

Regional Integration to Address Poverty and Human Insecurities in

South Asia: Problems and Prospects for Mainstreaming Asian Integration**

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Abstract

With increasing trends of globalization traditional concept of nation-state became weaker and regional institutions becoming more and more important even in solving issues which were primarily concern of individual states. Especially, as impact of globalization spill over boundaries, issues of human insecurities easily become threats for neighboring as well as for countries far behind. So, regional integration strategies getting more and more priority in international arena as a tool to fight against issues of threats like poverty and human insecurities as well as sharing and managing global public goods (GPGs). Under this scenario, this paper explores how South Asian nations are addressing issues of poverty and other common threats to secure life of about one fifth of the world's population living here. And analysis shows that, initial focus of South Asian integration focused on economic integration to achieve sustainable development but with globalization mere economic growth failed to solve issues of human insecurities as a result South Asian integration strategies shifted towards social issues. And in spite of some success due to conflict over common interest as well as non interference mechanism in integration mechanisms South Asian integration failed to achieve the targeted goal to reduce poverty and ensure human security. But, various recent initiatives as well as South Asian and East Asian cooperation initiatives created opportunities of greater integration to build a `Asian Community`, which will ultimately pave the way of Asian integration. And, combined integration strategies of South and East Asia will create more opportunities to address issues of poverty and human insecurities in Asia.

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I. Introduction

In the 21st century, it is clear that many problems concerning human survival and/or national development require state cooperation at the regional level. Thus, regional integration functions as an appropriate organizing unit for international cooperation. In other words, regionalism can be seen as possessing an intermediary role between narrowly-defined nationalism and overly-broad globalism. From an economic perspective, some writers refer to attempts to use regionalism as a mechanism to build new institutions which transcend the nation-state in economic contexts as a “strategy of size” built around notions of economic power and economies of scale.¹

Along with the globalization process, countries are increasing their regional economic links through Regional Trade Agreements (RTAs), Regional Free Trade Areas (FTAs) etc. And thus success of regional integration is evident more in economic sector than any other sectors. But with increasing globalization countries are becoming more and more interrelated in social issues besides economic matters. Success in solving cross broader problems and sharing of public goods requires more integration among countries of similar geographical locations. Especially, in fighting issues related to common threats like poverty and human insecurities requires increasing integration among regional level. Thus, regional integration became an important policy dilemma that is to be addressed by policy makers, politicians, and other social scientists besides economists. And integration can bring more success for developing and underdeveloped countries as their combined effort can not only enhance their efforts among regional level but also it can increase their bargaining power in international arena.

Under this scenario the main aim of this paper is to assess trends of problems and

¹ Palan, R. P., Abbott, J. P. and Deans, P. (1999), *State Strategies in the Global Economy*, London: Pinter.

prospects of regional integration strategies to fight against issues related to poverty and human insecurities in South Asia. Basically it tries to analyze how South Asian developing countries are taking combined economic, social and policy measures to attain their common goal of poverty free and peaceful South Asia. It also tries to analyze how these South Asian efforts enhancing strategies to create opportunities for broader Asian Integration. And to achieve these objectives the main research questions addressed are:

1. What are the general trends of poverty & human security in South Asia?
2. What are the various regional integration mechanisms to address poverty and Human insecurities in South Asia?
3. What are the problems and prospects of South Asian integration with East Asia to mainstream Asian Integration?

To achieve objectives these questions are addressed by dividing the discussion in three main parts. Besides explaining main terminologies first part gives description of South Asia considering its diversities and similarities. With this general background second part discusses trends and sources of poverty and human insecurities in South Asia; and how regional economic and social approaches are addressing these issues are the main points of discussion in the third part. Finally, fourth part tries to discuss possibility of mainstreaming Asian integration by increasing integration between South Asia and East Asia.

II. Definition of Main Terminologies

(a) Regional integration or Regionalism

The term regionalism or regional integration can be viewed in a multi dimensional point of view. Even a cursory examination of relevant social science literature reveals a

multiplicity of definitions of the term regionalism. Again, depending on the point of view, regionalism can be seen to satisfy a wide range of social, economic, environmental and geopolitical functions.

Regionalism has often been taken to be synonymous with *economic* regionalism (for example, Ravenhill, 1995)². Much of the early regionalism debate, in particular, appears to have been predicated on the belief that the economic dimension of regionalism is pre-eminent. Second, this privileging of the economic was taken to be non-controversial and was in turn linked to a view that regionalism was uni-dimensional. However, it is clear that there is a wide variety of perspectives on regionalism and that the concept cannot be simply conceptualized in economic terms:

*Regionalism may be defined as sustained cooperation, formal or informal, among governments, nongovernment organizations or the private sector in three or more contiguous countries for mutual gain (Alagappa, 1994, 158)*³.

So, according to this definition the ultimate goal of regionalism or regional integration is creating a win-win situation where various actors will cooperate with each other either politically or non-politically.

But most of the definitions of regional integration as a process where political forces play the major role to pave way of cooperation among various public and private entities.

*Regionalism refers to the political structures that both reflect and shape the strategies of governments, business corporations and a variety of non-governmental organizations and social movements (Katzenstein, 2000, 354)*⁴.

So, though there are lot of variation about definition and actors of regional integration

² Ravenhill, J. (1995), 'Competing logics of regionalism in the Asia-Pacific', *Journal of European Integration*, 28 (2-3), pp. 179-199.

³ Alagappa, M. (1994), 'Regionalism and conflict management: a framework for analysis', *Review of International Studies*, Vol. 21, pp. 359-387.

⁴ Katzenstein, P. J. (2000), 'Regionalism and Asia', *New Political Economy*, Vol. 5 (3), pp. 353-368.

it seems there is little variation about its ultimate goal of achieving mutual gain.

(b) Human Security

The term `Human Security` is also yet debatable in terms of its definition as well as its contents. Human development report 1994 by UNDP is the first to make specific claim that individual should be the referent of security instead of the states since state's security has become less vulnerable while that of individuals suffers even by their own state. Consequently, it proposes human security in terms of the safeguards against "the threat of global poverty traveling across international borders in the form of drugs, HIV/AIDS, climate change, illegal migration and terrorism" (UNDP 1994, p. 24)⁵. The concept of human security, as UNDP develops, is built on four essential characteristics: universalism, interdependence of components, prevention rather than protection, and centered on people.

The UNDP report identifies seven potential sources of threats that include most, but not necessarily all, aspects of human security: economic security, food security, health security, environmental security, personal security, communal security and political security (UNDP 1994:25-33). The final argument of the report is that the root causes of threats to human security lies in the structural context of societies that provoke conflict, such as poverty, resource scarcity, low level of economic growth, inequitable development, and the impact of structural adjustment (Kong and MacFarlane, 2006:152)⁶. And the basic difference between traditional security and human security concept is that human security covers wider range of variables and strategies to address these variables also require multiple players. And in many cases it requires combined effort in the regional level as

⁵ United Nations Development Program, *Human Development Report 1994* (New York and Oxford: Oxford University Press, 1994).

⁶ Kong, Y. F. and S. N. MacFarlane, *Human Security and the UN: A Critical History* (Indiana University Press, 2006).

many problems goes beyond border. So, regional integration and cooperation have important role to play to make human being more secured by taking approaches to address causes of human insecurities. And in South Asia regional cooperation is playing important role and also have wider scope to play to make secured life for about one fifth of the world`s people living in this region in various threats of insecurities.

III. Poverty and Human Insecurities in South Asia-Sources and Trends

The South Asian region (Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka) is notable for its large and rapidly growing population (more than one-fifth of the world total). Despite rapid economic growth during the 1990s, the nations in the region have the lowest per capita incomes in the world. Having more than 22 per cent of the world's population living on only 3.8 per cent of the total land area of the world, it is home for more than half a billion poor people, or 40 per cent of world's poor.⁷ Its shares of world GNP and purchasing power are very small (around 2 per cent and 7 per cent, respectively). Its share in total world trade is even smaller, only about one percent.⁸ But recently South Asia has been the second fastest growing region in the world. From 1981 and 2001 there had been a marked improvement; the proportion of the extreme poor has gone down from 52 percent to 31 percent. Although this is not as significant as it is in East Asia, where the proportion plummeted from 58 percent to 15 percent, it was nevertheless a significant achievement for the region.⁹

There are more than One Billion people living in South Asia today. The annual per capita expenditure on human priority areas of basic education, primary health care, family

⁷ IMF, The World Economic Outlook - 2005, International Monetary Fund, Washington, D.C., April 2005, Table 1.7, P. 33.

⁸ Bandara and McGillivray, 1998 and Panagariya, 1999 for an overview of trade reforms in the region.

⁹ Supra 3

planning, safe drinking water, and nutritional programs is just \$3 in Pakistan and \$2 dollars in Bangladesh. To put this in perspective one might compare to other Asian nations such as Malaysia (\$123) and Korea (\$133).¹⁰ South Asia' share in global income is only 2%. However we have found a way to share in 20% of global arms imports. In Pakistan, soldiers outnumber doctors by 10 to 1 (ibid.).

The concept of human security has acquired increasing centrality and urgency for South Asia (Human Development in South Asia, 2005:7). Continuing political tensions between two nuclear power of the region, recent food crisis as well as growing environmental disasters due to climate change have brought the need to look deeply into this concept and to connect its relevance to South Asia's socio-economic and political issues.

Again various national, regional and international measures and strategies are taken to transform changes in economic arena into social life of the people. Thus, in 21st century, South Asia is in a period of transition as it strives to implement effective economic, political, social, and legal structures to support sustained growth. The Donor community has prescribed such measures as cuts in subsidies (especially energy subsidies), deregulation, anti-poverty efforts, and increased privatization in many South Asian countries to address huge poverty and multi dimensional causes of human in securities in this region. At the same time in the regional level countries are taking various public and private economical, social and political measures to address these issues.

¹⁰ <http://www.yes-pakistan.com/hdf/whywedoit/hdinsa.asp> Accessed: 15th September, 2008.

IV. Regional Integration Strategies to address Poverty and Human Insecurities in South Asia

The idea of regional cooperation in South Asia had come under discussion long time before at three conferences: the Asian Relations Conference in New Delhi in April 1947, the Baguio Conference in the Philippines in May 1950, and the Colombo Powers Conference in April 1954. However, the idea did not take root with the leadership of the region until President Zia-ur-Rehman of Bangladesh shared his ‘Working paper on Regional Cooperation in South Asia’ with the heads of states of South Asia in November 1980. A variety of reasons contributed to the success of President Zia ur-Rehman’s initiative. (IISD, 2007: 16).¹¹

And most of the earlier regional integration strategies mainly focused on economic integration strategies as it is believed economic growth will be the engine of development. It is increasingly believed that the regional economic integration can be instrumental for investment and thereby economic growth for the member countries. But, with globalization, increased income and non-income inequalities within and among countries in the region, competition for global public goods (GPGs), cross border threats like contagious diseases, natural calamities as well as border disputes became the major issues for mutual economic cooperation among South Asian countries. And thus social issues became the determinant factor even for economic cooperation. As a result earlier economic concentrated regional cooperation issues became multi dimensional focusing mainly on social issues with issues related to poverty and human insecurities getting higher priority. However, more importantly broad and diversified integrated approaches and

¹¹ IISD, 2007, Regional Integration, Trade and Conflict in South Asia, International Institute for Sustainable development, Canada, p. 16. Available in http://www.iisd.org/pdf/2007/tas_rta_south_asia.pdf

programs are required to address issues of domestic as well as external sectors so as to reap the fruits of regionalization.

4.1 Regional Economic Cooperation in South Asia to Fight Poverty and Human Insecurities

Institutionalized regional Economic cooperation in South Asia has started mainly with the establishment of SAARC in 1985. Since its inception regional cooperation has further advanced and extended especially in preferential trade areas (PTAs), free trade areas (FTAs), and other economic measures. However, with time SAARC has to take various strategies of regional cooperation to address social issues. And thus in spite of emergence of number of regional institutions still SAARC remain the main institution to address issues related to economic and social insecurities in South Asia.

4.1.1 South Asian Association for Regional Cooperation (SAARC)

The establishment of SAARC in South Asia aimed to bring stability to South Asia by enhancing regional cooperation. SAARC was the first formal initiative that sought to bring the countries of South Asia to the same platform with the aim of promoting the welfare and quality of life of its people through accelerated economic growth, social progress and cultural development in the region. In addition, SAARC aims to strengthen cooperation of member countries with other developing countries, to strengthen cooperation among the member countries in international forums on matters of common interests and to cooperate with international and regional organizations with similar aims and purposes.¹² With original 7 member countries of establishment period Afghanistan joined SAARC as the newest member during the fourteenth summit held in New Delhi in the year 2007. The

¹² SAARC secretariat available in <http://www.saarc-sec.org/main.php> Accessed 18th September, 2008.

past two decades have witnessed the evolving of SAARC into a fraternity that promotes joint venture and collaboration.

The objectives of the SAARC as mentioned in the SAARC Charter are as follows:¹³

- Promoting the welfare of the peoples of South Asia and to improve their quality of life,
- Accelerating economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potential,
- Promoting and strengthening collective self-reliance among the countries of South Asia,
- Contributing to mutual trust, understanding and appreciation of one another's problems,
- Promoting active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields,
- Strengthening cooperation among themselves in international forums on matters of common interests, and
- Cooperating with international and regional organizations with similar aims and purposes.

At the inception of the Association, the Integrated Programme of Action (IPA) consisting of a number of Technical Committees (TCs) was identified as the core areas of cooperation. The current areas of cooperation under the reconstituted Regional IPA, pursued through the Technical Committees, cover Agriculture and Rural Development, Health and Population Activities, Women, Youth and Children, Environment and Forestry,

¹³ SAARC Secretariat, SAARC - A Profile, SAARC Secretariat, Kathmandu, July 2003, pp. 2-3.

Science and Technology and Meteorology, Human Resources Development and Transport. In more recent times, high-level Working Groups have also been established to strengthen cooperation in the areas of Information and Communications Technology, Biotechnology, Intellectual Property Rights, Tourism, and Energy.¹⁴

While the charter of SAARC promotes active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields, the main thrust of regional efforts has been directed towards economic integration. South Asian leaders recognized that opening their economies to trade and investment, especially with neighboring countries, could lay the groundwork for bringing peace reducing poverty and addressing issues of human insecurities in South Asia.

4.1.2 South Asian Preferential Trade Agreement (SAPTA)

There have been strong arguments for the creation of regional economic integration in South Asia which generate significant interregional trade and welfare gains for the South Asian countries. The first step in this direction came in 1995 when The South Asia Preferential Trading Agreement (SAPTA) signed. SAPTA was a parallel initiative to the multilateral trade liberalization commitments of SAARC member countries which signed in 2004 with the aim of reducing tariffs for interregional trade among the SAARC members.

The agreement included several provisions giving special treatment to Least Developed Countries (LDCs). For instance, support to LDCs involved the identification, preparation and establishment of industrial and agricultural projects in their territories, which could provide the production base for exports to other contracting states. SAPTA also contained anti-dumping clauses which suspended concessions to the perpetrators of

¹⁴ SAARC Social Charter, Sri Lanka Action Plan 2008-2015 . Available in http://www.slmfa.gov.lk/saarc/images/stories/saarc/Sri_Lanka_Action_Plan.pdf Accessed 10th September, 2008.

such dumping. The intent behind such measures was to ensure fair trade for all member states, and eliminate potential conflicts/tensions between member states based on skewed economic power relations.

Despite the inclusion of these measures SAPTA proved to be structurally weak in addressing trade-related disputes. This was most likely in recognition of the fact that the more powerful member states would not agree to embed rules-based institutional and legal mechanisms for dispute settlement. So, besides SAPTA, SARRC initiated other economic cooperation mechanisms in South Asian region.

4.1.3 South Asian Free Trade Area (SAFTA)

SAFTA came into force on 1st January 2006 and is the most comprehensive mechanism that strives towards intra-SAARC economic cooperation. In contrast to SAPTA, SAFTA has a well-defined approach to trade liberalization. It specifies time-staggered tariff reductions for each member country. Thus, India and Pakistan, two main economic power of this region are mandated to reduce tariffs from existing levels to 20 percent within two years effective from January 2006. Subsequently, they are to come down to 0-5 percent from 2008 to 2013. For LDC members, the tariff reduction schedule is more flexible.¹⁵

Besides, SAFTA also addresses a broader range of trade related issues, such as the harmonization of standards and certification, customs clearance procedures and classification, transit and transport facilitation, rules for fair competition and foreign exchange liberalization. SAFTA's dispute settlement mechanism is substantively similar to SAPTA – if anything there are more tiers of consultations, involving a Committee of Experts (COE) and the SAFTA Ministerial Council (SMC). However, much as in the case

¹⁵ <http://www.saarc-sec.org/main.php?id=12&t=2.1> Accessed 15th September, 2008.

of SAPTA, no institutional or legal mechanisms for dispute settlement exist and both the COE and the SMC will continue to devise procedures on a case-by-case basis.

4.1.4 SAARC FINANCE

The 24th Session of the SAARC Council of Ministers held in Islamabad during January 2-3, 2004 recommended the establishment of SAARC FINANCE to examine the concept of a South Asian Development Bank (SADB) and to study and make recommendations on early and eventual realization of a South Asian Economic Union (SAEU).¹⁶ The basic objective of establishing the SAARCFINANCE Network is to share experiences on macro-economic policy issues among member countries of the region. And other broad objectives include: promotion of regional cooperation among central banks, harmonization of banking legislations and practices within the region, to forge closer cooperation on macro-economic policies of SAARC member countries and to share experiences and ideas.

4.2 South Asian Regional Initiatives to fight Poverty

Poverty Alleviation has been an over arching goal for SAARC. Ironically South Asia is home to almost half of the world's poor. Global economic slowdown, soaring oil and food prices and growing threats of climate change are driving the destitute people of the region even further below the poverty line. Recognizing that the problem of poverty in South Asia needs to be tackled from a multi-dimensional aspect and agreeing that a focused and action-oriented plan is the need of the hour, South Asian regions have taken various public and private initiatives to fight against poverty.

¹⁶ SAPTA, SAFTA and Beyond, Hem Prasad Neupane

As first stronger step, the SAARC Leaders at their Sixth Summit (Colombo, 1991) established an Independent South Asian Commission on Poverty Alleviation (ISACPA). The Commission reporting to the Seventh Summit (Dhaka, 1993) provided a radical conceptual framework for poverty alleviation through social mobilization and empowerment in South Asia. The Seventh Summit welcomed the report and expressed its commitment to eradicate poverty from South Asia through an agenda of action which would, inter-alia, include a strategy of social mobilization, and a policy of decentralized agricultural development, village reawakening, small-scale labour-intensive industrialization and human development. The Summit also stressed that within the conceptual approach of "Dhal-Bhaat (Beans-Rice)"¹⁷, the right to work and primary education should receive priority¹⁸.

The Eighth SAARC Summit (New Delhi, 1995) approved the establishment of a three-tier mechanism for dealing with poverty issues. The first-tier comprises the Secretaries to the governments concerned with poverty eradication and social development in SAARC countries. The second-tier comprises Finance/Planning Secretaries and the third-tier comprises Finance/Planning Ministers.

The Tenth SAARC Summit in Colombo (July 1998) noted that human resources development is a key element in any poverty eradication programme. The Summit thus directed the SAARC Human Resources Development Centre in Islamabad to look into the possibility of its contributing to the strengthening of the human resources development component of regional poverty eradication programmes.

During the Eleventh Summit, the Leaders viewed that widespread and debilitating poverty continued to be the most formidable developmental challenge for the region. The

¹⁷ A programme taken to ensure minimum food requirement of providing rice and beans for all the citizens of South Asia.

¹⁸ <http://www.sdc.gov.in/AboutSAARC/poverty.htm> Accessed, 15th september, 2008.

Leaders made a review of the SAARC activities aimed at poverty alleviation and decided to reinvigorate them in the context of the regional and global commitments to poverty reduction. They expressed their firm resolve to combat the problem of poverty with a new sense of urgency by actively promoting the synergetic partnership among national governments, international agencies, the private sector and the civil society. They also agreed to take immediate steps for the effective implementation of the programs for social mobilization and decentralization, and for strengthening institution building and support mechanisms to ensure participation of the poor, both as stake-holders and beneficiaries, in governance and the development process.

At the 12th summit, the Leaders declared poverty alleviation as the overarching goal of all SAARC activities. The reconstituted ISACPA submitted its Report- Our Future Our Responsibility to the 12th Summit. The Summit commended the work done by the Commission and decided that ISACPA should continue its advocacy role and it should prepare and submit to the next Summit a comprehensive and realistic blue-print setting out SAARC Development Goals (SDGS) for the next five years in the areas of poverty alleviation, education, health and environment giving due regard, among others, to the suggestions made in the ISACPA Report.

Accordingly, ISACPA identified 22 regional goals as the SAARC Development Goals (SDGs) and submitted those to the Thirteenth Summit. The Twenty-sixth Session of the Council of Ministers (Dhaka, 11 November 2005) advised that the Commission may further recommended that the ISACPA may continue its advisory and advocacy role and advised that the Commission may further elaborate the SDGs.

As to ensure funding to implement SDGs in 2007 SAARC Development Fund (SDF) was established. The SDF was created as the SAARC members pledged to support

projects to alleviate poverty and improve status of life in the region. The SDF has been reconstituted with a permanent secretariat and three windows -- social, economic, and infrastructure. The social window, with an initial \$300 million fund, is expected to fund, among others, poverty alleviation programmes and projects¹⁹.

Thus by all these regional mechanisms the SAARC countries, united in their determination to reduce poverty, drawing upon the experience of the member countries and committed to achieve the Millennium Development Goals (MDGs).

4.3 SAARC Food Bank

The establishment of the SAARC Food Bank in 2007 was an extremely forward looking decision to address the food crisis in South Asia in an integrated way. It would store more than 250,000 metric tons (MT) of stock for distribution in case of a particular scarcity within the South Asian region, should be immediately operationalised. The Food Bank would act as a regional food security reserve for the SAARC member countries during normal time food shortages and emergencies; and provide regional support to national food security efforts; foster inter-country partnerships and regional integration, and solve regional food shortages through collective action²⁰. For using the food from the SAARC Food Bank, the member countries will not have to pay anything. The country taking food loan from SAARC Food Bank will have to just return the food to the storage after the crisis is over. With the set up of a food bank in the region, it is expected to increase food production, encourage investment in agriculture and agro-based industries, agricultural research and prevention of soil health degradation, development and sharing of agriculture technologies, and management of climatic and disease-related risks in

¹⁹ SAARC plan of Action for Poverty Alleviation (SAARC, 2004 Kathmandu Nepal)

²⁰ <http://www.saarc-sec.org/main.php?t=2.13.2> Accessed 15th September, 2008.

agriculture.²¹

4.4 SAARC Regional Initiatives to Address Climate Change

In the concluding Declaration of 15th SAARC Summit, 2008, entitled “Partnership for Growth for Our People,” the heads of state and government reiterate the need for increased regional cooperation in tackling climate change, in particular for capacity building, the development of Clean Development Mechanism (CDM) projects, and awareness.²² Noting the impact of climate change on livelihoods, SAARC leaders stress the urgency to take action jointly, and manage its risks and impacts, and call for a study on the human dimension of climate change. As an equitable basis for tackling climate change, they endorse per capita emissions targets for developing and developed countries, taking into account historical responsibility and country capabilities. In the Dhaka Declaration on climate change on July 1-2, 2008 SAARC members have committed themselves to promote programmes for advocacy and awareness of climate change and to inculcate habits towards a low-carbon society, including incorporation of science-based educational material in educational curricula. The action plan, covering 2009-2011, focuses on seven thematic areas- from adaptation of climate change to regional stance for international negotiations. It emphasizes on policies and action for climate change mitigation, technology transfer, financing and investment mechanism, education, training and awareness, monitoring, assessment and management of impact and risks due to climate change.

On energy, the Heads of State and Government recognize the need to: develop and conserve conventional sources of energy; build up renewable energy resources; and

²¹ The Bhutanese prime minister, Lyonchhen Jigmi Y Thinley available e <http://www.kuenselonline.com/modules.php?name=News&file=article&sid=10940> Accessed 15th September, 2008

²² <http://www.climate-l.org/2008/08/fifteenth-saarc.html> Accessed 15th September, 2008.

introduce energy reforms, energy efficiency and the trade and sharing of technology, while they note current efforts to strengthen regional cooperation in this sector.

V. Peace and Regional Integration in South Asia: an analysis

The spontaneous Indo-Pakistan tensions have put a damper on any kind of activities to increase the pace of economic and social integration and bring about peace in the region. But the "composite dialogue" between India and Pakistan over the past years has led to the opening of bus and railway services, and dialogue over strategic issues on Siachen, Sir Creek and the future of divided Kashmir considered key areas of cooperation more openly than before.

History shows that regional economic and social integration strategies can be successful only if the countries concerned establish a commonality of political purpose. France and Germany who fought three wars between 1871 and 1945 was able to thaw differences through EEC. The Cold War gave western European nations another urgent reason to bind economically together to gain strategic strength. The same pattern is evident in the ASEAN, which was formed as a political grouping to oppose threat of Communist expansion from Vietnam and China. It is a common phenomenon in international relations that a small neighbor had to live under fear when its large neighbor has 'expansionist' policy and there are unresolved and complicating factors in their relations. This is particularly true in the case of South Asia as India continuously showed her hegemony towards her small neighbors rather than being regarded as 'Big Brother'. Bhutan and Nepal are continuously living under this threat of becoming next Sikkim²³. To create a sense of 'easiness' among her neighbor, the former Indian Prime Minister I K

²³ Sikkim used to be a small state in North eastern part of India, which was ceded into it by force.

Gujral adopted a doctrine called '*Gujral Doctrine*'²⁴ as a tool of conflict management in the region.²⁵

In spite of various regional mechanisms still there are lots of issues in South Asia due to which there are lot of disputes among many member states. And thus, there are growing concern that regionalism in South Asia might end up as Pandora's box if concerned efforts are not made beyond the turmoil of political exigencies. It is felt that unless countries of this region enjoy considerable political harmony, they cannot possibly agree on concessions like surrendering sovereignty over their economic and social policy. This is particularly true in South Asia where Indian economy dominated overall regional outcomes.²⁶ So, although economic cooperation and even integration is very desirable in South Asia there is a call for creating a politically harmonious subcontinent, which is an extremely formidable task.

After 2006 so many things changed and now South Asia begins to think immense about itself as a region. The proposal to set up a South Asian University is the best example, since it would require nothing short of \$1 billion to do so.²⁷ The business community is thinking even further ahead of the governments in the region. In anticipation of SAFTA, the TATA group of India has already proposed a \$3 billion investment in Bangladesh in gas-based fertilizer, power and steel plants. The reconstituted Independent

²⁴ The Gujral Doctrine is a set of five principles to guide the conduct of foreign relations with India's immediate neighbours These principles are: first, with neighbours like Bangladesh, Bhutan, Maldives, Nepal and Sri Lanka, India does not ask for reciprocity, but gives and accommodates what it can in good faith and trust; second, no South Asian country should allow its territory to be used against the interest of another country of the region; third, no country should interfere in the internal affairs of another; fourth, all South Asian countries must respect each other's territorial integrity and sovereignty; and, finally, they should settle all their disputes through peaceful bilateral negotiations.

²⁵ Padma Murthy, *The Gujral Doctrine and Beyond*, Strategic Analysis; A monthly Journal of the IDSA, July 1999 (Vol. XXIII No. 4).

²⁶ Ghanshyam N. Singh (ed), *The Economy of the SAARC Nations*, (New Delhi: Anmol Publications, 1993).

²⁷ *Supra* 3

South Asia Commission on Poverty Alleviation (ISCAPA) has adopted a more reasonable approach by suggesting a 24-point approach for halving poverty in South Asia by 2010, as opposed to MDG of the UNDP that requires South Asia to do so by 2015.²⁸ After years of discussion, and, to some extent, a large degree of negligence, the South Asian Development Fund is also making some headway, with assets amounting to around \$300,000,000.²⁹ South Asia receives around \$32 billion annually in remittances, by exporting labor to the Gulf region and the East and Southeast Asian countries.³⁰ In Pakistan, remittance increased fourfold, from just over \$1 billion in 2001 to over \$4 billion in 2003; in Bangladesh, it increased from \$1.9 to \$3.3 billion; in India, it increased from \$12 to \$21.7 billion, and Nepal receives \$1.5 billion.³¹ From 12 June, 2008 India Bangladesh railway service has restored, though bus services exist between the countries from 1996. Thus in spite of multi dimensional problems and conflicts related to mutual interests South Asian countries are cooperating with each other through various integration mechanisms to promote peace to make their life secured.

VI. Problems and Prospects of South Asian and East Asian Integration to Mainstream Asian Integration

As part of its initiative to liberalize trade, investment, and capital flows, South Asia is gradually forging closer ties, both with its immediate neighbors and with the East and Central Asian countries (ADB, 2006:5)³². The rapid growth of large emerging market economies such as the People's Republic of China (PRC) and India have brought the South Asia and East Asian economies ever closer together.

²⁸ ibid

²⁹ bid

³⁰ World Bank's Global Economic Prospect report for 2006.

³¹ Supra 3

³² Asian Development Bank, 2006. Asian Development outlook : 2005. P.5

East Asia has advanced the most in pursuing regional economic cooperation and integration. Regional integration in the form of economic cooperation and political harmony are mutually reinforcing. ASEAN+3, APEC and ASEM in Asia have led to improved relations between East Asian countries. Without regionalism and inter-regionalism, Japan's relations with its neighbors would have been even more problematic, and regional as well as interregional forums have provided the framework for personal meetings between Japanese ministers and their Chinese and South Korean counterparts, which would not have been possible on the bilateral level.³³ The success of the EU has demonstrated that regionalism, even on such a wide scale, can be instrumental in overcoming historical animosities, embedding democracy and the rule of law, thus guaranteeing regional security and leading to overall stability. Economic integration has come to be regarded as an important tool for diplomacy and conflict mitigation.

Compare to East Asia, regional integration initiatives are less comprehensive in other parts of Asia. But recently it poised to accelerate. Especially, recent economic growth in South Asia has initiated various strategies to integrate South Asia with East Asia, which is promoting overall Asian integration.

SAARC has included Afghanistan as its 8th members. Besides, China, Japan, South Korea, Myanmar, European Union, USA, Iran and Mauritius were given observer status. This expansion of SAARC from an intra regional organization to inter regional organization and developing external linkages are indicative of the high level of maturity that SAARC has achieved as an organization. And it is enhancing the greater Asian Integration especially bridging the regional cooperation gap with the East Asian countries, which are playing very important role to address the issue of poverty and human

³³ Interregionalism: A New Diplomatic Tool, The European Experience with East – Asia by Dr. Michael Reiterer

insecurities in South Asia. Again, such integrating and merging of smaller regional cooperation organizations within Asia will be helpful to reduce regional gaps in different economic and social aspects which will ultimately paves the way to create `Asian Community` to mainstream Asian Integration. Such efforts of mutual cooperation will be favorable for Asian growing and leading economy in the global level which will combined enhance Asia`s bargaining power as a region in the international arena.

As an initiative to mainstream South Asian integration with East Asia and beyond, international players can increase and contribute to peaceful relations within the region by mitigating the impacts that economic globalization will have on the region`s marginalized communities that reside within conflict prone areas. The international community can remedy market failures; it would be naïve to recommend a succinct list of initiatives that would have, with some certitude, a positive impact on mitigating conflict within South Asia. Rather, the international community should continue to engage with all stakeholders in South Asia in a manner that elevates development to include not just economic needs but also social, cultural and religious values intrinsic to the region.

VII. Discussion and Conclusion

During SAARC`s inception, South Asian leaders realized that political relations on regional integration could stall regional economic cooperation. Consequently, bilateral issues were kept out of SAARC`s purview to prevent political tensions between members from stalling the initiative. Today, the absence of recourse to deliberate upon bilateral political relations has become a major concern for member states. Realizing the negative impact of political tensions on trade arrangements in the region, some analysts have called for a regional institutional mechanism to contain conflict among members. Others have

even suggested the need to amend the SAARC charter to allow it to deliberate upon bilateral issues. As early as 1990, Ariyasinghe had proposed a 'strategic regional security framework' designed to ensure regional security in South Asia. No progress has been made on this front, and realistically such a development is not on the cards any time soon. Member states, particularly Pakistan and India, must find means outside of the SAARC arrangement to resolve their differences.

While lessons from the EU and ASEAN prove the benefits of regional integration, there is still a need to shape institutions that, as commentators indicate, are asked to compete and yet cooperate in the neo-liberal political economy (Mukherjee Reed 1997). Durable peace must therefore include the resolution of domestic and long-standing differences. Growth of economic integration will depend on how individual nations deal with contentious issues and remain committed to regional cooperation. Peace also needs to include resolution of the Kashmir issue, border problems, and distribution of natural resources and of the corrosive politics that divides Hindu, Muslim, Sikh and Buddhist along with the other religious minorities.

Beneath the political colorations of South Asia, reside the socio economic aspirations of its middle class. Some argue that in order for the region to prosper, a new idea of South Asia will have to emerge and the primary driver will have to be the aspirations of the middle class for something more than private affluence in the midst of public squalor. Hence, social capital building that challenges all of the region's societies and effective collective action within and then across will be the test of whether or not this society emerges (Singh 2005)³⁴. Other informal political dialogues need to include citizen

³⁴ Singh, N., 2005, *The Idea of South Asia and the Role of the Middle Class*, National Institute of Public Finance and Policy, New Delhi.

to citizen contact, which addresses displaced persons following partition (East Bangladesh and West Bengal, the Two Punjabs) and the social and religious values of being able to visit ones homeland, place of birth and ancestral grave sites. Education and cultural exchange should include students, writers, intellectuals and artists to be able to mix and exchange ideas on a new South Asia.

Though there are lots of hopes and success of economic and social integration strategies within and beyond South Asia, still there is lot of disputed issues that needs to address properly. Specially, regional mechanisms must have to be strengthened to address issues like geopolitical disputes, climate change, contiguous diseases (SARS, bird flu, HIV/AIDS, etc.), food shortage etc. At the same time initiatives must have to taken to extend integration initiatives at first in continental level, specifically inclusion with East Asian region, which is playing important role in the economic and social development of South Asia. At the same time strategies and policies to fight poverty and human insecurities in South Asia must have to be in line with global targets and strategies so that it becomes easy to monitor and evaluate at the same time with regional and global levels. But with emergence of increasing regional and global integration strategies it must have to remember that it is the South Asian region whose strategies should have to come first to address issues of poverty and human insecurities. And extending regional integration beyond South Asian level will enhance their initiatives and commitment in this regard. So, measures should have to be taken to integrate South Asia with East Asia. And combined effort of these two parts of Asia will promote Asian integration with the aim of creating an `Asian Community`.