## SAARC – 25 YEARS OF REGIONAL INTEGRATION IN SOUTH ASIA

Tomislav Delinić

Even well-informed political observers have to admit that hardly anyone would cite SAARC, the South Asian Association for Regional Cooperation, as a role model for regional cooperation when examining different forms of political or economic regional integration. Such a discussion would first of all focus on the European Union, ASEAN in South East Asia and Mercosur or NAFTA in the Americas. SAARC is overshadowed by these organisations and some observers may have never even heard of it. But although this regional association is of many years' standing, having existed at least as long as Mercosur and NAFTA, can it be deemed to be equally successful? In the eyes of the world it has enjoyed comparatively few real successes since it was founded in 1985. The Charter signed by the founders of SAARC (Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka) promises much and bears many similarities to the founding charters of the other regional associations mentioned above. But even regional observers criticise SAARC for having good intentions but achieving few practical results. Since it was established, there have been scores of meetings - unlike the other organisations, held mostly at top government level - and a host of agreements have been signed. But analysts believe there has been a shortage of concrete successes leading to closer cooperation between the member countries.

Afghanistan, one of South Asia's main regional headaches, has been a member of SAARC since 2007. The other member countries point to Afghanistan as one example of how South Asia might be able to take on responsibility for itself. The last summit meeting of SAARC government heads was peppered with wake-up calls and declarations of intent designed to show that SAARC had not given up

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on itself.<sup>1</sup> The media's take on the situation is that "It's time to walk the talk", and they expect the regions two biggest players, India and Pakistan, to step up to the plate. The smouldering conflict between the two regional nuclear powers hangs like the Sword of Damocles over South Asia's efforts to promote stability in the region and to bring its players closer together. More cooperation and agreement is needed if the successes of other regional alliances around the world are to be emulated.

Any assessment of SAARC's development needs to take into account the difficult starting position, the regional situation and the complicated backdrop to the organisation's formation.

However, it is not appropriate to measure SAARC's development solely by the usual criteria. Any assessment needs to take into account the difficult starting position, the regional situation and the complicated

backdrop to the organisation's formation. Only then can the agreements be viewed not just as an immense symbolic success for a crisis-ridden region but also as a strong cornerstone for the challenges to come. So how does SAARC work, what difficulties did and do its member countries still face, does SAARC have a future and what opportunities will result from further regional cooperation?

### AN ALLIANCE OF CONTRASTS AND COMMONALITIES

South Asia's constellation is certainly not a simple one. India, Pakistan and the other raft of SAARC member states comprising Afghanistan, Bangladesh, Bhutan, Nepal, the Maldives and Sri Lanka are worlds apart on questions of population, territory, military power, technological development, infrastructure and political influence. These countries are either in actual fact small nations or they are wrongly perceived as such by the rest of the world. Bangladesh, with a population of 160 million, is one of the biggest countries in the world, and even Nepal's population of almost 29 million is larger than that of most EU member states.<sup>2</sup> The SAARC region, with its almost 1.5 billion

2 | Cf. Fischer-Weltalmanach, "Nepal", http://www.weltalmanach.de/ staat/staat\_detail.php?staat=nepal and "Bangladesch", http://www.weltalmanach.de/staat/staat\_detail.php?fwa\_ id=banglade (both accessed December 13, 2010). +92 336 7801123

Cf. Dipu Moni, "Saarc now deliberates more on action," *The Daily Star*, May 27, 2010, in: http://thedailystar.net/new Design/news-details.php?nid=140263 (accessed December 14, 2010).

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inhabitants, makes up a considerable proportion of the world's population, and in any case its position on the border with China places it at the heart of a vibrant world region.3

India is the dominant player, due to its territorial size, large population, the current rapid pace of economic growth, its position as a nuclear power and its recent appointment as a non-permanent member of the United Nations Security Council. In this way, the country's remarkable growth could act as an anchor for the whole region and make a positive contribution to its development. This is certainly much-needed, as despite India's impressive success, South Asia as a whole is plagued by extreme poverty, mega-urbanisation, immense disparities between rich and poor and fundamental problems in the areas of infrastructure, energy and the environment. On top of this there are also high levels of internal conflicts and political instability within the region.

But outside of these problems, the SAARC member states have things which bind them. South Asia has a long and closely-interwoven history. Its individual countries are actually closer to each other in terms of culture, ethnicity and religion than might be suspected in light of the political developments of recent years. Almost the entire region was also part of the British Empire. There are often cross-border similarities in traditions,

languages and customs. Could these form The South Asian countries are united a basis for a common South Asian identity? by the fact that today all SAARC coun-The countries of the region are also united by the fact that today, after years of turmoil,

tries are being run according to basic democratic principles.

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internal disputes, military conflicts and political upheaval, all SAARC countries are being run according to democratic principles. This could be an important step on the path to closer regional cooperation.4

- 3 | Cf. ibid., "SAARC: 14. Gipfeltreffen in Neu-Delhi," http://www.weltalmanach.de/suche/suche.php?search=saarc (accessed December 13, 2010).
- 4 | In their inaugural addresses at the 16<sup>th</sup> SAARC summit in Thimphu/Bhutan, the heads of the member states stressed the region's democratic progress, cf. http://saarc-sec.org/ Sixteenth-SAARC-Summit/75 (accessed December 17, 2010). +92 336 7801123

#### **INDIA – THE REGION'S HEAVYWEIGHT**

On closer inspection, India's position of prominence is shown to be one of the many hurdles standing in the way of South Asia's integration. Its neighbours often view India as both a saviour and as part of the problem. In terms of its geographical size, its demographic and economic potential

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and its political weight, the country towers above the other countries in the region. Other regional alliances have not had to deal with such a constellation, or only in a more limited way. Even Indonesia's prominent position in

ASEAN is much less of an issue. In turn, India fears that its neighbours will join together to oppose the country's interests, particularly in light of the role of Pakistan and China's involvement in the region.

There is also another factor which puts India more and more in the spotlight – India borders every other SAARC country, but the other SAARC states do not share any mutual borders except with India. Afghanistan and Pakistan are exceptions in that they either border India or only have geographical access to the other SAARC members through India.

So even in terms of geography, it is almost impossible to get past India. Particularly the smaller member states such as Nepal, Bhutan and Bangladesh have felt the effects of this for a long time, as their borders are separated from each other by just a few kilometres of Indian corridor. Without the cooperation of both sides, and particularly without the cooperation of India, there has been no possibility of trade, border crossings, energy agreements or other initiatives. In practice, these kinds of complications have often meant exchanges between SAARC countries grinding to a halt.

The political restraint displayed by all the member countries towards their neighbours is a logical consequence of not only this constellation, but also of the centuries-long upheavals in South Asia, particularly the many conflicts which have broken out since the subcontinent was partitioned in 1947. And the after-effects of three wars between India and Pakistan and numerous regional and domestic conflicts, civil wars and political upheavals within the countries of the region can still be felt.

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A more positive evaluation of SAARC can, therefore, be achieved by assessing South Asia's relative efforts at cooperation rather than by enumerating the concrete steps taken towards integration. SAARC was formed despite the many obstacles put in its path and the strong nationalist forces which were expressly set in motion to counter the idea of increased cooperation on a regional level. And this happened in the middle of the 1980s, a time

which was characterized by antagonism and The special relationships between India antipathy between the SAARC countries. The Soviet invasion of Afghanistan, the special relationship between India and the Soviet any increased South Asian cooperation. Union after the signing of the Friendship

and the Soviet Union and between Pakistan and the USA are examples of the difficult circumstances surrounding

Treaty, and the parallel "special" relationship between Pakistan and the USA are just a few examples of the difficult circumstances surrounding any increased South Asian cooperation in the run-up to SAARC's creation.

#### HOW SAARC WAS ESTABLISHED

An initiative by Bangladesh led to seven parties signing the SAARC Charter on 8th December 1985, following on from a series of co-ordinating meetings. The tensions in the region were clearly mirrored in the final document, which categorically excludes controversial bilateral issues from the SAARC remit and stipulates that all decisions must be unanimous. Still today many commentators view these sections as a reason why SAARC in practice has often not been able to act in the face of disputes between the region's two major players, India and Pakistan. If bilateral issues had been included in the Charter, this could possibly have been used as a means for the smaller SAARC nations to act as a mediator between India and Pakistan.<sup>5</sup> As a result, the South Asian association focused its initial activities on areas such as agriculture, health, the fight against poverty and for food security, in many cases with quite considerable success. A number of committees were set up to tackle the problems they had jointly identified.

The structure created by the SAARC Charter formed a solid and strongly-institutionalized base for the alliance. Four levels of decision-making were established, with

5 | Cf. Partha S. Ghosh, SAARC: Institutionalization and Regional Political Processes, (New Delhi, 2009), 4 et seq. +92 336 7801123 https://www.youtube.com/MegaLecture

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implementation then taking place at the lower levels. The highest level comprises summit meetings of the Heads of State and Prime Ministers. The SAARC Charter stipulates that the highest representatives of the member states should meet at least once a year to discuss and make decisions on current issues. These meetings rotate around the member countries, with the 2010 summit having been held in Bhutan and the 2011 summit heading to the Maldives. Many commentators criticized the summits as being more of a PR exercise, and indeed they have so far resulted in rather few concrete actions. But on the other hand these meetings can be seen as one of SAARC's greatest successes - whereas most of the world's associations for cooperation work mainly at committee level, SAARC regularly gathers together all the leaders of its member states, with the notable inclusion of India and Pakistan. Searching the internet using the key word 'SAARC' turns up results which almost exclusively refer to high-level meetings between the two neighbours. After the Mumbai attacks in 2008, high-level representatives of India and Pakistan met for the first time at the 2009 SAARC Congress in Colombo, SAARC summits have often provided a framework for the two sides to hold discussions and resolve disputes - something which is important for the alliance and for the whole region.

Already in the more-distant past SAARC summits have often provided a platform for bilateral discussions, even

The discussion of bilateral disputes has in fact turned out to be one of SAARC's greatest successes. Regular meetings within the framework of the association have brought about this significant sideeffect. if these talks often tended to take place out of the public gaze behind closed doors. The important thing was that these meetings took place at all. It is ironic that the one thing which the Charter clearly outlawed – the discussion of bilateral disputes – has in

fact turned out to be one of SAARC's greatest successes. The issues are not tackled by SAARC itself, but the regular meetings between the member states political leaders within the framework of the association have brought about this significant side-effect.<sup>6</sup>

6 | It should however be noted that some SAARC summits were cancelled because of the refusal of some participants to sit down together. +92 336 7801123

## SAARC AS A PLATFORM FOR SOUTH ASIAN DEVELOPMENT

This strength pervades the other levels. Even though SAARC's critics accuse it of achieving little in the way of tangible results, it cannot be denied that the member states involvement in a tight network of committees, boards and organisations has proven to be one of the association's major strong points. In view of the difficult circumstances which reigned at the time of the association's establishment, it is a significant step forward that the region's players will at least sit down together and enter into discussions.

Alongside the summits, the Council of Ministers provides another level for political action. Ministers from various departments meet several times a year in order to draw up political plans, assess the effects of previous actions, identify new areas for cooperation and if necessary decide upon new methods and mechanisms.<sup>7</sup> These meetings were originally intended for the countries' foreign ministers, but other ministries are increasingly being included. So, for instance, in summer 2010 the SAARC interior ministers gathered to discuss the establishment of an Interpol-type police structure to tackle cross-border terrorist networks, human trafficking, drug trafficking and smuggling within the region.<sup>8</sup>

Resolutions passed at the summits and by the Council of Ministers are then administered and implemented by "Standing Committees" (consisting of high-level representatives of the relevant ministry), the "SAARC Secretariat", "Technical Committees" and their offshoot, "Action Committees". Meetings are scheduled at regular intervals, as required. Another of SAARC's strengths is the fact that decision-makers and specialists from the individual countries come together regularly in these committees in order to discuss their problems, ideas and possible solutions – at least in theory.

- 7 | Cf. Charter of the South Asian Association for Regional Cooperation (Dhaka, 1985), Article IV, 2.
- 8 | Diplomatic Correspondent, "SAARC police proposed," The Daily Star, June 27, 2010, in: http://www.thedailystar.net/ newDesign/news-details.php?nid=144341 (accessed December 15, 2010).

## <sup>14</sup> For Live Classes, Recorded Lectures, Notes & Past Papers visit: www.megalecture.com

There is one major criticism of SAARC which should not be ignored. Within a very short time-span, a plethora of institutions, initiatives, bodies and committees have sprung up within the organisation, with different remits ranging from biotechnology and forestry to coastal

Outside observers, including not only the citizens of South Asia who are trying to identify with SAARC, are finding it increasingly difficult to get a handle on the alliance's huge range of activities.

management and meteorological cooperation. There is no doubt that close consultation between partner countries cannot hurt. But the phrase "less is more" would seem to apply here. Outside observers, including not

only the citizens of South Asia who are trying to identify with SAARC, but also the region's well-informed politicians, are finding it increasingly difficult to get a handle on the alliance's wide range of activities.<sup>9</sup> The fact that the SAARC summit host country sets the agenda for the conference has just intensified this explosion of issues tackled by the regional association and the plethora of largely institutionalized actions taken.

The members could have benefited from concentrating their resources and energies on the region's economic integration. But the SAARC countries have long shied away from internal trade liberalisation as long as other regional alliances have made this their focus and achieved significant results in just a short time.<sup>10</sup> The region's political framework did not initially allow for this kind of cooperation.

### FROM SAPTA TO SAFTA – EN ROUTE TO A FREE TRADE ZONE?

However, the members of SAARC gradually felt their way towards putting the issue of economic cooperation on the association's agenda. The SAARC Preferential Trading Arrangement (SAPTA) was signed in 1993 and entered into force in 1995 with a view to paving the way for increased economic integration in the region, as trade between member states was practically non-existent, apart from a tiny amount of foreign trade. Alongside the agreement to increase cooperation in the area of customs tariffs and

- 9 | Cf. Nischal Pandey, Regional Cooperation in South Asia: A Nepalese Perspective (Kathmandu, 2005), 4.
- 10 | Cf. Muchkund Dubey, "Looking Ahead", in: Dipankar Banerjee and N. Manoharan (eds.), *SAARC Towards Greater Connectivity* (New Delhi: Anshah, 2008), 242. +92 336 7801123

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duties, SAPTA established the important goal of providing more support for the least developed member states.<sup>11</sup> Although four rounds of trade liberalisation negotiations were concluded under SAPTA, the agreement had little real effect on increasing trade between SAARC nations. But SAPTA was successful in one respect: the agreement opened the doors to future progress. SAPTA helped to focus the alliance's political leaders on the need for greater economic cooperation in order to achieve real economic integration.

Following on from this, SAFTA, the South Asian Free Trade Area agreement, was signed at the 2004 Summit of Foreign Ministers in Islamabad and entered into force on January

1, 2006. By signing this agreement, the governments of the member nations committed to follow a concrete road map towards facilitating the cross-border movement of goods (with the perspective to abolish all customs duties by 2015), to harmonising product testing procedures (still a major barrier to trading between the SAARC countries) and to increased cooperation on the question of crossborder transport infrastructures. The issue of support for the least developed member states, a question which had already been tackled within SAPTA, was also brought into the SAFTA agreement: Bangladesh, Bhutan, the Maldives and Nepal were awarded special conditions and concessions in meeting the deadlines set out by SAFTA.

So what has been achieved after four years of this free trade agreement? Many critics say "not much". The agreement might have produced better results if it had set tighter deadlines, created a fund for the less developed member nations, drawn up a concrete plan for abolishing the non-tariff trade barriers which were such a stumbling block to trade and initiated a clearly-defined cooperation on infrastructure projects.<sup>12</sup> But as it was, any real results for intra-SAARC trade remained limited. Trade between the majority of SAARC nations is still negligible,<sup>13</sup> and the

- 11 | Cf. Agreement on SAARC Preferential Trading Agreement (SAPTA), (Dhaka, 1993), 5.
- 12 | Cf. Dubey, n. 10, 244 et seq.
- 13 | India is again an exception, having directly or indirectly the largest share in the balance of trade of most SAARC nations. More details: "Making SAFTA more effective" (New Delhi, 2010). +92 336 7801123

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By signing the SAFTA agreement the governments committed to follow a concrete road map towards facilitating the cross-border movement of goods.

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day-to-day operations of businesses in South Asia are still hampered by non-tariff barriers, transport problems and visa complications. It is hardly surprising that many local businesspeople prefer to engage in projects

Foreign companies shy away from investing in South Asia, even in India, because of the many hurdles they have to face. This has a detrimental effect on the whole region. with South East Asia, China, America and Europe rather than in investments and trade with their neighbours. The reverse is also true – Indian businesses are often keen to

take advantage of the excellent opportunities for importers within the European single market, but foreign companies shy away from investing in South Asia, even in India, because of the many hurdles they have to face. This has a detrimental effect on the entire region.

## LIBERALISATION, COOPERATION AND A LOOK TOWARDS THE EAST

There is great potential for increased cooperation and liberalisation within the countries of South Asia. But there is a need to better understand the benefits of a free single market. Even the smaller countries have in the past been reticent on the question of abolishing duties, as this revenue has always made up a significant, even substantial, part of their income. They are also afraid that their domestic markets will be flooded with Indian goods, resulting in the collapse of their local manufacturing industries. Other regional organisations have shown that a single market *may* have this effect, but it is by no means inevitable. The example of Europe shows us how the principle of investment in structurally-weaker member states in the end brings benefits for all parties involved.

The crucial factor in all this is that the trading partners feel they can trust each other's words and actions. There seems to have been a resurgence of this trust, at least among some South Asian countries. In the last few months India, Bangladesh, Nepal and Bhutan have moved closer on the issue of transit regulations for goods and passenger transportation and on the use of deep-sea ports. This is a remarkable and significant step which has been a long time in the making.<sup>14</sup> Although trucks and containers still

14 | Cf. Dipu Moni, "Transit to benefit four countries," The Daily Star, August 9, 2010, in: http://www.thedailystar.net/new Design/news-details.php?nid=150000 (accessed December 15, 2010).

<sup>15, 2010).</sup> +92 336 7801123 https://www.youtube.com/MegaLecture

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have to be fully unloaded and reloaded at borders, causing considerable expense and even financial losses due to the time required, in future cross-border trade could be speeded up significantly.

A major catalyst for this new rapprochement can also be found in the policies of India and its Prime Minister, Manmohan Singh, who has spoken of the Indian willingness to take on more asymmetric responsibility within SAARC.15 This is an important signal for the region after SAARC has been through a further weak phase in which the many bilateral agreements between individual member states seem to render the regional association increasingly obsolete.

The "Look East" strategy of some South Asian nations could also be viewed as competition for SAARC. With its economic dynamics and especially India. But there is a crucial global recognition, ASEAN in particular exerts difference between ASEAN and SAARC. a strong pull on the countries of South Asia,

especially India.<sup>16</sup> But trying to compare ASEAN's success with SAARC's development is a little like trying to compare apples and oranges. Along with the previously-mentioned problems inherent in the closer and faster integration of South Asia, there is a crucial difference between these two organisations. The example of ASEAN highlights the importance of a clear political commitment to economic cooperation and eventual liberalisation and the need to take consistent steps in this direction. For the reasons previously discussed, SAARC was not able to achieve this in its early stages and later on also missed its opportunity. As a result South Asia is increasingly feeling its way towards the East, trying to build contacts with adjoining countries.

"Sub-regional integration" is the key phrase which lies behind the formation of organizations such as BIMST-EC in 1997. In the framework of this "Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation",

- 15 | Cf. Nihal Rodrigo, "SAARC in Perspective," in: Dipankar Banerjee and N. Manoharan (eds.), SAARC Towards Greater Connectivity (New Delhi: Anshah, 2008), 6.
- 16 | More on India-ASEAN relations at IPCS Special Report, № 72, Institute of Peace and Conflict Studies, May 2009, in: http://ipcs.org/pdf\_file/issue/SR72-Final.pdf (accessed January 10, 2011).

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With its economic dynamism and global recognition, ASEAN exerts a strong pull on the countries of South Asia,

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Bangladesh, India, Sri Lanka and Thailand, joined later by Myanmar, Nepal and Bhutan, set similar goals to those of the SAARC Charter. Its aims are political and economic cooperation. Observers see great potential in the BIMST-EC project, if only because, unlike SAARC, the organisation includes Thailand and Myanmar but does not include the crisis-ridden countries of Pakistan and Afghanistan.<sup>17</sup>

So do these sub-regional integration initiatives really constitute serious competition for SAARC? Regional integration always hits a barrier when the question of common identity is raised. Do the BIMST-EC countries actually have anything in common other than their interest in economic development, profit and prosperity? In contrast with SAARC and the deeply-rooted sense of history of South Asia, the answer has to be a resounding no.

#### EXTERNAL INTEREST IN SAARC IS GROWING

The trend towards deeper bilateral agreements and the desire to join other multilateral organisations is paradoxically taking place at a time when interest in SAARC in Asia, but also world-wide, is growing. Since 2005 Australia, China, the European Union, Iran, Japan, South-Korea, Mauritius, Myanmar and the USA have all been granted observer status.<sup>18</sup> This allows them to take part in the inaugural and closing sessions of summits and the opportunity to make proposals on the development of SAARC

Observers recently sent representatives to the SAARC summits, and even China is showing increased interest in membership of a South Asian regional association. and show its own interests for possible future cooperation. The observers recently sent (often high-ranking) representatives to the SAARC summits, and even China is showing increased interest in membership of a South

Asian regional association. However, Nepal's proposal in early 2010 to convert China's observer status into full membership was vetoed by India. Some commentators from the smaller SAARC nations see China's membership as a possible way of balancing out India's strength within

- 17 | Cf. Yogendra Singh, "BIMSTEC: Need to Move beyond the Linkage Syndrome," Institute of Peace and Conflict Studies, December 15, 2008, in: http://ipcs.org/article/southeastasia/bimstec-need-to-move-beyond-the-linkage-syndrome-2753.html (accessed December 15, 2010).
- 18 | Cf. SAARC Secretariat, http://saarc-sec.org/Cooperation-with-Observers/13 (accessed December 15, 2010). +92 336 7801123

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SAARC,<sup>19</sup> and also view China's massive growth as a possible way of giving impetus to the economic integration process. What is more, many people feel the sheer size of such an alliance would raise its credibility in the eyes of the world.

But this is not likely to happen in the near future. SAARC will have to rely on its present configuration to resolve the existing challenges and questions of the imbalance between India and its other members, the disputes between India and Pakistan and its stuttering progress towards economic integration. But the increased external interest in SAARC should be a pointer for South Asia to realise that the bodies created have more potential than the member states think themselves. Or do Europe, the USA, China and the other observers see more in SAARC than there really is?

#### A NEED TO FOCUS ON CORE ISSUES

So what is in store for SAARC? In South Asia there are currently three different opinions on SAARC: the project will be given up due to indifference or ignorance; it is a failure; or it is a good idea with great potential but also with a lot of problems. Hardly anyone would

claim that SAARC is going well in every Despite extremely difficult political cirrespect, and it's true that tangible results are cumstances, SAARC has managed to few and far between. But there have been successes: over the last 25 years, despite others' hands. extremely difficult political circumstances,

SAARC has managed to create situations, institutions and forums where Heads of State have had to shake each others' hands and go into talks together. SAARC has tackled important topics for the region such as a social charter, development agreements and even the sensitive subject of fighting terrorism and has achieved some good results. The food and development banks are important steps in the right direction. Exchanges in the areas of civil society and science have become one of the pillars of South Asian integration efforts.

create situations, institutions and forums where Heads of State shake each

19 | Comments made to the author during the conference "Nepal's Foreign Policy: The Way ahead" on November 22, 2010 in Kathmandu.

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One thing is true of all this: SAARC should not lose its direction by getting involved in too many areas at once. Political signals and the political will for clear progress towards economic integration are what will tip the scales in favour of successful regional cooperation in South Asia. Activities in hundreds of other areas cannot compensate for failure in the question of economic liberalisation.

All the SAARC countries are showing positive economic developments. The potential for foreign investors is huge, and South Asian integration is also coming to the forefront on a political level.

In some respects SAARC's prospects have never looked better. For the first time in its history, the governments of its member states are being run on democratic principles. All the SAARC countries are showing positive

economic developments. And international interest in South Asia has never been stronger: the potential for foreign investors is immense, and South Asian integration is also coming to the forefront on a political level. The regional players should focus on these developments and not trip themselves up by making independent bilateral agreements. But there will not be a closer integration without achieving more stability in the region, beginning with Afghanistan and progressing to the domestic conflicts which plague almost all of South Asia's young democracies. India should take a particular interest in this - if the regional heavyweight wants to progress further on the path to growth it needs to make sure there is stability and peace in its own back yard. Its smaller neighbours also offer interesting potential in the area of energy production and resources. For India, a country which currently has negligible levels of trade with other South Asian nations, the region offers immense potential for growth. It would not be a case of reinventing the wheel if India were to invest heavily in its neighbours in order to develop strong consumer markets, for the European Union has already shown that this can work successfully.

However, the European project would have never succeeded without trust and respect for the perceptions of its partners, especially the smaller ones. As South Asia's major player, India needs to prove that it is the driving force behind integration and act to push forward the development of the whole region, if it is really serious about forging closer ties. The difficult starting position should not be used as an excuse, for if we look at Europe's situation after the Second

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World War and even during the 1950s, it did not exactly inspire any more confidence than the position of South Asia in the 21<sup>st</sup> century. Yet the European project has been successful - for large and small members alike - thanks to its strong convictions and the development of measures designed to build trust.

In this respect SAARC has a long road ahead. The obvious problems have to be addressed, while at the same time its successes should be celebrated. The opportunity is there to build a successful common future - now it is a matter of grasping it.

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