

**Regional Cooperation for Development: A
Study of Emerging framework of South
Asian Regional Cooperation (SARC)**

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PREFACE

The study of South Asian cooperation and its emerging institutional framework has become significant in the context of South-South cooperation in late seventies and early eighties. The need for South Asian cooperation arose following the breakdown in North-South negotiations, emergence of new potentialities of "South" for cooperation and uncondusive international economic environment following a long period of global ^{res}ression. However, in India this study has not received much attention in research writings. In this context this paper seeks to present a balancesheet of South Asian regional cooperation in the back drop of South-South cooperation. Since this study was completed much before the beginning of new stride for second summit meeting, it has included the development only upto the first SARC summit meetings in December 1985.

I am deeply grateful to my Supervisor, Professor K.P. Saksena, who extended his full cooperation and guidance to me during the course of preparation of this paper. His rare insights and tremendous interest in the paper have, all through, been a motivating force for me. In spite of his considerable work load and scarcity of time he spent a lot of study hour with me without which, I fear, this work would not have been consummated.

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INTRODUCTION

Regional cooperation is a characteristic phenomenon of the post-war period. As regards the developing countries, the concept of regional cooperation has acquired a momentum of its own in the context of their quest for new international economic order.

The failure to implement the programme of action of New International Economic Order (NIEO) and the stalemate over the launching of "Global Negotiations" have led to increasing emphasis on the regional and inter-regional cooperation among developing countries generally referred to as South-South cooperation.

This idea of 'Collective Self-reliance' through greater economic and technical cooperation at regional and sub-regional level among the developing countries, starting from the Lusaka Summit of nonaligned countries has been a main agenda item of various NAM meetings, and meetings of 'Group of 77' and also in the UNCTAD meetings. The idea was further expanded and articulated, particularly in the later half of the 1970s notably in the meetings at Mexico (1976), Arusha (1979), Buenos Aires (1978), Caracas (1981) and New Delhi (1983).

However, this approach of collective self-reliance is viewed not as alternative to the need to restructure

the existing economic order or as a substitute for North-South cooperation, but as a "second best option" to the developing countries in their effort to stem the deterioration of their global economic position and the consequences the failure of the global system to accommodate their interest.

South-South cooperation seems to be an attractive proposition. However, in practical terms several points have to be taken into account. Like, if the present international economic order has tilted in favour of 'North' and later is capricious about the South, is the prevalent atmosphere conducive to South-South cooperation or it presents serious institutional obstacles? What has been the experience, in this regard, of developing countries in various regions where such cooperative enterprises have been incepted? In the context of overall problems of South-South cooperation, how do one assess the prospects for South Asian regional cooperation? What are the real constraints in the path of regional cooperation in South Asia? What are the actual potentialities or opportunities existing for any cooperation? Are there any complementarities in their respective economies that can be harnessed for greater cooperation? Are there any infrastructural facilities for acceleration of either intra-regional trade, or cooperation in socio-cultural field, or in

science and technology or any other allied fields? What has been the extent of manifestation of political will among South Asian countries for cooperation? Is it possible to achieve substantial cooperation with apparent differences in their political and security perceptions? Of course sometimes it might so happen that increased regional transactions and shared perceptions of interests and sense of interdependence may lead to understanding and defenment of immediate political issues. But what is the actual scope for regional cooperation the areas agreed upon so far? What sort of institutional framework is likely to emerge to channalize cooperation and coordination of the selected areas? Whether the present institutional arrangements have sufficiently taken into account the existing barriers, whether it is adequate enough to deal with future problems which are likely to arise out of increased cooperation? These and related questions are the subject of this study.

An attempt is made in the first chapter to examine the rationale of regional cooperation within the framework of South-South cooperation, the constraints on it and the opportunities.

The second chapter analyses the prospect of regional cooperation in South Asia with specific reference to the constraints and potentials of the region.

The third chapter deals with the formal launching of South Asian Association for Regional Cooperation, after a short discussion on the earlier initiatives, and the background of the present move.

The fourth chapter involves a discussion on institutional arrangement and its evolution over the years. It will also discuss the limitations of the present institutional framework, the question of secretariat and financing arrangements keeping in view the experiences of other regional framework.

The fifth chapter attempts a conclusion and assessment.

Chapter I

REGIONAL COOPERATION FOR DEVELOPMENT: RATIONALE AND CONSTRAINTS

The idea of economic cooperation among developing countries at regional and inter-regional level, of late, has received much attention among the Third World countries, following the impasse in North-South parleys. The developing countries known as 'South' perceived present international economic order characterised by gross inequalities between North and South in terms of per capita income, technology, benefits from trade etc. In this context the imperatives for structural change and rapid development in developing economies have become acute (see Table I). Adding to this the continued recession in developed world, stalemate in North South dialogue and inability of the world economic bodies to enforce the objectives of the New International Economic Order (NIEO) have accentuated the need for South-South cooperation. Therefore, the approach of "collective self-reliance" through regional cooperation among developing countries themselves becomes a necessity rather than an option.¹

¹For details, see Xu Mei, "South-South Cooperation Towards New International Economic Order" in U.S. Bajpai (ed.), *Nonalignment* (New Delhi, 1983), pp.236-37; V.R. Panchamukhi, "South-South Cooperation and Economic Nonalignment", *Mainstream*, Special Number (New Delhi), vol.xxiii, no.28, March 1985, pp.11-13.

This has been motivated partly by a striving for common action in their negotiation with the developed countries on the issues relating to trade, capital flows technology transfer and other allied matters and partly by their desire to widen the gamut of economic opportunities within the developing world which are constrained by the narrow domestic markets.² In fact, trade among the developing countries has been inhibited in the past, due to lack of infrastructure facilities for trade including inadequate informations about each others productions and trade possibilities. Therefore, there is a strong case for adopting special measures of incentives including common financing and monetary arrangements to encourage trade and economic cooperation among the developing countries in order to counteract the prevailing metropolitan obsession.³ The Trade and Development Report (1981) issued by UNCTAD ably summed up the above perspective:

The economies of the developing countries have been linked through a vertical division of labour to their respective metropolis in a bipolar

²See, "Collective Self-reliance of LDCs and International Equity", Third World Quarterly, April 1981, pp.230-50.

³R.C. Chakravarty, The Political Economy of India's Foreign Policy (Calcutta), p.91.

relationships. This has limited evolution of trade and other economic exchanges among these countries. In consequence, the developing countries find themselves in a special position of structural dependence in their economic relations with their former colonial powers. This dependence is not confined to trade but can be observed equally in other major areas of their external economies -- money, finance, technology, international transport, marketing and distribution, banking, insurance etc -- and thus impose not only costs (direct or indirect) on the developing countries but also constrain on their development process... In this context the concept of economic cooperation among developing countries has assumed major significance for bringing about some structural changes in the international economy. (4)

Thus, while collective self-reliance has been viewed on the one hand as a means for ensuring national self-reliance for individual countries and, on the other, as a means for intensifying cooperation among less developed countries, it helps them to acquire greater bargaining power in relation to the developed countries. In the full meaning of the expression, it is mainly at the regional level that collective self-reliance can be built up as a system of continuing and comprehensive relationship.⁵ When the group

⁴Cited in Indian & Foreign Review, vol.20, no.4, 1-14 December 1982, p.8.

⁵Tarlok Singh, "On giving substance to Collective self-reliance", Third World Quarterly (London), vol.6, no.1, pp.247-58.

of countries becomes very large, transcending regions, cooperation is naturally of a highly selective nature. In other words, collective self-reliance implies strong development of links among countries in selected fields among different regions and sub-regions.⁶ And any Regional Cooperation for development among developing countries essentially comes under the framework of collective self-reliance.

Substantive Orientation of the Idea

Although it was, as it is well known, on the eve of UNCTAD-I the developing countries made the first attempt

⁶The words 'region' and 'regional organizations' have given rise to much confusion and difficulty in their application to inter-governmental organizations. The term 'region' in abstract is politically meaningless. One might ask in relation to what subject matter is the term used in any particular context? It is clear that what is a region for one purpose may not be region for another. Geographically, Europe has, for example, proved in practice to be a region for many purposes of technical character, such as transport or environmental. But Geographical Europe has not yet proved to be region for most economic or political purposes. Then there are so called functional/regional organizations, such as the Organization for Economic Cooperation (OECD) whose membership cuts accross geographical continents. To avoid all this confusion, therefore, a region is treated as a convenient geographical area controlled by sovereign governments whose interest in any particular subject is sufficiently compatible for them to be able to enter into effective multilateral cooperation.

to coordinate their position for mutual help and formed the "Group of 77" (which has a membership of 128) and indeed the International Development Strategy adopted for the second UN Development Decade has made some references, at that time, to regional, sub-regional integrations as a measure of trade expansion,⁷ the concept of "collective self-reliance through direct action" came much later in the 70s.⁸ (For Chronological development See Annex-1)

The concept was first introduced in the preparatory conference of nonaligned countries at Dar-es-Salam in 1970 by the President of Tanzania, Mwalina Julius K. Nyerere.⁹ Later it was incorporated in the Lusaka Declaration after the Summit meeting of nonaligned countries.

⁷International Development Strategy for the Second UN Development Decade, para 39.

⁸Many analysts tended to identify the origin of idea with the establishment of Nonaligned Movement and the "Group of 77". Of course both lead towards self-reliance. But Karl P. Sauvart has rightly distinguished between "Strategy of self-reliance through bargaining" which started with the establishment of "Group of 77" and "self-reliance through direct-action" which came much later in 1970s. The later is better known as the approach of collective self-reliance or South-South Cooperation. See, Karl P. Sauvart, "The NAM and the Group of 77: Towards Just Cooperation", Problems of Nonalignment, January-March 1983, pp 23-70.

⁹Preparatory Conference of Nonaligned Countries, "Final Communiqué" and Document on Economic Development of Cooperation, vol.1, no.6.

At the time of the Lusaka Summit, collective self-reliance was defined mainly in terms of increased economic cooperation among developing countries.¹⁰ Consequently, various forms of such cooperation, its purposes and mechanisms were outlined. The George Town Conference of Foreign Ministers (August 1972) had further elaborated it, in the framework of an "Action programme for Economic Cooperation among Developing Countries", and had identified a few fields of activities that deserved special attention: trade, industry, and transport, transfer of technological know-how and technical assistance; financial and monetary cooperation; and international cooperation for economic development among developing countries.¹¹

The idea had also figured at the Algiers Summit of Nonaligned countries (1973), in the NIEO programme of action (1971) and also at Dakar Conference of Developing Countries on Raw Materials (1975). The findings of these meetings are important because these determine, to a large extent, the substantive content of economic policies of the developing countries.

¹⁰Third Conference of Heads of State or Government of Nonaligned countries, Declaration on Nonalignment and Economic Progress, vol.1, no.6.

¹¹Third Conference of Ministers of Foreign Affairs of Nonaligned Countries, The Action Programme for Economic cooperation, n.6, p.456.

However, it was only after 1976 that the concept of 'collective self-reliance' was re-emphasised in a wider sphere at the meetings of "Group of 77" and UNCTAD apart from the meetings of NAM. The failure of Nairobi UNCTAD (1976) to realize the objectives of NIEO and the new threshold of recession in the developed economies turns the minds of the developing countries to the "second best option" before them.¹² The repeated failure of North-South negotiations led to an emphasis on the possibilities of South-South cooperation. The first effort in this direction was made at the third ministerial meeting of the Group of 77, Manila, during which a resolution on economic cooperation among developing countries (ECDC) was adopted. Then a detailed programme on ECDC was prepared at the conference on Economic Cooperation among developing countries held in Mexico City from 13-22 September 1976. Later at UNCTAD-IV it was decided to set up two committees to monitor and coordinate the activities of "Economic Cooperation among Developing Countries" and "Technical Cooperation among Developing Countries".

¹²K.P. Saksena, "International Framework and South-South Cooperation: Constraints and Opportunities", International Studies (New Delhi), vol.22, no.3, July-September 1985, pp.200-1.

The full integration of this approach came during Fourth Ministerial meeting of Group of 77 at Arusha commonly known as Arusha Programme for collective self-reliance, on the eve of UNCTAD-V in 1979, where the concept of collective self-reliance was spelt out in some detail. It was further elaborated at the Caracas Conference held in April 1981.

These documents in which objectives of South-South cooperation are defined point out although many developing countries have achieved political independence, the economic dependence and fragility left over from colonial rule and resulting from existing relationship of inequality are still there. The developing countries economic cooperation is intended to cement their political and economic strength and to increase their collective economic strength thereby facilitate establishment of a New International Economic Order. These documents also emphasised the need to effect a structural reform in the existing international economic relationship and in this connection pointed out the importance of "collective self-reliance for such a reform. According to these documents, through such self-reliance and cooperation, Third World countries will better their negotiating position with developed countries, promote structural reforms, realize a more rational international

division of labour and thereby avail themselves of using world's resources more effectively. This will help establishing a new relationship on the basis of mutual benefit. It also provides them the means of development by effectively controlling their resources, system of production and by widening their economic activities.

As to the method of cooperation these documents call for strengthening regional and sub-regional economic ties. While exploring new ways, the Arusha Programme identified three priority areas. These are: (1) global system of trade preference (GSTP); (b) Cooperation among state trading organizations (STOs); and (c) Establishment of Multinational Marketing Enterprises.¹³ The Caracas Report identified seven areas for cooperation such as finance, transfer of technology and trade in the sectors such as food, and agriculture, energy, raw materials and industrialization.¹⁴

To facilitate a smooth development of South-South cooperations these documents also defined some guiding principles for governing relations between developing

¹³Group of 77: Arusha Programme for Collective Self-Reliance and Framework for Negotiations (UNCTAD-V, Manila), Doc. TD/236/1979.

¹⁴See, the Final Report of high level Conference on Economic Cooperation among Developing Countries (Caracas), G/77/FR.

countries. For instance, the developing countries should make full use of their existing and potential resources to make up each others deficiencies and hence profit all the participants on the principle of mutual benefit. Towards achieving this they should, without prejudice, grant priority to the product of developing countries in their import and export policies. Also, they should take steps in order to ensure the security of investment of the developing countries in their own countries and to grant favourable treatment to those investments.

These principles should be followed in the spirit of unity, cooperation, equality, mutual benefit and mutual assistance by giving priority to the special difficulties of the least developed countries.¹⁵

Over the years of painstaking efforts quite a few regional organizations have come up in different parts of Asia, Africa and Latin America. The Association of South East Asian Nations (ASEAN) was set up in 1967 among five South-East Asian countries (Thailand, Malaysia, Indonesia, Philippines and Singapore). Later Brunei joined as the sixth member. The Latin American Free

¹⁵Mei, n.1, pp.238-39.

Trade Association (LAFTA) was set up among Latin American countries and Mexico (Argentina, Brazil, Chile, Mexico, Paraguay, Peru, Uruguay, Ecuador, Colombia and Venezuela) in 1960 now converted into Latin American Integration Association (LAIA) in 1981. Economic community of West African States was set up in November 1976. There is also Gulf Economic Cooperation. There are as many as 34 such groupings among the developing countries, out of which 19 are in Africa, 11 in Latin America, and 4 in Asia. However, all these Organizations have not been equally successful.

It shows that every geographical region has become conscious of the need to achieve regional cooperation for development (though South Asia is a late starter). The Brandt Commission Report on International Developmental Issues entitled "A Programme of Survival" while recommending some remedies for the economic ills of the developing countries, has suggested that regional and sub-regional cooperations should be made a prime instrument for economic development.

Rationale for Cooperation

Of course there is sufficient ground for strengthening economic cooperations at the regional level among developing countries. It offers a viable strategy for acceleration of

economic development and structural transformation. It can support industrialization and trade expansion and provide opportunities for multi-country ventures.

The international economic relations is not as simple and straight-forward as was contemplated at the 'Brettonwood' which was based on the economists' model of "comparative cost". Here international division of labour also plays a crucial role.¹⁶ However, there is nothing wrong in arguing in favour of an 'unhindered trade' among states if it is practised honestly. But the in-built rigidities in the world trading system and its underlying conditions do not easily let the "forces of trade" to play their natural role. Therefore, it is rather imperative to fall back upon the second best alternative, i.e., regional or sub-regional economic cooperation amongst countries having identical problems, within the region.¹⁷

Second, free trade within the region, if accepted in

¹⁶For details see, "North-South: A Programme for survival the report of the Independent Commission on International Development" (Brandt and others), ICIDI, 1980, pp.30-45.
A.K. Das Gupta, the Problems of International Economic Order, International Studies (New Delhi), vol.6, no.1, 1977, pp.195-207.

¹⁷See for detail, John Altman Sigmaringen, "South-South Cooperation and Economic Order", International Economics, no.3, May-June 1982, pp.143-47.

principle, enables participatory countries to realise economics of scale, overcome limitations of size of market, exploit complementarily of resources through specialisation and reduce exposure to risk. In the process new wants are stimulated, producers' horizon are broadened, workers' skills are developed and innovations are encouraged. This process constitutes the kernel of economic growth. Thus it presents a congenial atmosphere for economic growth.

Third, for most developing countries the national framework is too narrow for reaping full benefits of a policy of industrialization. At the global level nearly 75 per cent of developing countries have a population less than 20 million. In South Asia itself, with exception of India, Pakistan, Bangladesh, the populations of the remaining South Asian countries totals less than 80 million (Table IV). The narrowness of the national market either brings industrialization by 'import substitution' to an early end, or it leads to wastage of investment resources through the establishment of enterprises of uneconomically small size, or those operating below capacity. In Latin America, for instance, it has been calculated that several billion dollars of investible capitals could be saved or used for other investment purposes, if the future demand

for products like steel, petro-chemicals, fertilizers, pulp and paper, capital goods etc., were to be satisfied within the framework of a Latin American 'Common Market' rather than by separate overlapping national investment programmes. This fact typically holds good for ASEAN countries as well as South Asian countries.

The characteristics of regional or sub-regional grouping are access to each others markets and substantial contribution to the diversification of the type of goods which they can export. This is exemplified by European economic grouping and ASEAN economic arrangements. The manufacturers not sufficiently adopted to the requirements of the highly competitive markets of the developed countries, could first export to the countries of regional groupings. In this process, the sphere of operation of such a country becomes broadened and consequently it would become less dependent on its traditional markets in the developed world.

The formation of a regional organization in particular would enhance the bargaining power of the developing countries concerned vis-a-vis the developed. This has been demonstrated by the ASEAN group of countries who are able to get better treatment for their exportables under the Preferential Trading Arrangements (PTA). To some extent it also holds

good for the group of Latin American countries. Even multi-nationals which play major role in industrial development of the Third World, can be forced to make changes in their policies regarding capital flows, technology transfer, exports etc. It is also a fact that generally countries under regional organizations are doing well in terms of economic growth and welfare of which ASEAN is a demonstrative case (see the Table below).

ASEAN Economic Cooperation:
Real Growth and Inflation of 1981-83

Country	Real Growth			Rate of Annual Inflation		
	1981	1982	1983	1981	1982	1983
Indonesia	7.6	4.5	3.5	12.2	9.5	11.0
Malaysia	7.1	5.2	5.6	9.7	5.5	14.0
Philippines	3.7	2.6	2.9	11.8	12.5	9.0
Singapore	9.9	6.3	6.0	8.2	3.9	13.0
Thailand	6.3	4.2	5.5	12.7	5.2	4.0
Average	6.9	4.5	4.7	10.9	7.2	6.2

Source: International Finance Statistics, National Reports, Economic Division Treasury.

For that matter, we can draw the instance of the customs and economic union of war-torn European countries which has galvanized their shattered economies and galloped them into a dynamic force in the world production market

and in technology which can be comparable to that of the United States of America. It also successfully faced the threat of American dominance over Europe. The region has become agriculturally self-sufficient.

The intensified economic cooperation also has dialectically interacted with the political environment so much so that a war between traditionally antagonists like France and Germany has become unthinkable. Keeping in view the present arms build up in the Third World, regional cooperation will definitely help them to reduce the burden.

Constraints

However, there are innumerable constraints in the way of regional cooperations for development in the Third World. Because regional cooperation is not only a rational design, but also something dependant on political initiatives, diplomatic moves and various pulls and pressures of interest of socio-economic and political, conditions both external as well as internal. This is not only confirmed by various documents, but also experienced by various Third World regional groupings in practice. We can divide these constraints broadly into four categories: such as structural, institutional, economic and political security.

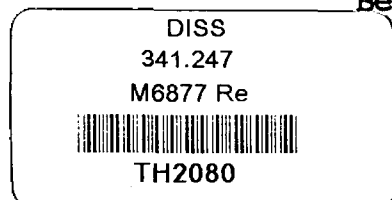
Structural Obstacles

Economically the developing countries are so structured that they are made to depend on developed countries. This constitutes the biggest hold up. Developing countries are very much dependent on developed countries in terms of funds, trade, and technology. Take trade as an example: almost three-fourths of the developing countries exports are shipped to developed countries. This is the case with the primary product producing countries (See Table II).

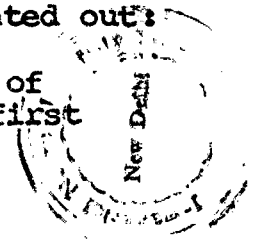
Institutional Obstacles

There are also institutional obstacles that constrains intra-regional trade among developing countries. These include communications, equipments, ports, and transport facilities and banking and financial institutions. Though some of these facilities are available, still those serve the purpose of the developed countries and are linked to the markets of industrialized countries. Railway system, for instance, is one of the most important means of communication for promotion of transport. But Indian Railway System as Gunnar Myrdal aptly pointed out:

Being constructed primarily from the point of view of the British economy, with the aim first



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of facilitating military-security and secondly getting the raw materials out cheaply and British goods in... The railways instead of exerting spread effects as in West Europe, served to strengthen the colonial relationship and further subordinate the Indian to British economy. (18)

Thus, there are historical factors constituting institutional obstacles in the path of expanding trade among the developing countries. By and large the present transport facilities, insurance and banking as well as the channels of communications and marketing remain oriented towards West. It is far easier for the countries of Africa, Asia and Latin America to trade with Western Europe and the United States, than to trade with one another. It is easier even today to buy Zambian copper at London Metal Exchange or communicate between Delhi and Colombo via London than to do so directly from the original source.

Another kind of institutional obstacle comes from the "purchase of technology" by the developing countries and "credit facilities" provided by the rich developed countries. The 'purchase of technology' tied imports to the original sources, and the terms of technology transfer from the developed countries often restricted exports. Further,

¹⁸ Gunnar Myrdal, Asian Drama: An Inquiry into the Poverty of Nations, (New York, 1968), vol.1, pp.456-57.

the imports of the manufactured goods depended on the availability of credit while the rich countries were able to extend export credits.

There is yet another institutional factor which has also historical origin. In many areas of international trade, the developing countries do not participate as completely independent "buyers and sellers". This is because transnational corporations (TNCs) play a dominant role in export of primary commodities, particularly those originating from mines, plantations, or cash-crops, agriculture. Most of these TNCs belong to Western Europe and the United States, having their base at London or New York. For example, five companies accounted for 75 per cent of the world tea market, six companies controlled 50 per cent of the Manganese-ore capacity; three companies controlled 60 per cent of the banana imports (90 per cent in the USA alone); and six companies controlled 76 per cent of the world alumina production capacities.¹⁹ And these TNCs do not like any regional cooperation to come up in any region.

¹⁹ These figures are cited by K.P. Saksena, "International Framework and South-South Cooperation Constraints and Opportunities", International Studies, vol.22, no.3, July-September 1985, pp.207-8.

Economic Obstacles

Neither the Latin American experiments nor the ASEAN one has yielded substantial results in terms of the goal set at the time of forming these regional organizations. Another principal reason is that they have yet to come over the number of barriers of political and economic nature at their regional level.

One of the most fundamental reason is that most of the developing countries are seriously preoccupied with the adverse balance of payment situation therefore they are not ready to reduce trade barriers.

In the developing countries, the share of revenue represented by custom duties is substantially higher as compared to developed countries. Therefore, the trade liberalization would definitely result in "loss of substantial revenue" accrued to them for which they are not prepared so far. Trade barriers get reduced if the resultant additional imports are compensated by additional exports of an equal amount. In fact their desire to obtain strict and immediate reciprocity, so as to avoid any risk of even temporary imbalance, doesnot allow them to adopt more for reaching trade liberalization. Secondly, at the same time the tapping of other fiscal resources is

very difficult on account of their limitations of administrative apparatus. Therefore, there is a lack of commitment to substantial trade liberalization.²⁰

Moreover, if a reduction of tariff barriers is somehow successfully negotiated, still export may not take place, because the developing countries remain at a disadvantage in those cases where "cost of production" may not be competitive. For example Indian wheat. Often the trade divergence at regional level face adverse result due to "generous export credits" or under "tied aid arrangement". For this matter, the substitution of regional market for national market tends to accentuate the apprehension of some countries about the risk of domination by "foreign capitals". Indeed, it is a fact in Latin America. Though, one of the aim is to make better condition for investment, the advantage may be taken away by the foreign firms.²¹

Moreover, the conditions of unemployment and under

²⁰T.P. Bhat, "Cooperation for Economic Development" in M.S. Agwani and others (eds.), South Asia Stability and Regional Cooperation (Chandigarh, 1983), pp.35-49.

²¹UN Economic and Social Council, Economic and Social Commission for Asia and the Pacific; Blue Print for trade Extension and Cooperation in ESCAP Region, E/ESCAP/Trade/MMCT/June 1978.

employment dissuade the governments from adopting any measures that might adversely affect existing employment opportunity.

The difference in the level of development among developing countries themselves, within a region poses a serious problem to start a process of cooperation. Often a relatively more advanced country in the group itself may not be capable enough to take extra-responsibility in short run which might have otherwise helped in fostering regional cooperation.

The problem may be severe still, if financial resources have to be transferred to less advanced partners. Even cooperating countries at equal level of development, would like to be sure of having share of new enterprise that can be established as a result of the setting up of multi-national groupings. This can give rise to disagreement on national allocations of new investment.²²

Another constraint on trade expansion among developing

²²C.A. Eckenstein, "Potentialities and Problem among Developing Countries" in Agha M. Ghouse (ed.), Pakistan in Development Decade: Problems and Preferences (Proceedings of the Economic Development Seminar, Karachi, 1968), pp.64-80.

countries is the need to reconcile trade liberalisation with the planning efforts that each country considers essential from the national point of view. If at the national level, the development process is thus left to the free play of market forces, the same imperative will operate when the multi-national cooperation framework of economic development is being created. In fact to coordinate plans at regional level, a strong institutional framework is required.

Political and Security Obstacles

However, the most important and formidable obstacles in the way of regional cooperation is the political differences and historical disputes (most of them are followed from colonial rule) among the neighbours within the region. Regional cooperation is not simply all economic aspirations and rationally designed state action. It is an outcome of number of complex and mutually incompatible political, strategic and diplomatic initiatives, responses amongst the states and their managers in a given region.

Particularly in case of the "developing countries" the primacy of politics is an all the more dominant characteristic of social reality because the socio-

economic interests and agents are highly under-developed, very poorly organized and lack considerably in skill and articulation. In the absence of well-developed, powerful and autonomous socio-economic forces and agents, the state through the governmental sectors plays the most decisive role in all vital decisions. The substance of governmental functioning and state behaviour is based on the preferences and concerns of those "ruling elites" who are in control of the state apparatus. Accordingly, the question of "regime stability" and "political survival" eventually dictate the logic and rationale of socio-economic priorities. The economic forces being subservient to their political mentors, are by themselves of no consequence. As such, regional cooperation moves, incentives of economic gains and the influences of economic agents without their political implications are by and large incidental.²³ This is evident in the functioning of Third World regional cooperations in South East Asia, Africa, and Latin America. It is a fact that the earlier attempt to form ASA and MAFILINDO were unsuccessful due to non-cooperation of Sukarno's Indonesia.

²³S.D. Muni, and Anuradha Muni, Regional Cooperation in South Asia (New Delhi, 1984), pp.4-5.

Even the external and strategic factors play an extremely important role.²⁴ Of course, it is a fact that NATO and Warsaw Pact plays a crucial role behind EEC or COMECON or it may be OECD and there exists a sort of harmony and consensus between them. But the Super Powers relation with the developing countries or any region of the Third World countries is like the one between an exploiter and exploited. While the Third World countries look towards the Super Powers as supporters in their cause against their local enemy, the Super Powers seek their clientship in their global strategy against each other and also look at them as main customer of their export goods. Therefore, there exists a schism and discord in the Third World countries' global outlook, and minor political differences escalate into hot wars. While the strategic schisms in most of the cases were created and nursed by the colonial legacies, unsettled boundary issues and ethnic discords, political instability, and "developmental dilemmas" and incompatibilities give ample scope to ex-colonial or external great powers in their regional affairs. It is a fact that the developing countries have already experienced first generations of regionalism in most of the regions like South East Asia (SEATO) or Central Asia (CENTO) which were sponsored by the Super Powers for their political

²⁴ Ibid.

security and strategic reasons. And most of the present economic cooperations were, at some time or other, either sponsored by these countries or indirectly supported by them. It is to remember here that most of the present members of ASEAN were also member of SEATO. It can also be argued that regional cooperation in South Asia could not come up for several years due to the involvement of extra-regional factors.

To sum up the above observations, the concept of collective self-reliance and the programme of South-South cooperation have emerged as a historical response to the challenge of "development" and of restructuring the international economic order. The opportunities which await economic cooperation are far greater and need to be harnessed. But the path for regional cooperation is tortuous. Thus, the economic cooperation depends on their perception that they are likely to gain through the strategy of 'developmental regionalism',²⁵ i.e., economies of scale, external economies, specialisation and increased efficiency through enlarged market and efficient use of regional resources. The political cooperation ranging from simple formal recognition of neighbour government to complex

²⁵ John W. Sloan, "The Strategy of Developmental Regionalism", Journal of Common Market Studies, vol.10 no.2, 1971-72, pp.138-62.

institutional framework involving concerted action on the part of all, takes its roots from the domestic milieu to regional, and national political and strategic environment. As the experience of various regional cooperation organizations shows, in every region, cooperation among countries continues to have its own dynamics and its compulsions and constraints. There has been step by step evolution leading to the emergence of viable institutional arrangements whether it is the case of EEC or ASEAN. When the cooperation among countries grows steadily on the strength of actual needs and circumstances, the results are likely to be more enduring. Where it has been imposed from outside, or has not gone through proper course, it has met with failure. But one thing is most important that the faith in regional cooperation has to be sustained often through difficulties and failures. The success of regional cooperation, however, depends on a certain degree of shared security, economic and ideological interests among the states and a general acceptance of principle of peaceful co-existence as an irrevocable norm of international life.²⁶

²⁶G. Chufirin, Economic Cooperation and Collective Security in Asia (New Delhi, 1976), p.35.

Chapter II

ASSESSING PROSPECTS FOR SOUTH ASIAN REGIONAL COOPERATION

The South Asian region which consists of seven countries, namely, India, Pakistan, Bangladesh, Nepal and Bhutan, and two island states, Sri Lanka and Maldives (nearly 4500 sq.km) forms a distinct geographic expression. It is bounded by the Himalayan mountain range on the north, by the Indian Ocean and its off shoots, the Bay of Bengal and the Arabian Sea, on the south, and by mountains and jungles on the east. Some analysts seek to include Afghanistan within South Asian region due to its proximity with the region. But it is true that for all practical purposes, Afghanistan has less interaction with this part of the world. Even their distinct social and cultural identity and their location are enough to place it in central-west Asia. The South Asia's well defined external boundaries are one of the pre-requisite for the regional cohesion.¹

¹Michael Brecher has pointed out six characteristics in order to delineate any regional system. These are: (a) Its scope is limited with primary stress on a geographical region; (b) there are at least three actors; (c) taken together they (the member states) are objectively recognized by other actors as constituting a distinctive community, region or segment in global system; (d) the members identify themselves as such; (e) the units of power

However, in contrast with the external boundaries, the political geography within the region follows no neat pattern. The three most important river system -- the Indus, the Ganges and the Brahmaputra -- cut across the boundaries of the principal countries in the sub-continent. Most of the internal boundaries of the area have been determined by longstanding animosity between religious and ethenic communities and by the history of the pre-independence period. The border imposed by the British still stands as boundary between India and Pakistan; and later between India and Bangladesh (since 1971). Nepal, and Bhutan are independent nations today because British-

Footnote 1 contd.

relatively inferior to units in dominant system using a sliding scale of power in both; and (f) change in the determinant system have greater in the subordinate system than the revers. Michael Brecher, The New States of Asia: A Political Analysis (London, 1963), p.95.

Taking Brecher characterisation of South Asian subordinate system one can argue at the outset, it is quite discernible that certain infrastructural linkages based on common history, race and religion, language and culture give a unique character to South Asia as different from the neighbours, West Asia and South East Asia. Donal B. Smith, South Asia: Politics and Religion (New Jersey, 1966), p.3. Besides, there is no doubt about the fact that the entire South Asian region represents an integrated geo-strategic unit. M.K. Chopra, "South Asia and its Geostrategic Environment", USI Journal (New Delhi), vol.107, no.448, July-September 1977, p.196. For a conceptual analysis, see, Nikhil Chakravarty, "South Asia as a Concept", in World Focus, November-December 1983, pp.1-4.

India never tried to absorb them. But recently Sikkim merged with India in 1976. The region constitutes roughly 3 per cent of world's land surface while the total population of the region constitutes nearly 22.1 per cent of total world population. The region also shares a common history, religious tradition and cultural values. Present condition of South Asia can be best appraised through a glance, at the current profiles of South Asian countries **individually** as well as collectively (Tables 5-10).

Bangladesh is a small country in the region, with an area of 144,020 sq.km.; and 95.5 million strong population. It is bounded West, north and north-west by India; east by India and Burma, south by Bay of Bengal. Majority of the population are Muslims. Its per capita gross national product is about \$120 (US).

Agriculture contributes about 47 per cent (1983) of the gross domestic product and employs about 74 per cent (1981) of the population; 64 per cent of total area is under cultivation; 80 per cent of which is under rice and 9 per cent under jute. Bangladesh accounts for about 1/2 of world production of raw jute which is the main foreign exchange earner.

Bhutan is situated in eastern Himalayas, bordered on the east, west and south by India. Its area is about 47,000 sq.km. Its population is estimated at a little over

a million and its capital is Thimpu, Nagultrum is its currency. Indian currency is also legal tender. The area under cultivation is around 5,500 sq.km. The chief products are, rice, millet wheat, barley, maize, cardanom, potatos, orange, apple etc. Although, it is a land-locked and hilly country, abounds in valuable forest. Tourism is the largest source of foreign exchange.

India is the biggest country in the region and situated in the centre of the region. The area of the Indian Union is about 3,288 thousand sq.km. with a population of over 733 million. Though majority of the people are Hindus, nearly 11 per cent of the population are Muslims; 1 per cent Christian. The average per capita GNP is about US \$ 260 (1988). About 70 per cent of the people are dependent on the land for their livelihood. Agriculture provides about 36 per cent (1983) of national income. Commodities account for about 20 per cent by value of Indian export; whereas agricultural commodities and fertilisers account for about 25-30 per cent of total import. Tea accounts for 40 per cent of agricultural exports. Although, industry and manufactures constitute only 26 per cent of total GDP, India has fairly large pool of scientific manpower. It is one of the seven countries in the world having nuclear technology.

Republic of Maldives is an island state situated about 400 miles to the south-west of Sri Lanka, consist of some 2,000 low-lying coral islands (only 220 are inhabited). Its area is 298 sq.km. and its population according to 1978 census is around 143,046. Its capital is Male. The island is covered with coconuts, palme and yield millet and fruits as well as coconut products. The Maldivian economy is based on fishing industry. Bonite (Maldivian fish) is the main export commodity.

The Himalayan kingdom of Nepal is a land-locked state, bounded on the north by Tibet region of China and the east, west and south by India. Its total area is about 141,400 sq.km. Its estimated population is about 15.7 million (1983). Most of them are Hindus. Its average per capita GNP is about 160 US dollar (1983) ,. Its 1/3 is under forest. In the northern side, on the slopes of the Himalayans grows large quantity of medicinal herbs. Agriculture products constitute around 59 per cent of the GNP.

Pakistan is the second biggest country in the region with an area of 804 thousand sq.km. Its population is about 89.7 million (1981 census), most of them are Muslims. Its GNP distribution is fairly equal (27 per cent agriculture; 27 per cent industry; and 40 per cent services). Its entire area in the north-west is covered by great mountain ranges,

but the east of the country is fertile plane watered by big rivers and their tributaries. Nearly 57 per cent of the population is dependent on agriculture. Its average per capita GNP is about US \$390. (1983).

Sri Lanka, another island state, lies on the Southeast of India's state of Tamilnadu. Country's total area is about 65,610 sq.km with a population of 15.4 million (1983). Its average per capita GNP is about 330 US dollars (1982). About 1/3 of country's total area is under cultivation. Gems are among the chief materials mined and exported. Nearly 54 per cent of population is dependent on agriculture while it constitute 27 per cent of total GNP; 59 per cent of its export. Major exports are rubber, tea, coconut etc.

Thus, economically, South Asia is one of the most poverty stricken areas among the Third World countries. With over 950 million population, its share in the world's gross national production (GNP) is less than two per cent. While most of the countries are mainly having agriculture based economy, its share of food grain production is around 12 per cent of the total. Almost every country in the region imports foodgrain; the annual regional bill is around US \$ 800 million. While the region's share in the world export is about US \$ 12 billion. The import bill is more than double (Tables 9-10). If we take a close look at economies of these countries we can see a number of identical

problems. For instance, all the states face the same challenges of low-per-capita income, poverty, mal-nutrition and population explosion, illiteracy etc. On the other hand, they face the problem of under-employment, excessive dependency on agriculture low productivity, unemployment, low industrial growth, unfavourable terms of trade, lack of infrastructure, low level of consumption.² In the World Bank table (1980) the countries of South Asia come close together at the bottom in terms of GNP. Bangladesh at number 126; Nepal at 124; India at 114; Sri Lanka at 113; and Pakistan at 107. It is sufficient to show the general condition of poverty of the South Asia. Yet it is hartening to note that any sort of regional cooperation in real meaning of the term is yet to come in the region. While the most alarming trend in recent years has been the growing burden of defence expenditures. In 1981, it touched 4.5 per cent of the total GNP of the region.

²See for detail, J.S. Uppal, Economic Development in South Asia (New Delhi, 1977), pp.4-43. Also see, CSCD Report on Economic Management and Regional Cooperation, 13-15 July 1983, ICWA, New Delhi. Some of the figures cited here are also from World Development Report 1985, and from facts sheets Basic Fact on South Asia, Indian & Foreign Review, 20 (20), 1-4 August 1983.

CONSTRAINTS FOR REGIONAL COOPERATION IN SOUTH ASIA

Colonial Legacies

Politico-economic history of South Asia is a history of colonial legacies. The Indian subcontinent got its independence in 1947 after two hundred years of British colonial exploitation. The sub-continent also had experienced worst-ever communal schism, communal riot, which subsequently led to the partition of the subcontinent and creation of two states -- India and Pakistan. Its impact was also severe for last three decades, which results in mutual distrust, suspicion and three major wars between India and Pakistan. Bangladesh came into existence in 1971. While two other nations of the subcontinent, Nepal and Bhutan, got independence during the same period in 1947, the two island states, Sri Lanka in 1948 and Maldives in 1965 and became republic in 1968.

Separate Development Strategies in the Region

Keeping in view the diverse nature of the Indian society, the Indian leaders, right from the beginning, adopted Parliamentary Democracy, republican form of government, and nonalignment as a foreign policy choice, without being subjected to any great power's influence, secularism, and planned economic development with emphasis on the policy of self-reliance.

While Pakistan on the other hand, having emerged out of "two nation" theory of Mohamed Ali Jinnah, went for strengthening its Islamic base right from the beginning. Therefore, it could not develop any viable democratic system. The political power passed into the hands of military elite, backed by Muslim fundamentalists, since October 1958, except a short period between 1971 and 1977 (during Bhutto's regime). Political power has remained in hands of military elite. Though initially Pakistan had opted for a nonaligned independent foreign policy, gradually it turned towards West for its security and economic objectives. It became a member of SEATO in 1954. It has always proclaimed pan-Islamism in the international level, and has developed strong identity with Muslim states of Middle East and some South East Asian countries. Its perpetual enmity with India, and search for parity with it, led Pakistan to make friendship with those who are enemies of India. Enemy's enemy is friend remains the main plank of foreign policy of Pakistan. Thus, after Indo-China war, Pakistan developed close relations with China.

India, apart from Sri Lanka, is the only country which has successfully sustained a democratic system in South Asia. The constitution of the country pledges to the people of Sri Lanka a Democratic Socialistic Republic.

But Buddhism remains as state religion. It follows an independent foreign policy and it is a member of the Nonaligned Movement and of the Commonwealth. Despite the fact that it has a lot of difference on ethnic issue and many international issues with its neighbours, particularly with India, it has maintained a friendly relations with all of them. However, the most important thing is that Sri Lanka is more interested to be a member of ASEAN and become the Singapore of South Asia upto 1981.

Bangladesh, a late member of South Asian family also slipped into the hands of military regime, and again become dependent on the foreign-economic assistance. In the hope of getting more economic assistance, it seeks to uphold pan-Islamism. Lately, it has also nourishing anti-Indian feeling due to some differences over the river water disputes and some other allied factors.

Among the peripheral states, Nepal and Bhutan have limited monarchies and Maldives has a Republican form of government. After a brief period of constitutional democracy from 1956-60, under B.P. Kairala, Nepal again turned to a Panchayati democracy under elected priminister-ship of Surya Bahadur Thapa, in 1983. Due to its domestic conflicts, Nepal had some irritents with India. Even now Nepal's proposal of "Indian Ocean as a Zone of Peace" remain as a major difference between India and Nepal.

One of the major consequences of this divergence in their approach to social, economic and political issues, their perception of the major problem of security, strategic, economic and political problems got diversified in the course of years.

Following from the above, the South Asian countries have sharp differences in their perceptions and approaches on the details of major global and regional issues of peace, security, and stability. The pattern of these differences has remained somewhat consistent over a long period of time except some occasional and minor shift in their stands. Accordingly, whereas India has tended to find greater convergence in its perceptions with the Soviet position on many of the global issues other South Asian countries have reflected Western bias in their world views.

Intra-Regional Problems and Indo-centric nature of the Region

One of the major characteristic features of the South Asian region is its Indo-centric nature. This means that India is central to the whole region, with a huge territory (3,288 sq.km.) and population 733.2 million in comparison to others (see Table at the end). This is not only so in terms of India's geographic location and contiguous boundaries with neighbours, but with respect

to socio-cultural identities and the experiences of the historical and political evolution. The commonalities in South Asia are mostly bilateral between India and each of the neighbouring countries, separately and individually. There is a bit of India in every other country of South Asia. There is hardly anything of significance which is common between India's one neighbour and the other. The case of Islamic identity between Pakistan and Bangladesh may be mentioned here, but even then the Pakistani and Bangladeshi Islam are from same Indo-Islamic stock.³

A clear implication of this Indo-centric nature of South Asia is that the issues at the regional level are mainly bilateral and related to India only. And the mode of interaction at the regional level remain mainly bilateral.

At the bilateral level, Indo-Pak relation in the sub-continent has been one of the most antagonistic one. The two countries have undergone three major armed conflicts. The alarming dimensions of nuclear arms race at regional level seems to have now been added to worsen the situation, even if, of late, some steps have been taken from both the sides to ease the tension.

³S.D. Muni, and Anuradh Muni, Regional Cooperation in South Asia (New Delhi, 1984), p.56.

Comparatively minor, but persistent irritants are there between India and other neighbours. Questions of boundary settlement between India and Nepal, India and Bangladesh, problems of settlement of refugees and stateless persons between India and Bangladesh and India and Sri Lanka. Problem of trade and transit, river water distribution etc., may be cited as examples.

Therefore, it is often assertively argued that no meaningful cooperation in the region is possible unless these problems are solved and natural security dilemmas are contained, if not resolved fully.⁴

⁴These arguments hold some element of truth. Those who seek to counter the above argument often cite the example of the economic cooperation between West Germany and the USSR and the USA and the USSR. According to this view, even though the ASEAN countries have broad harmony in their global outlook and mutual threat perception is low, the economic cooperation is very low. But they committed the blunder of adopting wrong analogy in two ways. First, they failed to distinguish between the condition of developed and developing countries, while in case of developed countries, cooperation can be treated as an independent variable. In case of under-developed countries there is a clear case of inter-dependence between security, stability and cooperation. The economy of developing countries is not diversified as it is in the case of developed countries. Any wrong judgement in single sector may be proved to be counter-productive to whole of the system. Therefore, there is a reason to apprehend that threat to security (perceptual/real) effect the process of economic cooperation. Second, they overlook the other constrains which developing countries face in a hostile economic environment.

Contribution of Extra-Regional Factors
to Intra-Regional Divisions

It is one of the most important factor to be considered for Third World regional cooperation. This can work either way in case of Third World countries. Where only one great power involves, it may help in promoting regional cooperation. But where two or more great powers are involved, and compete with each other, it works against the regional cooperation. In case of South Asia the later one is true. However, in both the cases, the main aim of the great powers is to exploit the situation in favour of their strategic and economic interests.⁵ While the volatile

⁵ See, for instance, Technical Assistance, final report of Committee on Foreign Relation (Washington) 12 March 1957, which says:

Technical Assistance is not something to be done as a government enterprise for its own sake or for the sake of others. The US government is not a charitable institution, nor is it an appropriate outlet for the charitable spirit of American people... Technical Assistance is only one of the number of instruments available to the US to carry out its foreign policy and to promote international interest abroad... these tools of foreign policy include economic aid, military assistance, security treaties overseas information programme. Participation in the UN and other international organizations... etc.

Cited in Tariq Ali, "Can Pakistan Survive?" The Death of a Nation (London, 1982), p.51.

situation of South Asia, especially the Indo-Pakistan conflict over Kashmir issue, provided good opportunity for USA, and the USSR, to stretch their strategic interest into South Asia, and later, aid and other economic and technical assistance have also started flowing into the region from different sources, with their economic philosophies and moorings. The role of IMF and the donar's club (Aid Consortium) is very important in this respect. Generous flow from the World Bank and the Western economic sources to countries like Pakistan, Bangladesh (since 1975) and lately to Sri Lanka led to growth of "dependent capitalism" and authoritarian politics in this region.⁶ While on the other hand after Indo-Soviet treaty of 1971, India became close to the Soviet Union.

One of the major impact of such development is that, political and economic interest groups of these countries have developed such entrenched vested interests that thrive on linkages with greater power and other extra-

⁶For elaboration of this idea, see, for example, Gustav F. Papanek, *Pakistan's Development: Social Goals and Private Incentives*, (Harvard University Press, 1966). *The Crisis of External Dependence: The Political Economy of foreign aid to Bangladesh* (University Press Ltd., Dhaka, 1982).

regional sources. These interests resist any move including regional cooperation that would tend to undermine and weaken their position. Trade is one of the major areas where such conflict of interest is clearly evident. The statistics speak for itself. While the total regional export is 28 billion dollars in 1978-79, out of it 1 billion constitute regional export. Intra-regional imports out of the total imports of 37.5 billion dollars (US) are even less in proportion. Whereas Pakistan deliberately kept the Indian goods out of its markets. Bangladesh and India both compete with each other in jute and tea exports.

Transnational Corporations (TNCs)

Another major factor creating difficulties in the way of regional economic cooperation is the multinational corporations. Often South Asian countries do sign collaboration agreements with the same companies in Europe and America in the similar field of manufactures. And most of these agreements contain clauses which prohibit cooperations between the recipient of the same technology. Most of the multi-nationals have definite policy of discouraging, such economic cooperations to maintain their hold on each country individually.

Notwithstanding the present lopsided nature of existing trade pattern among South Asian countries, some analysts feel that once the process of cooperation starts, then automatically, sense of shared interests and complementarity will follow thereafter. The example of EEC has proved this fact, which has both complementarity as well as competitiveness among themselves. But one of the major factor is the development of sense of shared interest among the people and among the countries forming the organization. It is in this sphere that South Asia is lagging behind.

Lack of Intra-structural Facilities

It is sheer a colonial legacy that the South Asian countries do not have well developed communication linkages within the region. Nor it has transport facilities. Transport within the region is costlier than transportation of goods to any Western countries. Even it does not have sufficient banking facilities and financial institutions for easy exchange of shares. Thus the overall hegemony of North dominated global economy, particularly in the field of currency banking, communication, information control, technological know-how which impedes South Asian regional cooperation through all these years. Though South Asia is ethnically and culturally homogeneous, the countries within

it remained as stranger to each other due to lack of information and communication.⁷

South Asian Power Configuration

A major obstacle, in the way of South Asian regional cooperation, is the South Asian power configuration -- India on the one hand the rest on the other. India stands as a giant power in the middle. So without India there can be no regional cooperation.

However, while being a regional power of consequence, India is still politically militarily and economically not sufficiently powerful in South Asia. India may be a regional power but not a world power industrially or otherwise. This duality of India's power status in South Asia has given rise to two types of mutually incompatible fears and apprehensions. India because of its limitations and past experiences, suspicious of any regional cooperation move inside the region. It apprehends that the neighbours might have evolved United strategy which may affect its vital interests. While the others perceive individually and collectively that India might attempt to dominant the region.⁸

⁷I.N. Mukherjee, "SARC, Economic Constraints and Potentialities", JNU seminar background paper on SARC, New Delhi, 1985.

⁸Muni and Muni, n.3, p.57.

Although fears and apprehensions of smaller states, vis-a-vis, India are natural and unavoidable these have often been exaggerated and deliberately played up to serve narrow objectives of political and economic by the vested interest groups.

In fact, the threat perception of a country in relation to others is the product of partly perceptions of the regimes and elite groups. Therefore, it has been argued that it is due to lack of personal rapport among the individual rulers. But here again relations between regime is also a factor of limited significance because right from the beginning, there was no lack of personal rapport between rulers mainly during Indira Gandhi period and Nehru period also. Nehru had good contact with B.P. Kairala of Nepal; S.W.R.D. Bandaranaike of Sri Lanka. Indira Gandhi had also contact with Sheikh Muzibur Rahman of Bangladesh, Z.A. Bhutto of Pakistan.

Thus the lack of regional cooperation in South Asia is due to various factors ranging from animosity and suspicion between the nations of South Asia to the most general disabilities of Third World countries like lack of communication, transportation, banking facilities etc. Moreover, there is an overall dominance of North over South which restricts the scope for greater regional interaction.

Above all, the systemic and strategic divergence among them and relative power disparity between them has a lot to explain the lack of regional cooperation. However, it does not mean that South Asian countries do not have potentials and opportunities to cooperate among themselves for economic development. They have a lot of scope for cooperation among themselves, which we will discuss in the following pages.

Scope for Regional Cooperation

Given the present economic condition of South Asian states the rationale for regional cooperation can hardly be overstressed.

South Asian economies are facing a developmental crisis of unprecedented magnitude arising both from the global environment and the domestic setting. The crisis is unprecedented despite a variety of economic achievement, because it is not the regime alone which is at stake but entire South Asian system.⁹

Secondly, in relation to global economy all the South

⁹Girijesh Pant, "Gains from Regional Economic Cooperation", Mainstream, 30 November 1985, pp.48-50.

Asian countries are placed at a critical juncture. The three indicators namely balance of payments and trade account; debt liabilities; and prospect of foreign capital mainly concession finance, i.e., aid are sufficient to suggest the vulnerability, not dependency alone, of the region to global economic fluctuations (see Tables 11-12).

Thirdly, exports enable an economy to add to its purchasing power, to finance its development needs. But South Asian exports are increasingly losing the capability to meet import obligations. In the case of countries like Pakistan, Bangladesh and Sri Lanka, export accounts for only 50-60 per cent of imports, which means half of the requirement of these countries has to be obtained from other sources. In case of Nepal, exports provide for only 20 per cent of its import needs. Though the situation in case of India is relatively better, for India's exports cater for about 70 per cent of import bill. However, the situation is fast changing due to import liberalization in the new economic policy. A similar trend can be seen in Sri Lanka too.

Fourthly, future prospects are no better, for the world trade regime is not likely to be buoyant enough to give a boost in export of the leading products of South Asian countries. In fact as pointed out by the

World Bank itself, economic recovery has not been helpful to primary goods exporters. "The high real exchange value of the dollar has contributed to depressing the primary commodity prices in terms of purchasing power over goods imported for USA and industrial countries."¹⁰ And primary commodities constitute major export items of the South Asian countries. In case of Nepal these amount to 72 per cent; Bangladesh 36 per cent; Sri Lanka 59 per cent; Pakistan 34 per cent; and India 33 per cent.

Lastly, the problem is likely to be compounded further by the emerging trend in technology development which is likely to upset to "comparative advantage of developing countries by taking away significance of cheap labour", based on production sites and production cycles.¹¹

The obvious inference from these factors is that a regional approach will be relevant. Not as an alternative to global and domestic solutions but in providing scope to minimise the impact of adverse global trend and meet domestic needs.

At the domestic level, perhaps the most serious issue which South Asian economies are facing is the

¹⁰Ibid., p.48.

¹¹Ibid.

exhaustion of their development model, whether based on the strength of private sector or a blending of private and public sector. Some of these economies have even tried their luck by alternating their strategies. The irony with South Asian economies is that their private sector is not able to face the challenges of development on its own. It needs state support as well as foreign collaboration. It has not been able to provide a cohesive market for the domestic economies nor it can withstand external competitions. At the same time the global environment is no more conducive.

On the other hand security challenges have increased, from within the system. It is difficult to find a rationale for the mounting military expenditure which is fast growing (see Table). On the contrary perceptions seem to be gaining ground that outbreak of hostilities might erode legitimacy of governments in South Asia and therefore the governments in the region are displaying a greater desire for peace and settlement.

Moreover, with the increasing cost of weapons it is very difficult for ruling governments to sustain an arms race in the region despite the fact that the country like Pakistan and India are getting arms from USA and USSR respectively. But for every deal there is a financial cost as well as political cost in relation to the supplier, whether it is USA or USSR.

Thus a regional framework as an instrument to ease tension and thereby reduce arms purchase and shave resources, will be a positive developmental influence.

However, it will be misleading to accept that a regional grouping will necessarily and automatically contribute to development and regional self-reliance. For, it is, on the other hand, correspond to various factors including interests, ideologies, policy coordinations, and complementarities of economies etc.

Opportunities

Otherwise, there are tremendous potentialities for regional cooperation which exist in both economic and socio-cultural fields, inspite of wide-ranging debate among scholars about the viability and scope.¹² As some analysts have marked the economies of the states of South Asia were by and large complementary in the colonial period. Though they have lost it in course of time to some extent, it can be developed again. It has been marked above a number of identical problems that the countries of South Asian region are facing. In the area of development plans of these states we can notice a number of similarities.

¹²See, for example, G.N. Seetaram, "Limits to South Asian Cooperation", Mainstream, 14 April 1984.

These have been ably summed up in the Indian Planning Commission in the Second Five Year Plan in the following words:

The development plans are intended to accelerate the institutional changes needed to make the economy more dynamic and more progressive in term no less of social than economic ends. Development is a continuous process, it touches all aspects of community life and has to be viewed comprehensively. Economic planning thus extends itself into extra-economic spheres, educational, social and cultural. (13)

The major problem before the planners in these countries is how to tackle the desperate economic plight of their teeming millions. Although three decades of planning has resulted in some increase in national income, the creation of infrastructure and the development of human capitals, Its desired goal could not be achieved due to smallness of domestic economy, and unhelpful international economic system. All these economic constraints provided significant ground for the countries of South Asia to join hands in pushing the ideas of regional cooperation.

¹³ Government of India, Planning Commission, The Second Five Year Plan, 1955-60 (New Delhi, 1956), p.3.

The geographic and economic predicament of individual country in South Asia taken separately also provide good reason for regional cooperation. Except some common problems, their economies have common features, e.g., all these countries have agricultural based economies, newly growing industries, all of them have same climate etc. Therefore, their agricultural products are more or less same. Again, they are mainly exporters of primary goods, agricultural products. Therefore, any competition among themselves is equally harmful to all. They are also equally dependent on the Western countries for technology, aid and trade. All these countries also face debt problem. The export performances of these nations, whether of primary goods or manufacture products, has been disappointing. Moreover, policies of "import substitution" on the basis of narrow national markets have also proved unsatisfactory.¹⁴ The best option open is to cooperate each other in order to avoid in-fighting and harmful competition.

Even the striking difference in economies of the countries of the South Asia compels them to cooperate with each other if they really desire to achieve economic development. Among the seven countries of South Asia,

¹⁴Abybur Rahman, *Bhuvan Economic Integration in South Asia: An Exploration Study* (Dhaka, 1979), p.35.

Nepal and Bhutan are two land-locked states and least developed countries. Their terrain is mostly hills and valleys, and therefore, even development of substantial volume of agriculture does not appear to be easy. A small domestic market makes the development of industry difficult. Building up an export oriented industry is not easy without infrastructure and skill of high order. It is again also dependent on India for transit route and also for market. Therefore, Nepal and Bhutan's dependence for external resources is very large.

But in terms of hydro-electrical potentials, Nepal is next only to the Burma in the world. If Nepalese river basins are developed and potentials are harnessed, it is possible to create a vast infra-structure for industrial development. A carefully planned irrigation programme may accelerate agricultural development in the whole of the north-eastern belt of the subcontinent. It has also large deposits of Himalayan resources.

Bangladesh is a small, resource constrained economy. The heavy population pressure and the use of large area for growing jute make it necessary to import even food. Raw jute and jute products are its principal exports. Its neighbour India is also an exporter of jute, who together export 90 per cent of the total. Therefore,

it is essential for them to make jute cartel, for a better price. Of course, it may not be effective like petroleum or Bauxite, but it will definitely yield some results. Market of jute is both volatile and stagnant, face competition from synthetics like polypropilene. Therefore, the task of development appears formidable. Industrialization has to be achieved within the constraints of small economy. Therefore, its dependence on aid, food import and inflow of capital is also heavy. But it has a tremendous potentiality to provide market for other countries.

Sri Lanka and Maldives are two island economies dominated by export sectors. Sri Lanka is a major exporter of tea, rubber and coconut. But import of machinaries, and other manufactured goods, which is more than exports, due to its large dependence on the external sector and the small size of the internal market have created several problems. But both the island States have large potential of sea-bed resources which can be harnessed to achieve economic development.

On the other hand, India and Pakistan are slightly better positioned, in comparison with others. These two countries taken together have substantial potential in terms of markets, industries and skilled manpower. They have also fairly developed agricultural sectors. Their dependence on primary export product is also much less.

However, both India and Pakistan are exporters of cotton, textiles, leather. Tea and coffee are also major exports of India. But one of the major problem between these two countries is age old rivalry and cut-throat competition in both the fields — political and economic. No doubt, cooperation between these not only help them to build a solid front, vis-a-vis north, but also help to build a congenial atmosphere, that would stop arms race between these two and give them opportunity to direct huge resources for development programme.

Inspite of their advantage, there are a lot of regions inside India and Pakistan which are still under-developed. There is also Indo-Gangetic river system which can be developed for the purpose of transport, communication and irrigation purposes.

According to one study the probable effects of cooperative efforts in South Asia on intra-regional trade and industrialization have been found salutary both in static and dynamic framework.¹⁵ This study indicates that "all countries of the region, big or small, would reap the advantage of "market enlargement". The market enlargement will "permit the efficient establishment of

¹⁵Ibid., p.176.

new capacity in "manufacturing industries" and will ensure "considerable economies of scale". There will also be the efficiency, inducing, effects of the competition generated by the wider regional market." This enlargement of market has significant implications for the supply side as well, since it may "directly or indirectly improve the region's resource supply position" through coordination, of industrial activities and prevention of the waste of scarce materials investible resources.¹⁶

Thus broad areas of cooperation can be identified in fields like trade; agriculture; infrastructure; energy. It also covers political, social and cultural fields.

Trade is a fertile ground for cooperation which can give boost to so many other things like market promotion, industry, joint ventures, commodity stabilisation programmes etc. (for comprehensive idea on intra-regional trade, see Annexure II). Trade among South Asian countries over the last decade has not shown much buoyancy. One major hitch in expanding the flow of intra-regional trade seems to be lopsided nature of the existing South Asian trade. All the South Asian countries suffer an adverse balance of payments with India (see Table). The only exception is

¹⁶Ibid., pp.177-79.

Pakistan because of its protectionist policy against India. An answer to this problem lies in undertaking "Joint Ventures" in neighbouring countries which possess abundance of raw materials and buying back the surplus. It not only facilitates transfer of technology, but also opens up the opportunity of employment and more regulation of market. For instance, joint ventures can be started in Nepal and Bhutan for cement; in Bangladesh for paper and natural gas; and Sri Lanka for rubber goods. Thus it will not only improve the balance of payment situation of these small countries but also improve trade and industrialization in these countries. India has already attained a level of technological development and managerial expertise which can be shared by other South Asian countries profitably. In turn, India can get these products in soft term, otherwise, which it would have imported from outside with high cost (Annexure III gives a clear picture of possible areas of joint venture).

The other area where South Asia can cooperate is in the field of harnessing its resources of hydro-electrical powers. It can give these countries a major support in the field of energy. One study has estimated the potential and the rivers of Nepal only is considered to be of the tune of 8300 MW, which is approximately equal to combined capacity of Canada, the US and Mexico.

A regional perspective on the sharing of river waters may also take into account the question of harnessing the irrigation potential of these rivers. Irrigation along with the new agricultural techniques and methods, particularly in the fields of food grain production constitute vital areas for present and future needs.

Exploitation of seabed resources of India, Sri Lanka, Bangladesh, Pakistan and Maldives is another area where wider cooperation in the region is possible and desirable.

Natural gas might offer yet another area for cooperation between India and Bangladesh. Natural gas is the most important energy source which Bangladesh possesses. It is estimated that present reserve is about ten trillion cubic feet.

The scope of regional cooperation in the field of socio-cultural activities is no less promising. Keeping in view the great tradition of the subcontinent, it is true, that "tourism" can be built up as a profitable industry among South Asian countries. Even the specific subjects like films, cultural exchange, regional games, and sports, cooperation in fine arts, literature, handicrafts also formed very fertile ground for cooperation. It not only can support trade, but also increase the people to people

cooperation and help in reducing age old misgivings within the region.

The scope for regional interaction in the field of education and scientific research is indeed very vast. By arranging regional seminars, symposia, and collective research programmes not only facilitate exchange of knowledge about regions but also can form the solid ground for further regional cooperation in other fields.

Thus, to sum up we have observed despite a lot of obstacles and constraints, South Asia does have good opportunities in the field of economic and social and cultural fields for a fruitful regional cooperation. In fact the Committee on Studies on Cooperation for Development in South Asia (CSCD) has covered as many as eight broad areas, namely, development strategies; organization of regional cooperation; trade and finances; development of natural resources and environment; intra-structural development; food, agricultural and rural development; human resources development and social services and rural industry. Naturally, some studies explore the ground more fully than the others. There are important areas which have been barely touched so

far in CSCD's work for instance, education, tourism and "improvement in and comparability of statistics." Significant beginnings have been made in this respect, which we will take up in the next chapter. However, quite naturally growth of regional cooperation in South Asia will continue to depend in a crucial degree on the sense of confidence that each country feels in respect of its national unity and national security. The non-economic factors of the regional cooperation constitute an important part of the reality of regional cooperation.

Chapter III

LAUNCHING OF SARC: AN ASSESSMENT OF THE PROGRESS

In this chapter an attempt is made to throw a glance on past moves and initiatives concerning South Asian Regional Cooperation (SARC). It would help us in appreciating the move of Bangladesh and progress that has been made thereafter.

Earlier initiative concerning South Asia and Developments

"Asian Regionalism", in its earliest form, can be traced back to the early 1940s, from the Japanese slogan "Asia for Asians". The motivation behind this, however, was imperialistic. It became clear before, and during the Second World War, from Japanese policy towards China, Indonesia, Indo-China and Burma.

However, the leaders of pre-independent India were particularly enthusiastic about mobilising support from other Asian countries for their independence movement as well as building a movement for Asian resurgence.¹

¹See, Jawaharlal Nehru, Autobiography (London, 1940); Bimal Prasad, Origins of India's Foreign Policy (Calcutta, 1980); and Sisir Gupta, India and Regional Integration in Asia, (Bombay, 1964).

Therefore, they were signatories to the Manifesto of the Asiatic Delegations at Paris (Beirville) Congress for Peace held in August 1926, in which it was said: "Let China, India and the rest of the Asia be free. Then you would build up a family of free people willing to live together in cooperation and more than that, you would have eliminated the most potent causes of war."²

The idea of a wider Asian Federation of regional grouping in some form or other was expressed in the Indian National Congress from time to time and a resolution to this effect was adopted as early as in 1935.³ However, in more specific manner Nehru stated in 1945: "I stand for a South Asian federation of India, Iran, Iraq, Afghanistan and Burma."⁴ In September 1945, the All India Congress Committee in a resolution on Asian cooperation said: "A free India will inevitably seek the close and friendly association with her neighbouring countries and would especially seek to develop common policies with China, Burma, Malaysia, Indonesia and Ceylone as well as the countries

²S.D. Muni, and Anuradha Muni, Regional Cooperation in South Asia (New Delhi, 1984), p.10.

³Bimal Prasad, Origin of India's Foreign Policy (Calcutta, 1980), pp 63-70.

⁴As quoted in J.S. Bright (ed.), Before and After Independence (Collection of Nehru's Speeches, 1922-50), (New Delhi, 1950).

of the Middle-East.⁵

The above statements show the attitudes of the leaders of independence movement in the subcontinent towards regional cooperation, though hardly we can see anything concrete in terms of regional cooperation for development except a sense of Asian brotherhood, among colonized Asian nations who were struggling against their colonial masters. Even then very small countries like Nepal, Bhutan and Maldives did not figure in their thinking because, as they were not considered to be viable and effective on their own. Though most of the leaders shared this view, nevertheless difference of opinion and preferences were evident among themselves. Muslim leaders had shown a particular preference for India forging closer links with the Muslim countries of the West Asia while the Muslim League picked in the idea and pursued it subsequently. Therefore, it dissociated itself from Asian relations conference called by Nehru in New Delhi in March 1947. Because this was considered as a "thinly disguised attempt on the part of Hindu Congress to boost itself politically as the prospective

⁵ Prasad, N.3, P. 67

leader of Asiatic peoples"⁶. And Pakistan, after its coming into being organized political and economic conferences of the Muslim countries and attempted to build up a Pan-Islamic Movement.⁶

After getting independence, several attempts have been made to attain regionalism among South and South-East Asian countries. Of these conferences, the Asian Relations Conference held in New Delhi in March 1947⁷ Conference on Indonesia, January 1949, New Delhi⁸ Baguio Conference held in Baguio (Philippines) in January 1950⁹, Colombo

⁶On Pakistan's attitude towards regional integration in Asia, see, Sisir Gupta, India and Regional Integration in Asia (Bombay, 1964), Appendix, pp.121-28, see also Prasad, n.3, pp.69-72.

⁷The participants are Afghanistan, Bhutan, Burma, Sri Lanka, China, India, Indonesia, Malaya, Nepal, Mongolia, Siam, Tibet, Turkey, Vietnam, Egypt, Palestinians and Soviet Central Republics, discussed about freedom movement in Asia, racial problems, inter-racial migration cultural affairs, agriculture and industry.

⁸Participants are Afghanistan, Australia, Bhutan, Burma, Sri Lanka, Nepal, Egypt, Ethiopia, India, Iraq, Iran, the Philippines, Saudi Arabia, Syria, Yemen, Pakistan, China, Nepal, and Thailand.

⁹Participants are Australia, Sri Lanka, United Kingdom, Canada, Thailand and Indonesia, discussed about economic and cultural cooperation in Asia, collective security in Asia.

Powers conference held in Colombo in April 1954.¹⁰
 Afro-Asian conference held in Bandung in April 1955,¹¹
 and Simla conference held in May 1955¹² were significant.
 It was, however, only the Colombo Powers conference which
 had majority participation of South Asian countries.
 This early phase came to an end in 1955 with particular
 reference to South Asia, though similar attempts continued
 elsewhere in Asia during the 1960s.

However, one thing very clear about these attempts
 of regionalism in Asia is that there was a lack of clarity
 and precision about the region that was to be evolved into
 a viable grouping for common purposes, as is evident from

¹⁰ Participants are Sri Lanka, Burma, India, Indonesia, and Pakistan, discussed about Indo-China and other Asian crisis, Hydrogen Bomb, Economic Cooperation.

¹¹ Participants are Afghanistan, Burma, Cambodia (Kampuchea), Central African Federation, Sri Lanka, China, Egypt, Ethiopia, Gold Coast, India, Indonesia, Iran, Iraq, Japan, Jordan, Laos, Lebanon, Siberia, Libya, Nepal, Pakistan, the Philippines, Saudi Arabia, Syria, Thailand, Sudan, Turkey, Vietnam, North and South Yeman, discussed about economic and cultural cooperation inter alia with other things.

¹² Participants are India, Cambodia (Kampuchea), Indonesia, Laos, Japan, Nepal, Pakistan, the Philippines, Thailand, Vietnam (South), Malaya and Singapore. They discussed about utilization of US special allocation of US \$200 million.

the geographical diversity and variations of the participating countries at these conferences. It is also clearly marked from Nehru's statement after the Conference on Indonesia in Indian Parliament on 8 March 1949:

We have not yet decided what the region of cooperation might be, because, as I said a little while ago, India is interested in several regions of Asia. Whether all should be grouped together or separately, we do not know. That is for us to consider together and to decide which is more feasible.

Nevertheless, the idea of permanent organizational structure was mooted by Sri Lanka's S.W.R.D. Bandaranaike and the then Indian Prime Minister, Nehru. Even draft constitution for such an organization was prepared by Bandaranaike and Krishna Menon. It was considerably watered down and the Asian Relations Organization "continued a precarious existence as a non-official organization until 1957, when it was quietly dissolved."¹³

Secondly, it seemed that the leaders of Asian countries were bit enthusiastic about regionalism. Either they might

¹³ Gupta, n.6, p.37.

have been influenced by the Western experience¹⁴ or they were very much keen to project themselves as the leader of Asian land. It is a fact that the second Asian Relations Conference in Nanking (China) in 1949, could not be held due to diplomatic rivalry between China and India. The elements of this rivalry were clearly evident also at the Asian Relations Conference in New Delhi (1947) and Bandung Conference (1955).¹⁵

Thirdly, while it was widely believed that these conferences were directly or indirectly related to politico-strategic preoccupations of the great powers.

¹⁴Jawaharlal Nehru in one of his speeches observed "The Americans have already recognized a certain community of interests and have created Machinery for the protection and promotion of common interests. A similar movement is in progress in Europe. Is it not unnatural that the free countries of Asia should begin to think some more permanent arrangement than this conference for effective mutual consultation and concerted effort in pursuit of common aims -- not in the spirit of selfishness or hostility to any other nations or group of nations but in order to strengthen and bring near fulfilment of the Charter of the United Nations, see, India, Jawaharlal Nehru's Speeches, 1946-49 (New Delhi, 1949), p.329.

¹⁵See for details, Sisir Gupta, India and Regional Integration in Asia (Bombay, 1964), also see, Werner Levi, Free India in Asia, Mznneapolis, University of Minesota, 1952.

The Great Powers were very active in some cases from behind the scene (Baguio, and Colombo conferences); their associations with the Colombo Plan and the Simla conferences were direct and open.¹⁶ Thus the cold war was on its way into Asia.

Lastly, though the Economic aspects of cooperation figured in these conferences, those were only casual and without much success. None of these proposals were seriously and sincerely pursued after the conference was over. It was rather a story of infighting among the Asian countries than of any fruitful cooperation. In fact the majority of Asian nations did not like the leadership of either India or China; they were very much suspicious about their intentions.

As noted above, the first series of regionalism initiatives involving the South Asian nations almost came to an end in 1955, with the introduction of the cold war in Asia. South Asian countries at large kept away from any direct participation in any military alliance sponsored by the great powers. The only exception was Pakistan who was

¹⁶For example, in this aspect John Kotelawale has given a beautiful description, see John Kotelawala, An Asian Priminister Story (London, 1956), p.124.

a member of both SEATO (1954) and CENTO (1955). Pakistan had also experienced a regional arrangement called RCD (1966) with Iran, Iraq. Though Pakistan tried to explain its membership as an attempt to reduce dependence on the West, the other members of RCD, did not quite share this view. It is also a fact that all these members were participants in the US led military pacts such as CENTO, and SEATO. However, Iran was very much keen to extend the RCD to include India and Afghanistan. But Pakistan was not enthusiastic to involve India and Afghanistan, two of its traditional hostile neighbours. India too considered it undesirable to join in a grouping like RCD which in politico-strategic terms was a stooge of the USA.¹⁷

Another important development came through the United Nations and its specialized agencies by the end of the 60s, with the growth of wide consciousness among the Third World countries, as we have discussed in the previous chapter. In the early 60s ECAFE (now ESCAP) took some significant initiatives in giving substance to the idea of regional economic cooperations. These included the creation of a series of Asian institutions Asian

¹⁷see The Times of India, 5 and 14 January 1969, "The Saha of Iran Made this proposal on his 12 day long visit to India on 4 January 1969."

Development Bank (ADB), Asian Clearing Union, and institutions devoted to study and training in different areas of development; development of a number of projects (Asian Highway, Mekong, and others) and explorations of expert and policy levels of problems of trade liberalization, plan harmonization, industrialization, monetary cooperation, and planning techniques. These contributions provided a useful setting as well as a major guideline for the development of cooperation in South Asia.

Though the idea of regional cooperation did not pick up immediate momentum in South Asia, generally improved political atmosphere in the subcontinent in the 70s, proved conducive for the same. Of particular interest to us here is that with these global compulsions and allied developments, there were important changes in South Asia that helped in creating favourable atmosphere for regional cooperation initiatives. Politically, the South Asian Statesystem was radically altered with the emergence of Bangladesh in 1971 and the Simla Agreement (July 1972), between India and Pakistan following the war between the two. It was during this time that good regime rapport was established between New Delhi and Islamabad; New Delhi and Dhaka; and New Delhi and Colombo. The long standing issue of the ownership of Kachchativu between India and Sri Lanka was

resolved (1974). During this period Afghanistan also seemed to be responsive to a greater regional cooperation actions with South Asia. It took the initiative to hold a regional conference in transport. It was during this period that the highway project for India-Pakistan-Afghanistan-Iran sector was cleared by ECAFE. South Asian meeting on employment strategies and regional travel and tourism respectively in February and March 1976, were also important events in this respect.

But this initiatives received a serious jolt with sudden regime changes in the four of the South Asian countries. Mrs Gandhi was voted out of power in India, a new regime of Janata Party came in (1977); Bhutto was overthrown by a military coup (1977); military seized power in Bangladesh (1975); in Sri Lanka Mrs Bandaranaike's government was replaced by the United National Party (UNP) led by J.R. Jayawardene (1977).

However, some analysts argue that even during this period (1975-80) there were clear political compulsions -- domestic and external -- on these new regimes for regional cooperation. They also claim that these regimes had some common ideological orientations (pro-Western in their global view) which virtually worked as a contributory force for

greater regional harmony.¹⁸ According to this view, another very significant conducive factor in this regard was the interest shown by the Western powers in encouraging cooperation relations in South Asia. The US President Jimmy Carter and the British Prime Minister Callaghan visited India, Pakistan and Bangladesh in January 1978, after the regime change in South Asia. These Western leaders talked of peace, amity and cooperation in the South Asian countries. They made specific offers of economic help if South Asian countries could work out multilateral cooperative projects such as harnessing water resources of the Ganges and the Brahmaputra rivers by India, Nepal, Bangladesh and China.¹⁹

Apart from these political factors, the economic crisis was deepening in South Asia. In 1974-75 the real growth rates touched a new low of 2.2 per cent as against population growth of 2.4 per cent. It became extremely

¹⁸For example, see, "Political Imperative and the SARC" by S.D. Muni, paper presented to the SARC Seminar organized by South Asia Division, SIS, JNU. For more details see, his book, Regional Cooperation in South Asia (New Delhi, 1984), pp.2-20.

¹⁹For the text of speech of the President Carter, see, Foreign Affairs Record, Ministry of External Affairs, New Delhi, January 1978, pp.33-37.

difficult for South Asian countries to sustain the growth rate of food production even at the level of 2 per cent and this situation continued through 1978.²⁰ Again, the impact of the "second oil shock" in 1979-80 further dampened the economic outlook, since all of these countries are oil-importing countries.

As a result of the combined impact of all the conducive factors, a sort of regional approach was evident in many ways among the South Asian countries since the middle of 1977. The Foreign Minister of Bangladesh paid a visit to Sri Lanka in November 1977 after the UNP government's coming to power, the Sri Lankan Foreign Minister Hameed, in his talk, called for an Asian Common Market. Both the ministers were of the view that greater economic cooperation in the South and Southeast Asian regions was necessary not only in the interests of the millions in the region but also for easing of tension in the area.²¹ Even King Birendra of Nepal, while inaugurating the Colombo plan Consultative Meeting in Kathmandu in December 1977 urged for cooperation among Asian countries such as Nepal, China, Bhutan and Bangladesh.²² Again, the same concern was

²⁰World Bank figures are quoted by The Times of India 2 September 1978.

²¹Ceylon Daily News, 17, 18, 19 November 1977.

²²The Times of India, 7 December 1977.

expressed by the Sri Lankan President Jayewardene, during the visit of President of Singapore, Lee Kuan, on 20 April 1978. On the other hand, the Janata Government of India was pursuing a policy of "beneficial bilateralism". Among other things, Salal Dam agreement with Pakistan, Farakka water sharing agreement with Bangladesh, new trade and transit treaties with Nepal and accords on matters relating to trade and joint ventures with Bhutan and Sri Lanka were mentioned as the achievements of this policy.²³

Even at the UN and international conferences, South Asian countries began to have more mutual consultations and contacts on the various economic issues of common interest. It was against the background of the above mentioned developments that the Bangladesh initiative for setting up of a forum for regional cooperation South Asia was taken. One thing is clear about the earlier initiatives: until the Bangladesh proposal, there was hardly any initiative, which truly reflected the regional prospect; rather those were unclear about the real parameter of the South Asian region. In most of the cases, either China or South-East Asian or Central Asian countries figured prominently. And the

²³For a critical evaluation of India's beneficial bilateralism, see, S.D. Muni, "India's Beneficial Bilateralism in South Asia", India Quarterly, vol.34, no.4, December 1979, pp.417-33.

handling of the matters was mostly bilateral. There was hardly anything multilateral or regional in the true sense of the term.

Bangladesh Proposal

The late President Zia-ur-Rahman of Bangladesh made a proposal for a summit meeting of the leaders of seven South Asian countries in May 1980. The purpose of such summit was to "explore the possibilities of establishing a framework for regional cooperation." It was really the first such attempt for regional (Multilateral) cooperation among seven South Asian countries without any direct involvement of outside power. President Zia particularly had made a very forceful plea in favour of regional cooperation. According to him, such cooperation was taking place in all the regions of the world, in particular the Third World. The rationale for this in South Asia lay in the fact that "the countries of South Asia have many common values that are rooted in their social, ethnic, cultural and historical traditions. Perceptions about certain specific events or political situations of the world may differ but such differences do not seem to create a gulf between them that can not be bridged."²⁴

²⁴Muni and Muni, n.6, p.30.

As it has been noted above, it seems, the Government of Bangladesh was working on the idea for nearly two to three years, before giving it a concrete shape and announcing it. The issue was discussed with the Indian leaders when the Bangladesh President visited India in December 1977. In January 1978, during the visit of King Birendra of Nepal to Bangladesh, President Zia, welcomed the King's call for close regional cooperation made by him a month earlier. He underlined the area of sharing river waters in particular for such cooperation.²⁵ It seems that the Bangladesh Government gave the final shape to this proposal after visiting Sri Lanka in November 1979. It was also conveyed to the late Prime Minister of India, Mrs Gandhi after her come back to power in January 1980 before he made it public in May 1980.

Initially the proposal got a mixed response, a sort of cautious acceptance, from the South Asian countries. While Nepal, Sri Lanka, Maldives and Bhutan promptly endorsed the idea, India and Pakistan, on the other hand, expressed some reservations though they did not outrightly reject the idea. For this the timing of the proposal has a lot to explain.

²⁵The Bangladesh Times, 13-14 January 1978.

It was the period when the second cold war had set afoot, near home South Asia. The most important was the development in Afghanistan, where the Soviet military intervention suddenly enhanced the strategic significance and the security concerns of the countries of the region. American military assistance was poured into Pakistan generously. This was also the time when India experienced isolation in the region on some vital world issues of its concern namely Afghanistan, Kampuchea and the Indian Ocean. On all these issues, India's position was contrary to that of its neighbours. It was also the time when Mrs Gandhi had just returned to power after about two years gap. All these factors helped formulate India's perception at that time. Therefore, New Delhi saw in the proposal a concerted attempt by the neighbours to isolate India on global issues and contain India's position in South Asia by putting pressures on it in order to improve their bargaining positions in relation to bilateral and regional issues. In a statement, India's then Foreign Minister, Narasimha Rao observed in Indian Parliament: "The proposal of summit level meeting as the first step for initiating regional cooperation without any ground work done sounded unrealistically ambitious to the Indian side."²⁶

²⁶The Statesman, 26 March 1981, India's Foreign Minister Narasimha Rao's statement in Parliament on 25 March 1981.

Besides this two other factors which further strengthen the Indian conviction are: (a) high priority to the political and strategic objectives and the concern for the "peace stability and security"; and (b) the suspected involvement of the super powers, particularly Western support and approval behind the move.²⁷

On the other hand Pakistan was fearful that any move for regional cooperation perhaps would lead to dominance of India over the region both in economic and

²⁷The proposal was incidentally coincided with the US objective of building up of a "cooperative regional security framework", in South Asia and South-west Asian region which was disclosed in the state of Union address of President Carter on 23 January 1980. The Soviet military move in Afghanistan naturally provided the immediate rationale for this approach. This approach was explained by the Secretary of State Cyrus Vance and National Security Adviser to the President, Zbirew Brezezinski. Both Brezezinski and Deputy Secretary of State, Warren Christopher, visited Pakistan and made an offer of US arms and other assistance to help Pakistan to meet the situation arising out of Soviet military presence in Afghanistan. Almost simultaneously President Carter sent Clark Clifford, a former Secretary of Defence, as his personal emissary to India to take stock of the situation. Clifford persuaded India to evolve a regional approach with Pakistan "to the fundamentally changed" situation which the whole region was faced.

political fields. Accordingly, Pakistan became afraid of losing its political stance in the subcontinent by joining this move of regional cooperation without resolving its bilateral issues with India. A leading daily of Pakistan observed:

The absence of serious bilateral conflicts and the existence of a sense of common political purpose are two essential starting points for an undertaking aimed at regional cooperations... If Bangladesh idea is any thing other than informal forum for consultation and if moves are to be made to institutionalize and formalize the arrangement, it is certain to run into snags. (28)

There was, however, nothing apparently objectionable in the proposal which in essence called for regional harmony and cooperation aimed at economic development in the compelling regional and international context. Therefore, India and Pakistan could not outrightly reject the proposal either. They instead sought to modify it so as to accommodate their respective apprehensions and requirements. This was done in a series of exchanges of views that took place following the announcement of the proposal. The South Asian Foreign Ministers also discussed this subject at the UN Headquarters in New York during August-September 1980. The consensus that finally

²⁸Dawn (Karachi), 29 May 1980. Also, see, Pran Chopra, "A Sinking Summit", The Decan Chronicle, 25 June 1980.

emerged among them was to have a meeting at the level of foreign secretaries which could prepare ground for the ministerial meeting that could subsequently lead to a summit. The seven South Asian countries involved in the exercise were India, Pakistan, Bangladesh, Nepal, Bhutan and Maldives. It was decided to keep the bilateral and politically controversial issues out of the purview of the foreign secretaries meeting. Bangladesh was entrusted with the responsibility of preparing the draft of working papers which could be discussed at the first meeting of the foreign secretaries.

Bangladesh prepared and circulated the draft paper in November 1980. It had three important features. First, the objectives of regional cooperation were defined in very wide terms. The priority was given to the political and security objectives. The working paper said "convinced of the benefit that will accrue from greater regional cooperation among the countries of South Asia, seeking to promote peace and stability in the region through adherence to the principles of the United Nations and of Nonalignment, determined to uphold respect for principles of sovereignty, national independence, territorial integrity, non-interference in one another's internal affairs, non-use of force and

peaceful settlement of disputes;²⁹ The scope of cooperation was not confined narrowly to economic matters but as "promoting active cooperation among countries of the region on matters of common interest in economic, social, cultural, technical and scientific as well as in such other fields as may be agreed upon..." Wider scope was envisaged not only in the areas of cooperation but also in terms of geographical extent because one of the objectives identified in the draft was to "explore all avenues of closer cooperation between the countries of South Asia and the other regional and international organizations with similar aims and objectives."

The second feature was that it identified eleven specific areas of cooperation. These were considered as "non-political", "Non-controversial" items. These areas were: shipping, agriculture and rural development, joint ventures, land transports, trade (Market promotion in selected countries) Science and technology and education, and culture."

Thirdly, the draft suggested various institutions and organizational aspects of regional cooperation. The emphasis was on a summit of the heads of governments

²⁹The Tribune (Colombo), 2 May 1981, p.2.

though it was accepted that the way for the summit could be prepared by the meetings of foreign secretaries.

The paper clearly admitted the tension-generating potentiality of a shared cultural heritage. It, however, added that "there was no reason why the common heritage could not be converted into a positive factor to bring the countries of South Asia closer." It also saw no contradiction between "bilateralism and regionalism". On the other hand, in its opinion some of the minor or major irritants in the bilateral relations, ... either be minimized or completely removed through a regional forum. Further, it pointed out how regional forum might serve as a feedback to the system of global cooperation. The paper was quite optimistic as to ultimate emergence of a regional organization in South Asia. It also bestowed some attention on its nomenclature. It suggested four names: (1) South Asian Association for Cooperation (SAAC); (2) Association of South Asia (ASA); (3) Association of South Asia for Cooperation (ASAC); and (4) Organization of South Asian States (OSAS).

South Asian regional cooperation has indeed come a long way since 1980, after Bangladesh's initiative. The Bangladesh draft paper formed the basis of discussion at the first meeting of the seven South Asian foreign

secretaries held in Colombo from 21-23 April 1981. Two salient points emerged from this historic meeting:³⁰

(1) Regional Cooperation was necessary, desirable and beneficial; and (2) there was need for moving with caution and making adequate preparations for realising the goal of regional cooperation. It was in pursuance of the recognition of these imperatives that the joint communique issued at the end of the meeting emphasised the principle of unanimity for decisions and also the desirability of keeping aside all bilateral and contentious issues from future deliberations. It was also recognized that regional cooperation, based as it should be on mutual trust and appreciation of the nationalist aspirations of individual countries, was not expected to become a substitute for bilateral and multilateral cooperations. It was also agreed, that, any regional cooperation need not be inconsistent with bilateral and multilateral obligations of the countries concerned.

To begin with, five specific areas of beneficial regional cooperation were identified at this meeting. These were: Agriculture, rural development, telecommunications, meteorology and health and population. Five study groups,

³⁰ Joint communique of the meeting of South Asian Foreign Secretaries, Colombo, no.6, pp.2-3.

coordinated by Bangladesh, Sri Lanka, Pakistan, India and Nepal respectively, were instituted to make indepth studies in order to recover the existing arrangements, and assess the feasibility and scope for regional cooperation in the overall cost-benefit framework. They were also charged with suggesting ways and means for establishing and strengthening cooperation by identifying specific projects and spelling out appropriate modalities for implementing and monitoring the work programme. The meeting also decided to set up a committee of the whole consisting of the seven officials of the seven countries to identify and report further areas of cooperation.

This committee subsequently met at Colombo and identified 13 areas of possible cooperation. These areas also included some of the areas which had been earlier recommended in the working paper submitted by Bangladesh.

Subsequently, three more meetings at the foreign secretaries level were held at Kathmandu (November 1981), Islamabad (August 1982) and Dhaka (March 1983). At the Kathmandu meeting the recommendations of five study group as well as the report of the Committee were endorsed. It also decided to institute studies in three areas namely, transport, postal services and scientific and technological

cooperation. Maldives, Bhutan and Pakistan respectively were to act as coordinators for these fields. In the Islamabad meeting it was agreed to constitute a study group on sports, art and culture. India was to act as a coordinator.

It may be noted that as a result of these deliberations a fairly broad based and comprehensive scheme of South Asian Regional Cooperation was evolved and almost all the fields outlined in the working paper of Bangladesh, with exception of tourism and joint ventures, were accepted. In fact some of the new subjects like telecommunications, postal services and sports were also included.

It was decided to rotate the Chairmanship of the study group (now designated as working groups) in alphabetical group with each tenure lasting for two years. The foreign secretaries underlined the feasibility of regular consultation among the member countries on matters of common interest relating to international economic issues. Further a meeting of official national planning organizations of the countries of the region was recommended to be convened. It was also recognized that not all recommendations of the working groups on selected areas of cooperation lent themselves to implementations in the near future, as these would require long term planning and further deliberations. Therefore, the immediate programme

of action would include exchange of data and informations, organizations of seminar and workshops, and exchange of experts, training facilities and scholarships. The long term programme envisaged an assessment of needs and resources, preparation of specific projects and working out the modalities of finances.

A notable achievement of the Islamabad meeting was that it emphasised the "importance and imperative necessity of holding meeting at an early date." It decided to recommend to the foreign ministers to convene a meeting at their levels between May and September 1983, to be preceded by a preparatory meeting of foreign secretaries. This purpose was served at Dhaka meeting of March 1983 which recommended, inter alia, with other things, adoption of an integrated programme of action by Foreign Ministers. Further, it suggested that the meeting of Foreign Ministers be held at New Delhi. However, it left the precise dates for the meeting to be settled through consultations. Before the first Foreign Ministers' meeting, the Foreign Secretaries of South Asian countries met again at New Delhi in July 1983. There they endeavoured to harmonize the two draft proposals prepared by host India and by Bangladesh.

The Declaration

The first meeting of Foreign Ministers of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka was held in New Delhi on 1-2 August 1983. Inaugurating the historic meet, the late Prime Minister of India, Indira Gandhi, underlined the importance of such a step in the development of mutual relations in the region. As she put it:

Our cooperation in no way limits each country's freedom of judgement. It is allied solely to development and to the strengthening of the economies of our individual countries... let us not be disheartened if we have some difficulties and differences to contend with... our very cooperation will increase our capacity to withstand pressures. With unity we can hope to move ahead to a future of freedom, peace and prosperity. (31)

At the conclusion of the meeting the foreign ministers signed a declaration on South Asian Regional Cooperation. The document pertaining to the final declaration at the foreign ministers meeting can be roughly divided into five categories as follows:

All seven foreign ministers expressed an ardent desire to faster regional cooperation in view of the

³¹India, Ministry of External Affairs, South Asian Regional Cooperation: meeting of Foreign Ministers (New Delhi, 1983), pp.7-8.

compulsions of the common problems and aspirations of their peoples and the need to accelerate socio-economic development. Besides, they were quite convinced that regional cooperation was desirable and necessary for achieving collective self-reliance as emphasised by the Third World meetings, inside and outside the United Nations and the Nonaligned Summits.

Second, the declaration highlighted the following eight objectives of the South Asian Regional Cooperation (SARC): (1) to promote welfare of the people of South Asia and improve quality of their life; (2) to accelerate 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 potentialities; (3) to promote and strengthen collective self-reliance among the countries of South Asia; (4) to contribute to mutual trust, understanding and appreciation of one another's problems; (5) to promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields; (6) to strengthen cooperation with other developing countries; (7) to strengthen cooperation among themselves; and (8) to cooperate with international and regional organizations with similar aims and purpose.

Thirdly, the guiding principles of South Asian regional cooperation were to be: the recognition of sovereignty; the principle of non-interference in the internal affairs of others, and mutual benefit. Besides, the regional cooperation was to complement, and not to be a substitute for, cooperation at the bilateral and multilateral levels. As regards the procedures of taking decisions at the meetings, the method of unanimity was to be followed. No bilateral or contentious issues were to be raised at the regional forum.

Fourth, a three-tier institutional arrangement was suggested. In all the nine areas of cooperation, identified technical committees were to be constituted where all the seven countries would be represented. They will be responsible for implementations and cooperation of regional projects in each area. Further, an action committee, and standing committees were suggested.

Finally, as to the financing of regional projects it was decided that contributions by members states would be voluntary. The provision was also made for recourse to external assistance from appropriate sources if internal financial arrangements were found inadequate. In organizing any seminar or workshop on regional themes, the cost of travel etc would be borne by the respective countries.

The host country will bear the expenses of making necessary arrangements. The Foreign Ministers also agreed to meet once a year to review the progress. It was in pursuance of this decision that the second foreign ministers meeting took place at Mali (Maldives) from 10-11 July 1984, and third foreign ministers meeting was held at Thimpu (Bhutan) from 10-14 May 1985.

The joint communique issued at the end of Mali meeting expressed regret over the deepening crisis in the economic and social progress of developing countries and viewed the continuing stalemate in the negotiation on international economic cooperation with concern. The Chairman was requested to convey the concern to the industrialized countries. It was held at this meeting that the implementation of decisions taken by the standing committee (which consisted of Foreign Ministers of all South Asian countries) on a number of important issues would go a long way towards achieving further progress under the integrated programme of action. Increased contributions by the participating countries were viewed with satisfaction.

The Thimpu meeting became in effect, a preparatory meeting for the forthcoming summit level meeting at Dhaka in December 1985. Here the Foreign Ministers approved the draft of the document to be adopted by Heads of

State and Government in their meeting in Dhaka. It became the Charter of SARC. The idea of the establishment of a Secretariat at the appropriate time was also mooted for the first time in this meeting. One of the more important upshoots of the Thimpu deliberations was the decision to lay greater emphasis on the formation and execution of specific projects in agreed areas of cooperation.

The Charter

Subsequently, the first summit level meeting of the seven South Asian leaders for regional cooperation was held in Dhaka, 7-8 December 1985. In this meeting, the seven South Asian leaders launched the world's most populous regional grouping with the hope in specific that it would improve the security environment in the region and that cooperation among them in economic and cultural fields will result in a better life for their people.

At the end of the two-day summit the heads of the state or government of South Asia adopted a Charter giving birth to the South Asian Association for Regional Cooperation (SAARC) and the Dhaka declaration, committing their countries to the concept of regional cooperation

General Ershad was unanimously elected as the Chairman of the newly born SAARC.

The Charter consists of a preamble followed by ten articles, dealing with details of the regional cooperation like, objectives, principles, the meetings of the heads of state or government, council of ministers, standing committees, technical committees, action committees and secretariat. It also deals with the financial arrangements and the modus operandi.

The preamble of the Charter³² explicitly shows the desire among the South Asian countries for promoting peace, stability, amity and progress in the region, through adherence to the principles of the United Nations Charter and nonalignment. 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 are particularly mentioned.

It also states their consciousness that in an increasingly interdependent world these objectives of peace, freedom, social justice and economic prosperity

³²The text of the Charter is published in the Indian Express (New Delhi), 9 December 1986.

are best achieved by fostering mutual understanding, good neighbourly relations and meaningful cooperations among the countries of South Asia, and their awareness of the common problems, interests and aspirations of the peoples of South Asia. They were convinced of as well as recognized the importance of social, economic and technical cooperation among themselves in order to achieve national and collective self-reliance.

The Charter, more or less, sticks to the objective and principles envisaged in the 2 August 1983 declaration. About the modes operendi it decides to follow the principles of unanimity. It desires to exclude bilateral and contentious issues. The Charter also envisages the Heads of the State or Government to meet annually. Its framework will consist of a council of ministers at the head, then standing committee consisting of Foreign Secretaries, technical committee and action committee and a Secretariat to be established at the appropriate time.

After the meeting the Chairman of the SAARC, General Ershad, in a press note clarified that at present the Secretariat would be functioning from Dhaka to make things easier.

To sum up the above observations, regional cooperation in South Asia in fact has come a long way since the Bangladesh proposal was mooted in May 1980. However, the Bangladesh initiative itself was no less aided by the earlier moves, particularly that of the United Nations and its specialized agencies. The changed political, economic and strategic environment had also a lot to contribute to the regional cooperation in South Asia. The range of activities undertaken under the SARC (now SAARC) framework is indeed impressive, involving as it does both infrastructural arrangements and planning prospectives. A number of useful activities have been initiated in selected areas of cooperation. A host of technical studies including ones on traffic flow, railway systems and rural technology are underway. Most significant is that the summit has given adequate attention to peace, and security inside the region, thus the expression "non-use of bombs and free and peaceful settlement of all disputes" have been added in the Charter³³

³³ It may be noted here that these expressions appeared in the "framework" of regional cooperation proposed in the initial working paper circulated by Bangladesh in November 1980. But these expressions were dropped in the joint communique adopted by the first meeting of foreign secretaries held in Colombo in April 1981. This had been done to accommodate Pakistan which had strong reservations on these expressions, particularly in their relations with India. The Pakistani proposal of no war pact with India came up latter, in September 1981.

(in Preamble as well as in Article II). It also seems to take steps for reducing "terrorism" inside the region as well as international terrorism.

Another important aspect is the growing institutional framework (both in government level and non-governmental level, decision making level as well as functional level) and the financing to the regional cooperation projects. We will discuss it more in the next chapter. However, it is to note that, though the issue of financing till now was left to voluntary contribution by the states, there is an upward swing evident in the individual countries contribution. Just prior to the New Delhi meeting of Foreign Ministers, South Asian countries announced that their contributions ranged from Rs.5 million (India) to Rs.8100 (Maldives) while European Economic Community was willing to contribute \$0.15 million for trade and ITO \$220,000 for a three year period.

Although much progress has been made in the implementation of the integrated programme, a lot more still needs to be done. This would mean moving beyond the stage of seminars, workshops and meetings towards effective operationalization of infrastructural facilities. It is true that the declaration does not cover the entire ground and that many vital issues have not been touched. For example the proposal of

India's External Affairs Minister B.R. Bhagat "to bring hard core sectors of development" like trade industry and energy in the ambit of the SAARC, was somehow not reflected in the declaration or in the Charter. The progress of cooperation even in the agreed nine areas has not been as expected. But as President Ershad of Bangladesh, the present Chairman of SAARC commented, it is only a modest beginning.

Chapter IV

THE EMERGING INSTITUTIONAL FRAMEWORK OF SAARC

The ~~importance~~ importance of some kind of institutional arrangement, in a regional cooperation needs ^{no} elaboration. It has been noted earlier that lack of it is one of the major obstacle in the way of any effort towards Third World economic cooperation for that matter any regional cooperation. There is hardly any pre-existing institution or functional network at the non-governmental level either in the field of trade, or in socio-cultural relations among these countries that could facilitate cooperation (if there are some institutions those are oriented towards West). In such a situation, it is only the governments of the cooperating countries, which can provide some arrangements, either through direct participation or by giving patronage, and encourage the non-governmental agencies. It is the same case with South Asian regional cooperation, where the socio-economic interest groups and interactions between them remain highly underdeveloped. In this chapter we will discuss about the emerging institutional framework of the South Asia, keeping in view the experience of other regional cooperations and various studies in this respect.

SARC "an improvised" Mechanism

The Bangladesh draft proposal, right from the beginning has emphasised on the institutional framework for South Asian regional cooperation. The draft proposal had suggested various institutional and organizational aspects of regional cooperation. Its emphases were on a summit of the heads of government. However, the draft had clearly reflected its awareness of the difficulties envisaged in the setting up a well structured institutional framework for cooperation when it observed:

Barriers, both historical and emotional will have to be scaled and lingering suspicions and distrusts will have to yield place to a renewed spirit of understanding and goodwill. A meeting at the summit level would be the most appropriate forum for such a major initiative in embarking on a new and challenging venture...¹

But in the first foreign secretaries meeting at Colombo it was found that there were considerable differences of opinion among the participants. While Bangladesh proposal got support from Sri Lanka and Nepal, India and Pakistan had not favoured institutional framework. They had argued that if "effort is aimed at having anything other than an informal forum for consultation is

¹S.D. Muni, and Anuradha Muni, Regional Cooperation in South Asia (New Delhi, 1984), p.35.

bound to create "enormous problems". The Indian Foreign Secretary, R.D. Sathe, while hailing the significance of the foreign secretaries meeting, as a maiden official attempt "to study feasibility of regional cooperation", and itself a testimony to the political will, however, expressed certain reservations as regards the idea of creating any regional organizations like a Secretariat. According to him the setting up of an institutional framework of association among South Asian nations as premature and had insisted on cooperation in selected areas. His Pakistan counterpart, Riaz Piracha had asserted that establishment of an institutional framework should await development of greater regional understanding and complementarity in the economy of the region. Therefore, he had suggested that a gradual approach was more likely to achieve tangible result.

By and large, these views prevailed. The only thing they could achieve was the agreement to set up a "committee of whole" comprising of senior officials to study more feasible areas of cooperation when they chose five specific areas (agriculture, rural development, telecommunication, health and population, and meteorology) for cooperation.

But in the subsequent three meetings at the foreign secretaries level (in Kathmandu, November 1981; Islamabad,

August 1982; and Dhaka, 1983) they worked out a broad institutional framework. But organizational modalities could not be defined precisely. In their two-day meeting at New Delhi (28-29 July) prior to first Foreign Ministers meeting, they drew up an Integrated Programme of Action (IPA) involving all the nine areas. While the Dhaka meeting had decided to constitute a standing/review committee taking together the Foreign Secretaries of the seven countries and the committee of whole comprising of senior officials and entrusted them with responsibilities like approval of projects/programmes including their modalities of financing, determination of inter-sectoral priorities and overall coordinations of programme of action, identification of new areas of cooperation, review of progress of implementation and mobilization of regional and external resources, and this was to meet once in a year for coordinating and monitoring the integrated programme of action.

However, it was only in the New Delhi meeting, on 28-29 July 1983, of foreign secretaries, while they were giving final touch to a Draft Declaration and joint communique, to be adopted in the first foreign ministerial meeting, they were able to elaborate the idea. One of the most important work they finalized is the financial aspect of the SARC. It was largely decided that the question of

financing be left to the voluntary contributions of the countries and they keep an open mind for the external financial assistance. As a result, just prior to the first meeting of Foreign Ministers, several South Asian countries announced their initial contributions. They were: India (five million Indian rupees); Pakistan (four million Pakistani rupees); Bangladesh (five million taka); Nepal (1.5 million Nepalee rupees); and the Maldives (81,000 rupees).

About the modus operandi of the SARC, New Delhi meeting resolved that the decisions at all meetings on regional cooperation should be taken on the basis of unanimity. However, it decided to leave the question of regularity of the Ministerial level meeting and holding summit level meeting to be decided by the ministers.

The declaration on South Asian regional cooperation adopted by the first Foreign Ministers meeting at New Delhi (August 1983) was first encouraging step toward institutionalization of regional cooperation. While it endorsed all the suggestions of "Foreign Secretaries" Meetings, it had suggested a three-tier institutional arrangements. Technical committees for all the areas of cooperation would be constituted for the implementation coordination and monitoring of the programmes of each area of cooperation.

while the Action Committee involving the countries participant in a particular project should be set up for the implementation of a particular project under the cooperation. But the Standing Committees would be there, comprising of all the foreign secretaries of South Asian countries to approve the projects and programmes and their financial arrangements. The standing committee would be in the sole charge of coordination, monitoring and reviewing these programmes. For policy guidelines it would refer to the Foreign Ministers for its decision. And it was decided that Foreign Ministers would meet once in a year.

However, the institutional arrangements of the Charter (December 1985) is distinct in many ways. Though "the charter" substantially borrowed many things from "the Declaration", but it announced firmly the establishment of the South Asian Association for Regional Cooperation. Moreover, in addition to the previous three-tier institution, the Charter established "a Council of Ministers" and a Secretariat of the Association.

Institutionally, the decision of far-reaching significance in the development of SAARC is of course the frequency of summit and ministerial meetings, as suggested by the Charter.

Thus the final institutional arrangement of the South Asian Association for Regional Cooperation after the summit meeting are as follows:

Council of Ministers

While the meetings of the heads of state or government remain at the apex, which would meet annually (Article III) there would be a "Council of Ministers" consisting of the Foreign Ministers of the member states. Article IV (2) is very clear that "the council of ministers shall meet in regular session, as often as possible. Extraordinary session of the council may be held by the agreement among member States."

It is charged with the functions of general policy making of the association, review the progress of cooperation under the Association. It may also consider establishment of additional mechanism under the Association as deemed necessary. It has also wide power, like taking decisions on any other matters of general interest to the Association.

In fact the idea for a Council of Ministers came up in the meeting of the Standing Committee (previously known as Foreign Secretaries meetings) of South Asian regional cooperation at Male (Maldives) in February 1985. This

meeting recommended the establishment of a ministerial council of SARC countries to institutionalize their collective resolve to pursue mutual cooperation to launch integrated programme of action, and it was again welcomed by the Thimpu meeting of the Foreign Ministers in May 1985, and finally adopted into the Charter.

Standing Committees

The Standing Committee is comprised of Foreign Secretaries of all seven countries of the region who are basically bureaucrats. From the beginning, the South Asian countries have frequent interaction at this level. The Foreign Secretaries right from the Colombo meeting (1981) till the summit (1985) were associated with each phase of development of the SARC. The charter has suggested that the standing committee shall meet as often as deemed necessary but at least once a year.

The standing committee is charged with the overall functions of monitoring and coordinating the programme of cooperation.

- a) Approval of projects and programmes and modalities of their financing
- b) Determination of inter-sectoral priorities
- c) Mobilization of regional and external resources

- d) Identification of new areas of cooperation based on appropriate studies.

While the standing committee is under obligation to submit periodic reports to the council of ministers and make reference to it as and when necessary for decision on policy matters, the standing committee is also authorized to set up "Action Committees in case of such projects which involved more than two but not all the countries." (Article VI). The standing committee is expected to provide necessary support services for the meetings of foreign ministers and the meeting of the heads of the state or governments.

Technical Committees

The Technical Committees have been set up in each area of cooperation, with the responsibility of implementing, coordinating and monitoring programmes of cooperation. According to Article VI of the Charter, the technical committees are comprising of representatives of all member states. Till present time, nine such technical committees have thus been established in the following areas of cooperation: (i) Agriculture; (ii) Health and Population; (iii) Meteorology; (iv) Postal services; (v) Rural Development; (vi) Scientific and technological

cooperation; (vii) Sports, arts and culture; (viii) Telecommunications; and (IX) Transport.

The terms of reference of the technical committee are:

- a) determination of the potential and the scope of regional cooperation in agreed areas;
- b) formulation of programmes of action and preparation of projects;
- c) determination of financial implications of the sectoral programmes of action;
- d) formulation of recommendations regarding appointment of costs;
- e) implementations and coordinations of sectoral programmes of actions; and
- f) monitoring the progress of implementations.

The Technical Committee shall submit the periodic reports to the Standing Committee. The Technical Committee may also use additional mechanism and modalities, if it feels necessary. It includes the meetings of heads of national technical agencies, meetings of experts in specific fields and contacts amongst recognized centres of excellence in the region.

As to the procedure of function, the Charter suggests that the chairmanship of the technical committees shall normally rotate among the member-states in alphabetical order every two years.

Secretariat

The Charter has suggested a Secretariat for the Association. But the details of the Secretariat structure and its venue have been left to be considered by the "Council of Ministers", i.e., by the Foreign Ministers and to be decided at the summit-level. This was partly due to the fact that Sri Lanka's approval to the proposal on the Secretariat could be obtained at the Summit-level, and partly due to the fact that for the venue of the Secretariat, both Bangladesh and Nepal were keen contestants.

However, after the summit, in a press note, President Ershad, Chairman of SAARC, clarified that at present the Secretariat will be located at Dhaka.

But, there have quite a few criticisms been voiced against the present institutional framework of the SAARC. Among them the most viable criticism was raised by K.P. Saksena recently at a seminar in JNU.² According to him:

²K.P. Saksena, "South Asian Regional Cooperation", paper presented in the seminar organized by South Asia Division, SIS, JNU, pp.12-14.

First, the present institutional arrangements, as it suggests, have been confined to the Ministry of External Affairs only, of respective countries. Though the Technical Committees have included, as members, the representatives of respective areas of cooperation, but they are from the low level. Hardly there was any occasion when ministers of that field or any senior officials, have joined in the discussion.

Second, the progress of the Technical committees is apparently slow because of two reasons: (a) change of personnel constituting the technical committees; and (b) "the focal points" for continuing interactions are not functioning well. Emphasizing this problem, the technical committee on Health and Population activities has recommended that as far as possible the officers designated as "Focal point" should attend the meeting to maintain a continuity.

Third, the present institutional arrangement has little scope to give adequate attention to the financial arrangements. As the financial arrangements are confined to voluntary contributions, and the contributions are made in local currencies (non-convertible), they can be utilized only in the country concerned. Even in terms of convertibility, their values are in sharp variations (e.g., one Indian rupee is equal to 2½ Sri Lankan rupees). Again, there are

differences in financial years (Bangladesh-Pakistan: July-June; Bhutan-India: April-March; Maldives-Sri Lanka: January-December; Nepal: 16 July-15 July).³

Thus one can summarise the difficulties in utilizing the funds for common programmes of regional cooperation. The elements of uncertainty are strong enough. Therefore, there has been a woeful lack of sufficient national progress in regard to a number of schemes of regional cooperation. For instance, in respect of establishing a South Asian Centre for Research and Development in Postal Services; Regional Software Telecommunication Centre, or Regional Meteorological Research Centre.

Fourth, while the need for establishment of a Secretariat is widely felt at various levels, the reason, of course, is understandable. There is hardly any substantial progress made in this regard. It is largely because, there are wide differences of opinion as to the procedure and places of the Secretariat.³

Lastly, but not least important is that the institutional framework, hardly have made any headway at the non-governmental level. Of course, it has been argued that,

³This has been picked up from the discussions of the seminar.

once real cooperation got momentum, the institutional framework would come automatically. However, it should be reminded that for any sort of cooperation there is a need for minimum infrastructural linkages.⁴ There are, for instance, transport facilities, communication facilities, and above all the banking facilities which are necessary. It is only the governments concerned who are in a position to accomplish this.

However, it can be noted here, as a positive trend in South Asian regional cooperation that setting up a South Asian Institute for Transport Management and Training and a South Asian Aviation Association are under consideration. Besides, a number of technical studies pertaining to traffic flows and optimisation of operational efficiency in the railway systems are in progress. Moreover, the possibilities of setting up a SARC shipping conference is also under consideration. While the SARC Technical Committee on Telecommunications has suggested that the inter-country links which are under implementation, should be expedited, the member countries have further agreed to examine the possibilities of cooperation in (a) establishment of a

⁴See, I.N. Mukherjee, "South Asian Regional Cooperation Economic Potentialities", a paper presented in the above seminar.

regional soft-ware centre; (b) setting up of a Regional Satellite system; (c) the field of Research and Development; and (d) setting up of a regional Data Bank. Under the SARC programme, the question of setting up a Regional Meteorological Research Centre has reached a fairly advanced state of consideration. Again, at the non-governmental level there are some positive developments which took place recently. For example, a seminar organized by Federation of Indian Export (April 1985) on economic Cooperation among South Asian Countries, which led to setting up of a coordination committee consisting of delegates from all seven countries for establishing an institutional framework for future activities directed towards economic cooperation.

A broad consensus, however, emerges out of the seminar, that the importance of an institutional framework should not be over-stressed though it should not be under-estimated. Central mechanism is not always an essential pre-condition for regional cooperation. Rather, manifestation of political will is of paramount importance. For example, there is regional cooperations which has evolved through informal constitutional process, like the Nordic cooperation among Denmark, Finland, Iceland, Norway and Sweden. Here institutional mechanism at inter-governmental level followed rather than preceded regional cooperation.

Even today, inspite of a high level interaction, like to move about freely, settle down anywhere in the region and seek employment and social security benefits, etc., there is no overall institutional mechanism to oversee or monitor and coordinate cooperation except for a Council and a Presidium, which served as a platform for periodic meet at the governmental level.

On the other hand, there are numerous committees -- consisting of delegates from seven countries -- for establishing an institutional framework for future activities directed towards economic cooperation. However, in some instances where elaborate mechanisms have been instituted largely by way of immitating from the European experiences of regional cooperation, the result proved counter-productive despite the existance of political will. The brightest example is the Latin American Free Trade Association. It is understandable, because once the projection becomes too ambitious, it tends to overlook the underlying deficiencies and constraints which are existing in the international economic framework.

"East African community" is another classic example. Here, even if a considerable institutional framework was devised due to the absence of political will, the mechanism could not help the regional cooperation get going. A minimum

manifestation of political will for cooperation accompanied by adequate institutional mechanism has sometimes generated a momentum of its own, which could contribute towards sustaining and furtherance of the cooperation. The Association of South-East Asian Nations (ASEAN) is a case in point.

Thus, to sum up, the institutional mechanism is largely an evolving process, which slowly evolve out of expanded cooperation for which political will is a necessary precondition. The South Asian regional cooperation has also evolved a sort of institutional mechanism of its own. At present it is largely confined to the governmental level. But there is clear indication of growing momentum both at governmental as well as non-governmental levels. However, any overanxiety or imitation should be avoided as it can prove later as counter-productive.⁵ However, South Asian regional cooperation, being a late-starter, has ample scope, having been enlightened by these experiences.

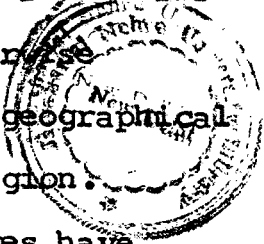
⁵There is tendency among the analysts to draw parallel of SARC with that of other regional cooperation, and suggest to develop accordingly. For example, see, T.B. Bhatt, "Approach to South Asian Economic Cooperation", Third World Economist, June-July 1983. I.N. Mukherjee and J.D. Sethi are also inclined to draw parallels.

Chapter V

CONCLUSION AND ASSESSMENT

From the analyses presented in the preceding chapters it is obvious that the regional cooperation for development in South Asia has great potentialities and that if pursued earnestly, it would prove to be mutually beneficial to all member states. South Asia has a distinct geographical character; the people in the region, irrespective of their religion, nationality and language, share a common history, tradition and culture and possess considerable degree of homogeneity. There also exist tremendous potentialities for regional cooperation both in economic and socio-cultural fields. Some of the possible areas for developing cooperation (which have already been identified in Chapter II on the basis of various studies developed by a number of study groups) are related to exploitation of rich deposits of the Himalayan resources, river water resources, its irrigation potentialities; hydro-electric generation potentialities, as well as the seabed resources like petroleum, under-water minerals, fish resources etc. There is also ample scope for working together for "market promotion" in the select commodities like tea, jute, cotton, tobacco as well as for joint ventures in some industries. Annexures II-III give a clear idea of potentialities for intra-regional trade cooperation and for joint ventures in selected areas.

However, the regional cooperation has certain constraints due to intra-regional differences and tensions and conflicts which have been partly due to divergent extra-regional connections. Like any other Third World regions, South Asia faces some difficulties like lack of necessary infra-structural facilities such as ✓ communication, information, transportation and banking facilities and payment arrangements for regional interactions as well as poor foreign exchange position in the path of any meaningful regional cooperation. There are also sharp differences in regard to political systems. These systems have variations ranging from parliamentary democracy to military dictatorship to monarchical systems.

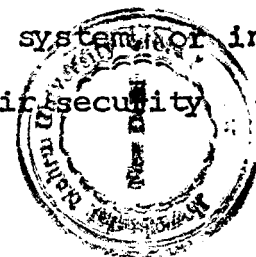
There are also divergencies in their security and strategic perceptions. This is partly due to historical reason and partly due to present power-structure in the regions. India stands out as a predominant power in terms of size, population, resources, military or other  among the countries of the region. Its central geographical position also adds to its predominance in the region. All other countries of the region, except Maldives have common border with India. The Indo-centric factor of the region is partly responsible for bilateral issues between India and its neighbouring countries like border disputes,

river water problems and ethnic issues. India's sheer size generates tendencies of apprehensions and suspicions on the part of its neighbours. Since India and Pakistan are two largest countries in the region, both in terms of size and military resources, the relations between these two countries and their role in the region is vital to any regional cooperation. In fact, the political history of South Asia has been dominated by Indo-Pak conflicts who have fought three wars in a short span of four decades.

Therefore, it is not surprising if their differences are so conspicuous in their respective foreign policy strategies and perceptions of international problems. On such international issues as Afghanistan, Nuclear Free Zone in South Asia, Indian Ocean as a Zone of Peace, India is an odd man out. Again in the context of super power rivalry, India seems closer to the USSR, while remaining countries have various shades of leaning towards the United States.

These factors are having major impact on the security and stability of the region. In fact, arms built up is increasing in geometric proportion both qualitatively and quantitatively.

Notwithstanding the divergence in their systems or in the level of development, differences in their security



perceptions, which are no doubt of major consequence, there are many similarities and commonalities of interests. These are in the form of problems they face in moving towards higher level of development and productivity and higher rate of growth. Many common factors have also been at work notably sharp increase in population, pressure on limited resources, excessive dependence on agriculture, general state of low-productivity, unemployment and under-employment.

The problems confronting these countries are the same as that of any Third World country. These countries are mainly exporter of agricultural products like tea, jute, coffee, rice, sugar, tobacco, spices and cotton, and raw materials and minerals like iron ore, precious stones, pearls and marine products. But large importers of capital goods including manufactures of metals, machinery (including electrical machinery) and transport equipment, petroleum, oil and lubricants, iron and steel, fertilisers and fertiliser minerals, chemical elements and compounds, food stuff and edible oil and many other things. Only India exports some finished goods like textile products, readymade garments, engineering goods, like fan, sewing machine, vehicle etc. Pakistan is also a large exporter of textile goods. But they invariably face the problem of high tariff barrier, and protectionism against their exports. They also face the problem of qualitative efficiency of their goods in the world competitive market. They do not have sufficient industrial capacity or technical know-how for full exploitation of their resources. Often they face under-pricing of their agriculture products in the world market simply because they do not have reserving

facilities and bargaining power vis-a-vis developed countries. / By nature of their economy these countries are dependent on foreign capitals for their industrial growth and developmental needs. But the problems are getting cumulated in the present crisis of the world economic order which is totally lopsided in favour of the developed countries. Like any other Third World country their debt burden is getting worse day by day, the figures at regional level stand at \$37 billion in 1983 (for countrywise increase during the period 1970-83, see Table). Unavailability of aid, appropriate technical know-how, along with the protectionism against their export goods made it difficult to face the developmental needs individually. Therefore, the actual panacea for their ailed economy is the collective effort among themselves. In this regard, the regional cooperation is one thing that can not be dispensed with because of two reasons: (a) it helps in increasing bargaining power of the member countries, vis-a-vis developed countries; and (b) provides scope for widening the range of economic opportunity and scale of economies.

However, regional cooperation is not only a set of economic aspirations and rationally designed state action.

But it is also an outcome of a number of complex and mutually incompatible and strategic perceptions and diplomatic initiative. In other words it requires a good amount of political willingness to cooperate with one another and ultimately based on cost-benefit analysis.

Though South Asia has all the potentialities to emerge as an ideal case of regional cooperation within the framework of South-South cooperation, the political opportunity had never come before Bangladesh initiative.

. It was to the credit of the President Zia-Ur-Rahman of Bangladesh, who mooted a proposal which contained all the ingredients of a gainful South-South cooperation.

Inspite of that, the fact remains, the proposal took its own time to make headway in the region itself. It was until first foreign secretaries meeting in 1981 nothing was substantially done in this respect. However, in this meeting two important points have emerged: (a) it was for the first time the leaders of South Asian countries agreed that regions cooperation was necessary, desirable and beneficial; and (b) keeping in view the constraints before regional cooperation, they agreed that there was a need to move with caution, and adequate preparations for realizing the goals of regional cooperation.

Right from the beginning they took the precaution and insulate the regional cooperation from bilateral and contentious issues and tried to take all the member countries with the effort by devising "principle of unanimity" for decision-making.

At first the foreign secretaries of seven member states had chosen five areas of non-controversial nature in order to develop studies and find out ways of cooperation. Later four more areas were added to it. These areas include agriculture, rural development, telecommunication, transport, sports and culture, postal services, meteorology etc. All these areas agreed upon are designed to provide necessary infrastructure for further cooperation and to build-up political climate for the same.

Since then the governments of the South Asian countries have met several times first at Foreign Secretaries level, then at the Foreign Ministers level (starting from 1983), and finally at the summit level which recently concluded at Dhaka in December 1985. These hectic business of meetings (both at governmental level and non-governmental level) organizing seminars (at University level) and several discussion fora and frequent interaction at regional levels got its momentum only after 1983.

It is to the credit of the South Asian countries that in a short span of time (in comparison to ASEAN) they have been able to institutionalise the process by adopting a Charter in the recently concluded summit meeting at Dhaka.

A quick glance through the declared objectives of SARC, listed in Article 1 of the Charter gives an impression to its reader the sense of good neighbourliness of its founders and their philanthropic ideas. It speaks of welfare of the peoples of the region, of improving their quality of life accelerating economic growth, social progress, and cultural development, of collective self-reliance, of joint collaboration and mutual assistance in various fields including economic etc. But at present as it is and its integrated programme of action (IPA) do not measure upto these aspirations. Keeping in view the background of the SAARC, it seems that it would be a long time before these aspirations become a reality.

SARC, however, seeks to achieve these objectives through a four-tier institutional framework in a hierarchy. The meeting of heads of the state and government stands at the apex who supposed to meet once a year, a Council of Ministers consisting of the seven foreign ministers is decided upon as the policy-making organ of the Association

with the Standing Committee comprising the foreign secretaries as a body for overall monitoring and coordination of programmes of cooperation. At the working level, there are Technical Committees with overall charges of determination of scope and potential formulation of programmes and projects for cooperation in their respective areas. Its membership is open to all the seven member states. There are now eight technical committees. There are also provisions to form action committees for projects involving more than two members. These two types of committees are responsible to Standing Committee. The Charter also suggests a Secretariat to accomplish these activities.

However, the present form of institutional framework has gradually developed through "ad hocism". The study groups which were formed (later working groups) during the first three foreign secretaries meetings have now been institutionalized as Technical Committee, and meeting of Foreign Secretaries as "Standing Committee". Again, with the regularization of summit-level meeting, the frequency of meeting at lower level increased. Thus, the foreign ministers would be meeting at least twice a year, once before the summit, while Standing Committee would meet as often as possible or required. But it definitely causes

some worry to the small countries as it would increase pressure on their pockets. Though the participating countries have agreed to bear the travelling charges, organizing meeting itself is very costly.

Some analysts also pointed out the present structure of institutional framework and that the technical committee does not provide adequate provision so that the senior officials and ministers should be included in the areas selected to build up cooperation. The institutional structure suggests that the cooperation till today remain an extension of foreign policies of the respective countries.

Frequent meetings among officials of South Asian countries and their ministers will no doubt provide for familiarity and informality among these countries thereby contribute to better communication and mutual trust. But it is also equally possible that more frequency of the meetings, the greater chances of cropping up of issue of contentious and bilateral nature which is declared forbidden in SARC and thereby greater the chances of discord. One can, for example, draw the instances of behaviour of Sri Lanka during Thimpu meeting and issue of "stamp ceremony" during the SARC summit meeting.

✓ Even some analysts seem to criticise the "Principle of unanimity" which is followed in the SARC decision-making ✓

procedures. Because if any member wants to be mischievous, he can easily thwart SARC action. Of course, it is true that "the trade" is such an area which has been outside the SARC activities due to the opposition of Pakistan which seems to equate the normalization of the bilateral issues with the trade. However, this type of criticism is of limited value because in ultimate analysis the unanimity rather than majority decision, within the region, is the real strength of a regional cooperation.

So far as the financial aspect of SARC is concerned, this has not received attention it deserved. The Charter suggests it is the responsibility of the individual member country to decide for itself how much one wants to contribute. Of course, all these countries have announced their contribution before the first foreign ministers meeting. But the problem is that each country pays its contribution in its own currency. Therefore, it faces the problem of convertibility, and also differs widely in their values in real terms. Moreover, these contributions are not sufficient to implement any programme or projects. Even some members also seem to evade in order to contribute to particular projects.

Of course, the SARC has an open mind for outside contributions. Even some organizations like EEC and GCC,

countries like USA, Japan, are very much interested to cooperate with the SARC programme of action. However, it seems that there is in-built rigidity within the SARC to decide upon the "appropriateness" of these sources.

Any comparative look at the declared objectives and the integrated programme of action so far undertaken by SARC, reveals that the present horizon of activities of SARC are peripheral. They are yet to touch the major areas like trade, industry, environment and energy or any joint venture in these areas. However, the areas included in IPA, are definitely aimed to provide an infrastructure to further cooperation in a long-term prospective as it includes key areas like transport, telecommunication, meteorology, postal services, scientific and technology.

The IPA also aims at strengthening key sector of the economics of these countries by taking up agriculture. It is also not less oriented towards peoples of different countries by including the areas like health and population, sports and culture.

As it is well known that much of the advantages of geographical proximity among South Asian countries is lost due to the absence of infrastructural linkages -- itself the legacy of colonial heritage. Besides, whatever transport linkages that existed under a unified administrative set

up of British rule in subcontinent, gradually fell into disuse with their departure and partition of the Indian subcontinent. In the present condition, even there is no through transportation between two countries of region not having common boundaries, i.e., between Pakistan and Bangladesh, through India. The region has neither well-developed rail linkages, nor road linkages nor even river transport network.

Besides, the infrastructural facilities like transport, shipping, insurance and banking communication or marketing are either controlled by the multinationals or channeled through their bases which are in the developed countries. There is hardly any direct communication linkages among the capitals of these countries.

There is very little direct trade relationship between two countries because of the same reason. It is easy to buy Indian tea or jute in London market than directly from India because all these "key sectors" of trade, are owned by multinationals. As a result, all the trades are oriented towards West.

The International monetary standard and exchanges which directly link with the currencies of these

metropolitan countries facilitates it more to be oriented towards West.

However, the SARC programme of action seeks to counter these trends by providing it with basic facilities. Under SARC programme, the possibility of setting up of a South Asian Institute for Transport Management and Training and a South Asian Aviation Association is under consideration while the Technical Committee on Telecommunication has suggested a number of measures to establish link between various countries. Again, setting up of Regional Meteorological Research Centre, Agricultural Information Centre for Tuberculosis, Regional Software Centre for Telecommunication are fairly advanced. But all these programmes face the same problems regarding the finance and their location.

Though the SARC is to go a long way, it is moving in right direction and setting up the infrastructure for further cooperation. It is no longer a non-starter. It is true, so far, at present it is largely confined to holding up symposia, seminars. But that kind of activity is needed to promote the element of cooperation. However, within a short period SARC has made a significant progress identifying several areas of cooperation and institutional arrangement for a set off.

Notwithstanding the progress so far achieved for building up of infrastructure, one cannot ignore the fact that it is not the lack of machinery of cooperation but the extent of political willingness which remains the crucial point. Here one can not ignore the fact that divergence and security, or threat to security perceptions remain severe constraints. Although the leaders of South Asia seek, so it seems, to insulate it from bilateral and contentious issues, these issues can not be brushed under the carpet. That is why these issues continue to surface in the SARC process and will also continue to constrain the future process until these issues are settled. However, the fact that the SARC senior officials, ministers and occasionally the heads of states or governments of South Asian countries continue to hold meetings to create a momentum of its own. If nothing else, these meetings do provide opportunities to understand and appreciate each others point of view, and such meetings paved the way for settlement of bilateral issues as well.

SARC is definitely a welcome development in South Asian region. Keeping in view the political-economic condition of South Asian region, it is a logical

response to the developmental problems. The avenues for cooperation are many and varied, so also the problems and prospects. Till date, it seems SARC has tapped the right direction. It is not surprising if the progress is very slow, realising the fact of its short political history, but still it is steady. If that continues to happen it could be much needed development to boost South-South cooperation.

Annexure I

THE EVOLUTION OF ECONOMIC CO-OPERATION AMONG DEVELOPING COUNTRIES

April and September 1970

The concept of self-reliance was introduced into the international development discussion by the President of Tanzania, Mwalima Julius K. Nyerere, in a speech before the April 1970 Dar-es-Salam Preparatory Conference of the Nonaligned Countries. In the subsequent Third Conference of Heads of State or Government of Nonaligned Countries (Lusaka) in September 1970, the concept became the main plank of the economic programme of the nonaligned countries.

April 1972

The Third Conference of Ministers of Foreign Affairs of Nonaligned Countries adopted the "Action Programme for Economic Cooperation among Developing Countries", which identified four fields of activities deserving special attention.

September 1973

The Fourth Conference of Heads of State or Government of Nonaligned Countries (Algiers) raised this Action Programme to a higher level by making it part of the documents adopted by the Conference.

May 1974

The "Declaration and Programme of Action on the Establishment of a New International Economic Order", adopted by the Sixth Special Session of the General Assembly, identified ECDC as one of the priority areas for action.

September 1974

The First Meeting of the Coordinator Countries for the Action Programme for Economic Cooperation of the Nonaligned Countries reviewed the progress made in the implementation of the programme.

December 1974

The "Charter of Economic Rights and Duties of States" encouraged ECDC.

February 1975

The Conference of Developing Countries on Raw Materials (Dakar) focused a number of activities that had been undertaken by the nonaligned countries in the area of commodities and gave a new impetus to them.

August 1975

The Second Meeting of the Coordinator Countries for the Action Programme for Economic Cooperation of the Non-aligned Countries reviewed the progress made in the implementation of the programme.

September 1975

The resolution on "Development and International Economic Cooperation" adopted by the Seventh Special Session of the General Assembly, dedicated a separate chapter to cooperation among developing countries.

January 1976

The Third Ministerial Meeting of the "Group of 77" (Manila) adopted a programme on ECDC and decided to convene a meeting in Mexico City during the month of September 1976 to prepare a detailed programme on ECDC.

April 1976

The Third Meeting of the Coordinator Countries for the Action Programme for Economic Cooperation of the Nonaligned Countries reviewed the progress made in the implementation of the programme.

May 1976

At UNCTAD-IV, the "Group of 77" decided to hold the Mexico Conference not, as originally planned, at the level of an inter-governmental working group, but rather at the highest possible level. The Conference also adopted resolution 92(IV) on ECDC and, through resolution 90(IV), requested the Trade and Development Board to establish a Committee on Economic Cooperation among Developing Countries. On 23 October 1976, the Board took decision 142 (XVI), which established the Committee; the terms of reference of the Committee were determined by the Board's decision 161 (XVII) of 2 September 1977.

August 1976

The Fifth Conference of Heads of State or Government of Nonaligned Countries (Colombo) adopted an "Action Programme for Economic Cooperation" which further elaborates actions needed for ECDC.

September 1976

The "Conference on Economic Cooperation among Developing Countries" (Mexico City) is the first time that the "Group of 77" met primarily for the purpose of deliberating upon and adopting concrete action-oriented measures and operational mechanisms for the implementation of ECDC.

May 1977

First meeting of the UNCTAD Committee on ECDC.

September 1978

The United Nations Conference on Technical Cooperation among Developing Countries (Buenos Aires) approved a plan of action on the subject.

February 1979

The Fourth Ministerial Meeting of the "Group of 77" (Arusha) adopted a "Programme for Collective Self-reliance" which included a "First Short/Medium-Term Plan for Global Priorities on Economic Cooperation among Developing Countries" and strongly endorsed the recommendations of the 1976 Mexico City Conference.

June 1979

At UNCTAD V (Manila), the "Group of 77" adopted a decision on collective self-reliance, in which the ministerial meeting of the Group, scheduled to be held during the 34th session of the General Assembly, was asked to consider the establishment of an ad hoc committee concerned with ECDC. The Conference also adopted a resolution on ECDC which, inter alia, decided to convene a special session of the UNCTAD Committee on ECDC early in 1980.

September 1979

The Sixth Conference of Heads of State or Governments of Nonaligned Countries (Havana) reviewed within the framework of its "Economic Declaration" the progress made in achieving greater self-reliance and, in its economic resolution no.7, provided policy guidelines on the reinforcement of collective self-reliance between developing countries.

September 1979

The "Declaration" adopted by the Third Meeting of Ministers for Foreign Affairs of the "Group of 77" (New York) underlined the importance of ECDC, reiterated the firm intention to give the highest priority to implementing programmes of economic and technical cooperation and noted with satisfaction the policy guidelines adopted by the nonaligned countries at Havana. The Ministers took no action on the establishment of an ad hoc committee on collective self-reliance.

March 1980

At a Ministerial Meeting of the "Group of 77" in New York, it was decided to set up an open-ended ad hoc inter-governmental group at the expert and/or political level with the task of elaborating appropriate action-oriented recommendations for the early and effective implementation

of the objectives of ECDC, with the first meeting taking place in June 1980.

March-April 1980

In preparation for the special session of the UNCTAD Committee on ECDC, a Preparatory Meeting of Governmental Experts of Developing Countries on Economic Cooperation among Developing Countries took place (in Geneva) pursuant to the First Short/Medium-Term Plan for Global Priorities on Economic Cooperation among Developing Countries (which was a part of the Arusha Programme for Collective Self-Reliance). The meeting was prepared by regional meetings in Addis Ababa, Manila and Montevideo.

June 1980

The Ad Hoc Intergovernmental Group of the "Group of 77" on Economic Cooperation among Developing Countries in Continuation of the Ministerial Meeting of the "Group of 77" held in New York in March 1980 met (in Vienna) and agreed on a series of recommendations based primarily on its evaluation of the follow up to the Arusha Programme for Collective Self-Reliance.

June 1980

The special session of the UNCTAD Committee on ECDC took place, but did not make much progress.

September 1980

The Fourth Meeting of the Ministers for Foreign Affairs of the "Group of 77" adopted the report of the Ad Hoc Intergovernmental Group and agreed to convene a conference of developing countries at a high level in 1981 (the later Caracas Conference) in order to intensify and ensure the implementation of various programmes and decisions on ECDC in a concrete and coherent manner. The "Group of 77" in New York was entrusted with making the necessary preparations.

March 1981

A number of technical meetings of experts of the "Group of 77" on the various subject areas identified in the report of the Ad Hoc Intergovernmental Group were held in preparation of the Caracas Conference.

April 1981

The recommendations that emerged from these technical meetings were reviewed and consolidated by a meeting of Senior Officials. Furthermore, inter-sectoral questions and mechanisms for implementation and follow-up were considered.

May 1981

The High-Level Conference on Economic Cooperation among Developing Countries (Caracas) adopted the "Caracas Programme of Action" for the implementation, in a concrete, coherent, integrated and time-bound manner, of various measures in a number of ECDC areas and established mechanisms for coordination, follow-up and evaluation for ensuring the implementation of the programme.

September 1981

The Fifth Meeting of the Ministers for Foreign Affairs of the "Group of 77" endorsed the Caracas Programme of Action.

March 1982

The Fourth Meeting of the Coordinator Countries for the Action Programme for Economic Cooperation of the Non-aligned Countries reviewed the progress made in the implementation of the programme.

January-August 1982

Follow-up meetings envisaged in the Caracas Programme of Action were held in the areas of finance, trade, technology, industrialization, energy and food and agriculture.

August 1982

The First Meeting of the Intergovernmental Follow-up and Coordination Committee on Economic Cooperation among Developing Countries (Manila) adopted the "Manila Follow-up Action for ECDC."

October 1982

The Sixth Meeting of the Ministers for Foreign Affairs of the "Group of 77" endorsed the recommendations of the Manila Follow-up Action for ECDC and adopted a "Ministerial Declaration on the Global System of Trade Preferences among Developing Countries" and invited all DCs to participate fully in the system to promote a substantial expansion in trade relations among DCs.

Annexure II

INTRA SOUTH ASIAN COUNTRIES' EXPORTS/ EXPORT POTENTIAL OF MAJOR COMMODITIES

I. Exports of Bangladesh to

1. India: Newsprint, jute goods, textile yarn and fabrics, paper and paper boards, timber fresh water fish, vegetables, wood, naptha bamboo, cane, handicrafts, handloom, sarees molasses, fine jute carpets, bitumen, glycerine, viscose filament rayon yarn, cattle hides, goat skin.
2. Nepal: Paper, newsprint, hides and skin, jute goods.
3. Pakistan: Raw jute cuttings, jute goods, tea, betel leaves, ginger, rayon newsprint, paper.
3. Sri Lanka: Raw jute, jute goods, newsprint, hides and skin.

II. Exports of India to

1. Bangladesh: Fruits and nuts, fresh or dried coal, lignites, peat, briguettes and resort carbon, synthetic organic dyestuff, textile yarn, glassware, pig iron,

ferrous alloys, ingots and other primary forms of iron or steel plates and sheets of iron or settl, tubes, pipes, and fittings of iron or steel, manufacture of metals n.e.s., textile and leather machinery and parts thereof, machinery for special industries n.e.s., motor cycles, scooters and other motorised cycles, railway vehicles, internal combustion engines, non-electrical machinery, textile machinery, metal working machines, iron and steel manufactures, plastic articles, processed foods, species, cigarettes, paints and varnishes, drugs, tyres and tubes, hand tools and small tools, civil engineering plant and equipment, telecommunication equipment, office machines, sanitary wares and fittings, medical apparatus and scientific instruments.

2. Nepal:

Spices, crude vegetable materials, petroleum products, paper and paper boards, textile yarn, cotton and woven fabrics, lime cement, and fabricated construction materials, manufacture of

metals n.e.s., electrical machinery and apparatus n.e.s., parts and accessories of motor vehicles, medical and pharmaceutical products, synthetic textiles, readymade garments, transport vehicles, telecommunication, equipment, agricultural tractors and parts and hydro-electrical equipment.

Pakistan:

Wheat and muslin unmilled, tea, crude vegetable materials n.e.s., rubber tyres, tyre cases, tyre flaps and inner tubes, glassware, hardwood, organic and inorganic compounds, mineral manufactures n.e.s., parts and accessories of motor vehicles, chemicals, construction machinery, port equipment, telecommunication equipment, machine tools, workshop equipment, high grade refractory, power generation, transmission and distribution equipment, iron ore, iron and steel products, oil prospecting equipment, textile machinery and food processing equipment.

Sri Lanka:

Fish dried, smoked fish, tobacco, vegetables, cane sugar refined, spices rice, cereal preparation, preparation of

flour, starch of fruits and vegetables, medical and pharmaceutical products, textiles yarn, cotton fabrics, woven, blooms, billets, slabs, sheets of iron and steel, manufacture of metals, n.e.s., internal combustion pistons, engines and parts thereof, machine tools for working metals, heating and colling equipments and parts thereof, electrical apparatus for making and breaking electric circuits, motor vehicles for transport and vehicle parts, motor cycles, scooters, electrical machinery and apparatus, n.e.s.

III. Exports of Nepal to

India	Food and live animals, tobacco and beverages, crude material inedible (except fuel), mineral fuels and lubricants, animal and vegetable oil and fats, chemicals and drugs, goat skin, pulp, bamboo, cane products and handicrafts.
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IV. Exports of Pakistan to

Bangladesh:	Fruits, oilseeds, raw cotton, vegetable oils, dyeing and tanning substances, pharmaceutical products, rubber manufactures, textile yarns and fabrics, metal manufactures, machinery, footwear.
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India Raw cotton, rocksalt, furnace oil, naphtha, petroleum products, gypsum, onyx, industrial alcohol, fertilisers, textiles, raw wool, sulphur, unroasted iron pyrites, vegetable oils, organic and inorganic chemicals, pearls, artificial resins, precious and semi-precious stones, sports goods, soda ash, low grade coal, surgical goods, acetate filament yarn, carbon black, plastic materials, cotton fabrics, blended fabrics, insecticides, pesticides, and fungicides, ceramics etc.

V. Exports of Sri Lanka to

Bangladesh Chanks, arecanuts, coconut oil, lobsters, spices, natural rubber, crude fertiliser, vegetable oils, rubber manufactures, textile yarn.

India Natural graphite, dried vegetables, fruits, cloves, coffee, tea, cocoa, residual fuel oil, cinnamon leaf oil, raw hides and skin, lobsters, spices, copra, crude rubber, petroleum products,

lifting and loading machines,
transport equipments.

Pakistan

Arecanuts, coconut oil, natural
graphite, natural rubber sheets,
lobsters, black tea, betel leaves,
margavine, nutmeg and mace, cardamom,
coir yarn, dessicated coconut and
copra.

Source: P.B. Bhatt, "Trade Flows in South Asia", India Quarterly, July-December 1984, pp.292-94.

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Annexure III

AREAS IDENTIFIED FOR JOINT VENTURES BETWEEN INDIA AND OTHER SOUTH ASIAN COUNTRIES

I. India-Nepal^a

1. Chemically treated timber components for cooling towers.
2. Flexible pouch packaging system for various user industries in Nepal like lubricating oil, edible oil, mushrooms, juices etc.
3. Electrical distribution equipment, namely energy meters, circuit breakers etc.
4. Computer soft wares.
5. Rubber rollers for rice mills.
6. Canvas shoes.
7. Manufacture of raw materials for rubber industry.
8. Cycle tyres and tubes.
9. Transformer oil filters and automobile filters.
10. Wire netting plant.
11. Technical know-how in the field of foundaries.
12. Plastics for the use of irrigation/agro-warehousing.
13. Manufacture of chemically treated timber components in Nepal with buy back arrangement.

14. Packing unit for packaging of lubricating oils for Nepal Oil Corporation.
15. Textile mill.
16. Cotton spinning.
17. Sugar.
18. Startch and Glucose.
19. Malt.
20. Fruits and vegetable processing.
21. Skin milk power.
22. Jute Mill.
23. Leather (Hide finishing) .
24. Leather Tanning.
25. Mini petroleum refinery.
26. Matches.
27. Silica Lime Bricks.
28. Iron and Steel Plant.
29. Nitrogenous fertilizer
30. Lime industry.
31. Cable car complex.
32. Electric arc furnace.
33. Electrical distribution transformers.
34. Electric fans and motors.
35. Electrical power capacitors and condencers.
36. Electric energy meters.
37. General lighting service (GLS) lamps.

38. Electric wet cell batteris.
39. Integrated stone industry.
40. Stone Industry.
41. Cement Industry.

II. India-Bangladesh^b

1. Specialised textiles.
2. Readymade garments.
3. PVC adhesive tapes.
4. Collapsible tubes.
5. Centrifugal pumps.
6. Mould Working machinery and components.
7. Marine and dye engine grease.
8. Industrial adhesive.
9. Electric bulbs.
10. Bicycles and bicycle parts.
11. Ballpoint pens.
12. Plastic rayons.
13. Pulp and paper mills.
14. Industrial chemicals.
15. Pharmaceuticals.
16. Fish processing, canning and preservations.
17. Leather processing.
18. Welding electrode,
19. Printing ink.
20. Hand and small tools.

21. Pesticides.
22. Deep-sea fishing.
23. Packaging plant.
24. Dyeing and printing of textiles.
25. Feed mill plant.
26. Extraction based industries.
27. Pumps and agricultural implements.
28. Sanitary ware.
29. Handtools and small tools.
30. Chemicals.
31. Mini steel plants.

III India-Pakistan^c

1. Automobile spares, components and accessories.
2. Glass manufacturing.
3. Machine-tools, special machines, radial drilling machines, boring machines, precision lathes, grinding machines, etc.
4. Electrical and electronic goods.
5. Compressors.
6. Miscellaneous items in the Engineering Sector --
Agricultural tillers, seed drillers, harvesting machines, disintegrating machines etc.
7. Chemicals.
8. Dairy products.

9. Certain areas of scientific instruments like process control equipments, meteorological equipments, material testing equipments, electrical measuring instruments, clinical and industrial thermometers etc.
10. Bicycle parts.
11. Plastics in agriculture, water management and fabrication of plastic articles for industrial and agricultural utilisation.
12. Low density polythene film for better water management.
13. Cement.
14. Fertilizer.
15. Sugar.
16. Edible Oils.
17. Iron and steel.
18. Textiles.
19. Refractories.
20. Food processing.

IV. India-Sri Lanka^d

1. Instant tea, tea bags, packeted tea for export.
2. Rubber products such as: rubberised coir for upholstery and mattresses, rubber components like brushes, oil seals and beadings for automobile industry, rubber shoes and boots, rubber gloves,

rubber threads, rubber toys and sports goods, rubber floor tiles, swimming accessories, baby teats, contraceptives.

3. Coconut products such as: upgrading and diversification of coir yarn products, production of yarn carpets, mats, cordage, coir dust briguettes and coir pitched boards, utilisation of coconut shell charcoal as filler for plastic products, production of glycerine and fatty acids and coco chemicals, coconut cream, coconut based animal feeds.
4. Distillation and fractionalisation of essential oils from rice bran, gingelly, groundnuts, nutmeg, cloves, cinnamon, citronella and lemon grass.
5. Food processing industries such as canned vegetables, fruits, breakfast foods, processed vegetables and meat.
6. Straw boards, straw ropes, straw mats, straw bags and straw paper.
7. Mineral based industries such as manufacture of pigments, titanium etc.
8. Non-metallic and mineral-based industries such as graphite, mica, silica, apatite, salt and super phosphate.

9. Other manufacturing industries such as:
 Electronic products, light engineering industries, agricultural implements and hand tools, small metal articles such as lighters paper and stationery items, cutlery, fine machines such as typewriters, measuring instruments, household equipments such as refrigerators, air-conditioners, fans, and vacuum cleaners; photographic and optical equipment, processing and cutting of precious stones, silk and leather products, garments, cosmetics and pharmaceuticals, fibre glasses, commercial vehicles, auto parts, fluorescent tubes and bulbs, textile machinery, sugar plants, power tillers, diesel and marine engines, concrete transmission line poles etc.

Source :

- a) PHDCCI Delegation to Nepal (24-29 April 1983), pp.25-29. PHD Chamber of Commerce and Industry (New Delhi).
- b) A Report on PHDCCI Delegation to Bangladesh (9-15 March 1984), PHD Chamber of Commerce and Industry, New Delhi, p.25.
 IIFT Report on Import-Export Structure and Trade Expansion in South Asia, pp.95-96.
- c) A Report on PHDCCI Delegation to Pakistan (6-15 November 1982), p.38 and Annexure IV, IIFT, p.103.
- d) T. Bhat, Foreign Investment in Export Industries with Particular Reference to Sri Lanka, Foreign Trade Review (New Delhi), January-March 1982, IIFT, p.111.

Annexure IV

TEXT OF SAARC CHARTER

The following is the text of the Charter adopted at the SAARC Summit held in Dhaka on 8 December 1985.

The heads of state or government of Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka:

1. Desirous of promoting peace, stability, amity and progress in the region through strict adherence to the principles of the United Nations Charter and nonalignment, 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.
2. Conscious that in an increasingly interdependent world, the objectives of peace, freedom, social justice and economic prosperity are best achieved by fostering mutual understanding, good neighbourly relations and meaningful cooperation among the countries of South Asia which are bound by ties of history and culture.
3. Aware of the common problems, interests and aspirations of the peoples of South Asia and the need for joint action and enhanced cooperation within their respective political and economic systems and cultural traditions.

l that regional cooperation among the countries of South Asia is mutually beneficial, desirable and necessary for promoting the welfare and improving the quality of the life of the peoples of the region.

5. Convinced further that economic, social and technical cooperation among the countries of South Asia would contribute significantly to their national and collective self-reliance.

6. Recognizing that increased cooperation, contacts and exchanges among the countries of the region will contribute to the promotion of friendship and understanding among their peoples.

7. Recalling the declaration signed by their foreign ministers in New Delhi on 2 April 1983, and noting the progress achieved in regional cooperation.

8. Reaffirming their determination to promote such cooperation within an institutional framework.

Do hereby agree to establish an organization to be known as South Asian Association for Regional Cooperation, hereinafter referred to as the Association, with the following objectives, principles, institutional and financial arrangements.

ARTICLE I

Objectives

1. The objectives of the Association shall be:
 - a) To promote the welfare of the peoples of South Asia and to improve their quality of life.
 - b) To accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realise their full potentials.
 - c) To promote and strengthen collective self-reliance among the countries of South Asia.
 - d) To contribute to mutual trust, understanding and appreciation of one another's problems.
 - e) To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields.
 - f) To strengthen cooperation with other developing countries.
 - g) To strengthen cooperation among themselves in international fora on matters of common interest, and
 - h) To cooperation with international and regional organizations with similar aims and purposes.

ARTICLE II

Principles

1. Cooperation within the framework of the Association shall be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs of other states and mutual benefit.
2. Such cooperation shall not be a substitute for bilateral and multilateral cooperation but shall complement them.
3. Such cooperation shall not be inconsistent with bilateral and multilateral obligations.

ARTICLE III

Meetings of the Heads of State or Government

1. The heads of state or government shall meet annually.

ARTICLE IV

Council of Ministers

1. A Council of ministers consisting of the foreign ministers of the member states shall be established with the following functions:
 - a) Formulation of the policies of the Association.
 - b) Review the progress of cooperation under the Association.

c) Establishment of additional mechanism under the Association as deemed necessary.

d) Decision on other matters of general interest to the Association.

2. The council of ministers shall meet in regular session as often as possible. Extraordinary sessions of the council may be held by agreement among member states.

ARTICLE V

Standing Committee

1. The standing committee comprising the foreign secretaries shall have the following functions:

a) Overall monitoring and coordination of programme of cooperation.

b) Approval of projects and programmes, and the modalities of their financing.

c) Determination of inter-sectoral priorities.

d) Mobilisation of regional and external resources.

e) Identification of new areas of cooperation based on appropriate studies.

2. The standing committee shall meet as often as deemed necessary but at least once a year.

3. The standing committee shall submit periodic reports to the council of ministers and make reference to it as and when necessary for decisions on policy matters.

ARTICLE VI

Technical Committees

1. Technical committees comprising representatives of all member states shall be responsible for the implementation, coordination and monitoring of the programmes in their respective areas of cooperation.

2. They shall have the following terms of reference:

- a) Determination of the potential and the scope of regional cooperation in agreed areas.
- b) Formulation of programmes and preparation of projects.
- c) Determination of financial implications of sectoral programmes.
- d) Formulation of recommendations regarding apportionment of costs.
- e) Implementation and coordination of sectoral programmes.
- f) Monitoring of progress in implementation.

3. The technical committees shall submit periodic reports to the standing committee.
4. The chairmanship of the technical committees shall normally rotate among member states in alphabetical order every two years.
5. The technical committees may, *inter alia*, use the following mechanisms and modalities, if and when considered necessary:
 - a) Meetings of heads of national technical agencies.
 - b) Meetings of experts in specific fields.
 - c) Contacts amongst recognised centres of excellence in the region.

ARTICLE VII

Action Committees

The standing committee may set up action committees comprising member states concerned for implementation of projects involving more than two but not all member states.

ARTICLE VIII

Secretariat

1. The council of ministers shall consider, at an appropriate time, the establishment of a secretariat for the Association and its organization, functions and funding modalities.

ARTICLE IX

Financial Arrangements

1. The contribution of each member state towards financing of the activities of the Association shall be voluntary.
2. Each technical committee shall make recommendations for the apportionment of costs of implementing the programmes proposed by it.
3. In case sufficient financial resources cannot be mobilised within the region for funding activities of the Association, external financing from appropriate sources may be mobilised with the approval of or by the standing committee.

ARTICLE X

General Provisions

1. Decisions at all levels shall be taken on the basis of unanimity.
2. Bilateral and contentious issues shall be excluded from the deliberations.

Source: Indian Express (New Delhi), 9 December 1985.

Table I

Basic indicators of North and South Growth	Total Population (Millions mid-1983)	Total area (thousand sq.km.)	G.N.P. Ave. 1983	per capita Ave. annual growth rate	Annual Ave. Growth %		Ave. Annual rate of Inflation %	GDP Annual Growth Rate %			Distribution of GDP %			Labour Force Working Age (15-69 yr)	Distribution of Labour Force %			
					G.D.P. Ave 1965-73	Ave 1973-83		Agr	Inds	Serv	Agr	Inds	Serv		Agr	Inds	Serv	
S	Low Income Economics	2,335.4	31,603	260	2.7	5.5	5.0	£ 1.4	£ 2.6	£ 7.2	£ 4.2	43	29	28	54	£ 77	£ 9	£ 14
								& 5.4	& 2.9	& 7.1	& 5.0	37	34	29	59	& 73	& 13	& 15
O	Lower Middle Income Economics	665.1	18,446	750	2.9	6.6	4.1	£ 5.6	£ 3.4	£ 10.6	£ 6.8	31	24	45	53	£ 66	£ 13	£ 22
								& 17.9	& 1.9	& 4.4	& 5.3	22	33	45	55	& 54	& 17	& 29
U	Middle Income Economics	1,165.2	40,525	1,310	3.4	7.1	4.7	£ 5.2	£ 3.3	£ 9.1	£ 7.5	21	31	47	53	£ 57	£ 16	£ 27
								& 29.3	& 2.5	& 4.9	& 5.3	15	36	49	56	& 44	& 22	& 35
T	Upper Middle Economics	500.1	22,079	2,050	3.8	7.4	4.9	£ 5.3	£ 3.2	£ 8.4	£ 7.8	17	35	49	54	£ 45	£ 21	£ 34
								& 34.0	& 3.2	& 5.0	& 5.2	11	37	52	58	& 30	& 28	& 42
H	High Income Oil Export Economics	17.9	4,312	12,370	3.8	9.0	5.2	£ 6.1	£ N/A	£ N/A	£ N/A	5	65	30	53	£ 58	£ 15	£ 27
								& 13.5	& 6.7	& 0.8	& 12.3	2	65	33	55	& 46	& 29	& 35
N	Industrial Market Economics	728.9	30,935	11,060	2.5	4.7	2.4	£ 5.2	£ 1.8	£ 5.1	£ 4.8	5	39	50	63	£ 19	£ 39	£ 4
								& 8.0	& 1.0	& 1.9	& 2.1	3	35	62	67	& 6	& 38	& 5
R	East European Countries	386.1	23,422	-	-	-	-	-	-	-	-	-	-	-	-	£ 35	£ 34	£ 3

Source: World Development Report, 1985.

Note: £ = 1965-73

& = 1973-83

Table II

Basic indicators of North Vs South Trade	Total Mer- chandise Trade Mil. \$ Export Import	Annual Ave. Growth Rate Per cent		Ave.Origin & Destination of Merchandise export %age					Ave. Structure of Merchandise Export Percentage Share					Structure of Merchandise Import Percentage Share				
		Export	Import	Industl Economy	East- non-mkt Economy	Eur- Income Export	High Dev- elop Eco.	Fuel Min. and Metal	Other Prim- ary Comm.	Textile and Clothing	M/c & Other Trans- port Equip.	Manu- fact- ures	Food	Fuel	Other Primary Commo- dities	Tran- sport	M/c	Other Manuf- actures
S	Low-Income Economies	Exp. 45,991	£ 1.5	£-2.0	£ 56	£ 10	£ 2	£ 32	£ 11	£ 65	£ 16	£ 1	£ 7	£ 21	£ 5	£ 8	£ 32	£ 34
		Imp. 57,333	& 0.9	& 1.4	& 48	& 7	& 5	& 40	& 20	& 30	& 18	& 5	& 28	& 17	& 18	& 11	& 20	& 34
O	Lower-Middle Income Economies	Exp. 91,138	£ 4.8	£ 4.5	£ 70	£ 9	£ 1	£ 20	£ 26	£ 66	£ 2	£ 1	£ 5	£ 17	£ 7	£ 5	£ 29	£ 41
		Imp. 110,575	& 0.1	& 1.4	& 69	& 2	& 2	& 27	& 47	& 34	& 6	& 2	& 11	& 14	& 19	& 5	& 31	& 32
T	Middle- Income Economies	Exp. 333,532	£ 5.9	£ 8.3	£ 69	£ 7	£ 1	£ 23	£ 36	£ 48	£ 4	£ 3	£ 10	£ 16	£ 8	£ 9	£ 29	£ 38
		Imp. 350,734	&-0.4	& 4.1	& 62	& 3	& 3	& 32	& 37	& 21	& 8	& 11	& 23	& 12	& 20	& 6	& 30	& 31
H	Upper-Middle Income Economies	Exp. 242,394	£ 5.7	£ 9.7	£ 68	£ 6	£ 1	£ 25	£ 41	£ 38	£ 5	£ 3	£ 12	£ 16	£ 8	£ 11	£ 29	£ 36
		Imp. 240,159	& 0.5	& 4.0	& 60	& 4	& 3	& 33	& 34	& 17	& 9	& 14	& 26	& 11	& 22	& 6	& 30	& 31
N	High-Income Oil-Export Economies	Exp. 120,832	£ 11.4	£ 10.1	£ 70	£ -	£ 3	£ 27	£ 98	£ 1	£ -	£ 1	£ -	£ 24	£ 2	£ 3	£ 32	£ 40
		Imp. 68,868	&-5.8	& 18.7	& 66	& 1	& 4	& 30	& 96	& -	& -	& 1	& 2	& 13	& 2	& 2	& 42	& 41
O	Industrial Market Economies	Exp. 1,128,132	£ 9.4	£ 10.0	£ 71	£ 3	£ 1	£ 26	£ 9	£ 21	£ 7	£ 31	£ 32	£ 20	£ 11	£ 19	£ 19	£ 31
		Imp. 1,183,257	& 4.2	& 3.0	& 69	& 3	& 4	& 24	& 12	& 14	& 4	& 37	& 32	& 11	& 26	& 8	& 24	& 31
R	East European Countries	Exp. 176,222	£ 8.3	£ 7.0	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Imp. 160,545	& 5.3	& 2.4	& 31	& 51	& 3	& 14	-	-	-	-	-	-	-	-	-	-

Source: World Development Report, 1985

Note: £ = 1965-73

& = 1973-83

Table III

Demography Data	Crude Birth-rate per thousand		Crude death-rate per thousand		Life expectancy at birth (years)	(a) Infant mortality under age 1-y & child death rate (1-4 yrs.)		Daily Calorie supply per capita To- % tal requirement	No.enrolled in primary school as % of age group	No.enrolled in secondary school as % of age group	No.enrolled in higher education as % of age group	Origin & Destination of Manufacture Exports % of total									
	'65	'83	'65	'83		1983	(a)					(b)	'82	'82	Indstl. Market Economy	East Euro- pean countries		High in- come oil exports		Developing Economies	
																'65	'82	'65	'82	1965	1982
S	Low-Income Economies	43	30	17	11	59	75	9	2408	105	85	30	4	54	48	9	5	2	10	35	36
O	Lower-Middle Income Economies	45	36	18	12	57	87	11	2495	109	103	35	10	36	52	10	2	3	5	51	41
U	Middle-Income Economies	42	34	15	10	61	75	9	2661	114	102	42	12	52	43	9	5	2	5	37	42
T	Upper-Middle Income Economies	38	31	12	8	65	59	5	2880	119	102	51	14	55	48	9	5	1	5	34	42
	High-Income Oil-Export Economies	49	42	19	11	59	90	11	3271	-	76	44	9	30	21	-	-	21	29	49	49
N	Industrial Market Economies	19	14	10	9	76	10	-	3400	133	102	87	37	67	64	3	3	1	5	29	23
R	East European Countries	18	19	8	11	70	30	1	3419	133	104	90	20	-	-	-	-	-	-	-	-

Source: World Development Report, 1985

Table IV

South Asia Basia Indicators	Popula- tion (million mid-'83)	Area thousand sq.km.	GNP Per Capita \$ in 1983	Av.annual growth in percentage 1965-83		Average annual rate of inflation (percent)		GDP in percen- tage		Av. Annual Growth Rate		Percent		GDS in Million Dollars * 1965 @ 1983	Distribution of GDP						
															Agriculture		Industry		Services		
				£	&	£	&	£	&	£	&	£	&		£	&	£	&	£	&	£
India	733.2	3,288	260	1.5	6.3	7.7	3.9	4.0	3.7	2.2	3.7	4.3	4.2	6.1	* 46,260 @ 168,170	47	36	22	26	31	38
Pakistan	89.7	804	390	2.5	4.8	11.1	5.4	5.6	4.7	3.4	6.6	7.2	5.4	6.3	* 5,450 @ 25,880	40	27	20	27	40	46
Sri Lanka	15.5	61	330	2.9	5.1	14.5	4.2	5.2	2.7	4.1	7.3	4.8	3.8	6.0	* 1,770 @ 4,770	28	27	21	26	51	47
Bangladesh	95.5	144	130	0.5	7.3	9.6	-	5.2	0.4	3.2	6.1	2.6	6.7	3.6	* 4,380 @ 10,640	53	47	11	13	36	40
Nepal	15.7	141	160	0.1	5.8	8.1	1.7	3.0	1.5	1.0	-	-	2.1	6.9	* 730 @ 2,180	65	59	11	14	23	27
Bhutan	1.2	47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Maldives	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

World Development Report, 1985.

Note: £ = 1965-73.

& = 1973-83.

Table V

Demographic Indicator of South Asia	Crude birth rate per thousand		Crude death rate per thousand		Life expectancy 1983	*Infant Mortality (one year) @ Child mortality 1-4 year 1983	Daily Calorie supply per capita		No.enrolled in primary school age group	No.enrolled in secondary school age group	No.enrolled in higher education % of age group	Government's Expenditure of Total Expenditure (1982)						Av. annual growth population £1973-83 & by 2000p
	1965	1983	1965	1983			Total	% of requirement				Defence	Educa-tion	Health	Hous-ing social security	Eco. ers	Oth-ers	
India	45	34	21	13	55	* 93 @ 11	2047	93	79	30	9	20.2	1.9	2.2	4.3	24.3	47.1	£ 2.3 & 999m
Pakistan	48	42	21	15	50	*119 @ 16	2277	99	44	14	2	33.5	2.2	1.1	6.8	31.0	25.3	£ 3.0 & 133m
Sri Lanka	37	27	8	6	69	* 37 @ 2	2393	107	103	54	4	1.4	7.4	3.3	12.8	13.1	62.0	£ 1.7 & 21m
Bangladesh	47	42	22	16	50	*132 @ 19	1922	83	60	15	4	-	-	-	-	-	-	£ 2.4 & 310m
Nepal	46	42	24	18	46	*143 @ 21	2018	86	73	21	3	5.4	9.9	4.5	4.3	53.1	22.7	£ 2.6 & 74m
Bhutan	43	43	32	21	43	*162 @ 26	-	23	3	-	-	-	-	-	-	-	-	£ 1.9 & 2m
Maldives	-	-	47	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

source: World Development Report, 1985

Table VI
STRUCTURE OF PRODUCTION

	GDP (millions of dollars)		Distribution of gross domestic product (%)							
			Agriculture		Industry		Manufacturing*		Services	
			1965	1983	1965	1983	1965	1983	1965	1983
Bangladesh	4,380	10,640	53	47	11	13	-	-	36	40
Bhutan	-	-	-	-	-	-	-	-	-	-
India	46,260	168,170	47	36	22	26	15	15	31	38
Maldives	-	-	-	-	-	-	-	-	-	-
Nepal	730	2,180	65	59	11	14	3	4	23	27
Pakistan	5,450	25,880	40	27	20	27	14	19	40	46
Sri Lanka	1,770	4,770	28	27	21	26	17	14	51	47

Source: World Development Report, 1985

* Manufacturing is a part of the industrial sector but shown separately because it typically is the most dynamic part of the industrial sector.

Table VII
AGRICULTURE AND FOOD

	Value added in agriculture (millions of 1980 dollars)		Cereal imports (thousands of metric tons)		Food aid in cereals (thousand of metric tons)		Fertilizer consum- ption (hundreds of grams of plant nutrient per hec of arable land)	
	1970	1983	1974	1983	'74-75	'82-83	1970	1982
Bangladesh	5,427	6,545	1,719	1,844	2,130	1,252	142	512
Bhutan	-	-	23	13	-	3	-	10
India	45,793	58,981	5,261	4,280	1,582	282	114	346
Maldives	-	-	-	-	-	-	-	-
Nepal	1,102	1,255	19	72	-	44	30	138
Pakistan	5,005	7,061	1,274	396	619	369	168	616
Sri Lanka	812	1,199	951	775	271	369	496	713

Source: World Development Report, 1985.

Table VIII

INDUSTRY

	Distribution of manufacturing value added %					Value added in manufacturing (millions of 1975 dollars)	
	Food and agriculture 1982	Textile and clothing 1982	Machinery & transport equipment 1982	Chemicals 1982	Others 1982	1970	1982
Bangladesh	30	37	4	17	12	647	1294
Bhutan	-	-	-	-	-	-	-
India	15	16	20	14	35	10,232	16210
Maldives	-	-	-	-	-	-	-
Nepal	-	-	-	-	-	-	-
Pakistan	46	14	7	16	17	1,492	2967
Sri Lanka	45	13	-	-	42	556	748

Source: World Development Report, 1985

Table IX

STRUCTURE OF MERCHANDISE EXPORTS

	Fuels Minerals & Metals		%age share of Merch. Exports				Machinery and Transport Equipment		Others Manufacturers	
	1965	1982	Other Primary Commodities	1965	1982	Textile and Clothing	1965	1982	1965	1982
Bangladesh	-	2	-	36	-	47	-	4	-	11
Bhutan	-	-	-	-	-	-	-	-	-	-
India	10	7	41	33	36	24	1	7	12	29
Maldives	-	-	-	-	-	-	-	-	-	-
Nepal	-	-	-	72	-	10	-	-	-	17
Pakistan	2	6	62	34	29	46	1	2	6	12
Sri Lanka	2	14	97	59	-	17	-	2	1	8

Source: World Development Report, 1985

Table X
Structure of Merchandise Imports
PERCENTAGE SHARE OF MERCHANDISE IMPORTS

	Food		Fuels		Other Primary Commodities		Machinery & Transport Equipment		Other Manufacturers	
	1965	1982	1965	1982	1965	1982	1965	1982	1965	1982
Bangladesh	-	26	-	12	-	8	-	22	-	32
Bhutan	-	-	-	-	-	-	-	-	-	-
India	22	9	5	35	14	10	37	18	22	28
Maldives	-	-	-	-	-	-	-	-	-	-
Pakistan	20	14	3	31	5	7	38	23	34	26
Sri Lanka	41	13	8	31	4	3	12	24	34	30
Nepal	-	16	-	13	-	3	-	18	-	50

Source: World Development Report, 1985

Table XI
BALANCE OF PAYMENTS & RESERVES

	Current account balance (millions dollars)		Receipts of Workers remittances (dollars)		Net direct private investment (mil. of \$)		Gross International Reserves Millions In months of of dollars import cov- erage		
	1970	1983	1970	1983	1970	1983	1970	1983	1983
Bangladesh	-	- 77	-	629	-	(.)	-	546	2.6
Bhutan	-	-	-	-	-	-	-	-	-
India	-394	-2780	113	2617	6	-	1023	8242	5.4
Maldives	-	-	-	-	-	-	-	-	-
Nepal	-	-143	-	-	-	-	95	191	4.1
Pakistan	-667	21	86	2925	23	31	194	2683	4.5
Sri Lanka	-59	-472	3	294	-	38	43	321	1.7

Source: World Development Report, 1985

Table XII
EXTERNAL PUBLIC DEBT AND DEBT SERVICE RATIO

	External public debt outstanding and disbursed				Interest Payments on Public Debt		Debt Service as %age of GNP		Exports of goods and services	
	Millions of Dollars		As percentage of GNP		1970	1983	1970	1983	1970	1983
	1970	1983	1970	1983	1970	1983	1970	1983	1970	1983
Bangladesh	-	4,185	-	37.7	-	63	-	1.3	-	-
Bhutan	-	-	-	-	-	-	-	-	-	-
India	7,940	21,277	14.9	11.2	189	553	0.9	0.7	22.0	10.3
Maldives	-	-	-	-	-	-	-	-	-	-
Nepal	3	346	0.3	14.1	(.)	4	0.3	0.3	-	3.0
Pakistan	3,060	9,775	30.5	31.3	76	309	1.9	3.4	23.6	28.1
Sri Lanka	317	2,205	16.1	43.7	12	86	2.0	3.3	10.3	11.9

Source: World Development Report, 1985

Table XIII
LABOUR FORCE

	Percentage of Population of working age (15-64 years)		Percentage of Labour Force in Agriculture Industry Services						Average Annual Growth of labour force		
	1965	1983	1965	1981	1965	1981	1965	1981	'65-73	'73-83	'80-200
	1965	1983									
Bangladesh	51	54	87	74	6	7	8	13	2.2	1.4	2.2
Bhutan	56	56	95	93	2	2	3	5	1.0	1.9	2.1
India	54	57	74	71	11	13	15	16	1.8	2.1	2.1
Maldives	-	-	-	-	-	-	-	-	-	-	-
Nepal	56	54	95	93	2	2	3	5	1.6	2.3	2.5
Pakistan	50	53	60	57	19	20	21	23	2.3	3.2	2.7
Sri Lanka	55	60	56	54	14	14	30	32	2.0	2.1	2.2

Source: World Development Report, 1985.

Table XIV

		India	Pakistan	Nepal	Bangladesh	Sri Lanka	Total
Total composition of armed force in	1981	1,104,000	450,000	25,000	77,000	16,425	
	1982	1,104,000	478,000	25,000	77,000	16,425	
	1983	1,126,000	478,000	25,000	81,300	16,560	
	1984	1,120,000	478,000	25,000	81,300	16,560	
Total expenditure on army (in US \$ M)	1980	4,561	1,544	22	162	60	
	1982	5,278	2,201	36	240	67	
	1983	6,776	1,981	39	240	77	
in US \$ per capita	1980	7	19	2	2	4	
	1982	7	25	2	3	4	
	1983	9	22	2	3	5	
% of Government spending	1980	21.5	24.0	5.4	19.2	7.4	
	1982	27.6	26.7	6.6	23.6	7.2	
	1983	18.1	25.8	5.0	23.6	6.9	
GNP/GDP	1980	2.8	6.4	1.1	1.3	1.5	
	1983	3.4	6.9	1.4	2.0	1.5	
Total value of import of major weapons to South Asia in	1983						\$966m
	1984						\$807m

Compiled from: 1. Military Balance, 1980-83.

2. SIPRI Year Book, 1985.

3. Asia Year Book, 1986.

Table XV

INTRA-REGIONAL TRADE IN SOUTH
ASIA, 1980 (Percentage)

a: Exports; b: Imports

Countries	Bangladesh		India		Nepal		Pakistan		Sri Lanka	
	a	b	a	b	a	b	a	b	a	b
Bangladesh	-	-	1.6	1.9	-	0.3	7.4	2.1	0.3	0.2
India	0.5	0.1*	-	-	0.9	0.2*	-	0.6	1.0	0.3
Nepal	6.8	0.1	45.1	67.4	-	-	3.7	0.1	0.4	-
Pakistan	2.1	1.4	2.7	0.1	-	0.1	-	-	1.5	0.7
Sri Lanka	0.4	0.1	3.3	4.8	-	-	3.3	1.5	-	-

1977-79.

Source: ESCAP, Economic and Social Survey of Asia and the Pacific, 1981.

Table XVI

INDIA'S TRADE WITH SOUTH ASIAN
COUNTRIES

a = exports; b = imports; c = Balance of Trade

Countries	1978-79			1979-80			1980-81		
	a	b	c	a	b	c	a	b	c
Bangladesh	52.57	1.80	+50.77	98.22	5.18	+93.04	58.09	2.30	+55.79
Nepal	56.69	13.81	+42.88	63.42	15.22	+48.20	87.76	29.64	+58.12
Sri Lanka	88.53	5.10	+83.43	101.93	12.08	+89.14	89.14	31.52	+57.62
Pakistan	19.45	12.80	+ 6.65	8.50	24.59	-16.09	0.82	84.33	-83.51
Maldives	1.59	Neg	+ 1.59	0.55*	0.01*+	0.54	-	-	-

* April-September 1979.

Source: Ministry of Commerce, Government of India, Anil Raj, "Cooperation in South Asia", Financial Express (Bombay), 16 August 1982.

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