two decades. A time by when South Asia must regain its proper position in this world as a progressive and moderate society. A region where its people are no longer deprived and can live a life of some comfort and satisfaction. Let us jointly work towards that goal.

NOTES

¹ The ninth SAARC Summit held at Male in 1997 constituted a Group of Eminent Persons (GEP) to formulate a vision for the SAARC in the coming years. Its report *SAARC Vision Beyond the Year 2000*, remains an important contribution to a realistic course of action for the region beyond 2000. Some of its recommendations have been superceded by time.

² Indian Premier Man Mohan Singh's address at the Oxford University, **The Hindu**, July 10, p.10.

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⁴ Ilkka Uusitalo, the EU Ambassador to Sri Lanka at a regional conference in 2002, from Dipankar Banerjee, ed. *Shaping the Future – a South Asian Civil Society Dialogue*, RCSS, Colombo, 2002, p.7.

⁵ Report of the SAARC Group of Eminent Persons, *SAARC Beyond the Year 2000*, printed by the Sri Lankan Foreign Ministry in 2000, pp.10-11.

⁶ UN Home Page at <http://www.un.org> accessed on July 8, 2005

⁷ <http://www.meaindia.nic.in/onmouse/saarc1.htm>, accessed on July 8, 2005, p. 9.

⁸ Note 4, p.14.

⁹ Note 7, p.6.

¹⁰ Ibid.

¹¹ Ibid, p.7.

¹² Note 4, p.15.

¹³ Ibid, p.20.

¹⁴ Ibid, pp.20-21.