



## **SAARC: Time to Explore New Options for Regionalism**

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The 18<sup>th</sup> Summit of South Asian Association for Regional Cooperation (SAARC), which was held on 26-27 November at Kathmandu, Nepal, did not yield a satisfying result except the last minute deal on energy cooperation. Although the theme of the 18<sup>th</sup> Summit was “Deeper Integration for Peace and Prosperity”, but, ironically, SAARC members failed to sign the much needed agreements on road and rail connectivity, thanks to Pakistan’s ‘obstructionist’ approach in the SAARC. However, it does not mean that the SAARC momentum, which was generated with the invitation extended to the SAARC leaders to attend Prime Minister Narendra Modi’s oath ceremony six months ago, has already faded or India has lost its interest in the SAARC.

Prime Minister Modi’s maiden speech at the SAARC summit has raised some hope for cooperation among SAARC member countries in the near future. The speech gives the idea that New Delhi is ready to push the much needed intra-regional integration within the South Asian economic bloc. Perhaps, the mode of cooperation in SAARC would rather be altered in the coming years. Prime Minister Modi’s past record on development; his concern for development of South Asia and propensity to link India’s development with the development of South Asia; the strategy of positive unilateralism in SAARC; and, above all, his recent efforts to reduce the gap in promise and delivery are convincing SAARC leaders to have faith in the Indian leadership. The endorsement of Indo-Nepal power trade

agreement within the promised time limit of 45 days rather improves the image of India in Nepal to a large extent.

SAARC, one of the least economically integrated regions in the world, is waiting to come out of the shadow of the India-Pakistan fault line. The intra-regional trade among the SAARC countries is about five per cent of SAARC's worldwide trade, a disappointing figure in comparison to some other regional blocs, such as ASEAN (about 25 per cent) and the European Union (about 60 per cent). Interestingly, just before the partition of India in 1947, the intra-regional trade in this region was about 20 per cent, which suddenly collapsed with the emergence of new political borders.

Poor connectivity has been one of the key reasons for low intra-regional trade in South Asia. It must be improved if SAARC intra as well inter-regional trade has to be revitalised. Better networks of roads, railways, shipping and airways are essential to enhance the pace of intra-regional trade and, most significantly, to reduce the cost of trade also. Connectivity in South Asia has always been a concern of Prime Minister Narendra Modi. During the Summit, stressing the need for seamless connectivity in the region, he said, "Infrastructure is our region's greatest weakness and it's most pressing need. When I thought of coming to Kathmandu by road, it made many officials in India nervous."

Disenchanted with Pakistan's obstructionist approach in SAARC, India is in search of new options to boost the cooperation in South Asia. Three options – sub regional cooperation, engagement with trans-regional institutions, and unilateral action – as suggested and argued by C Raja Mohan, could be the viable alternative to enhance the socio-economic cooperation in South Asia. India has already promised to launch a SAARC satellite, immediate medical visa for patients and attendant, SAARC business traveller card, and special purpose facility for infrastructure projects. If there are difficulties in developing the South Asian energy grid, India should make effort to develop the eastern and southern energy grid. There are enormous possibilities of hydro-power generation and marketing at the sub-regional level between India, Bhutan, Nepal and Bangladesh. India, Bangladesh and

Myanmar (observer in SAARC) could be partners in energy (gas) cooperation also. New Delhi must put the Chabahar project – a feasible route to connect India to landlocked Afghanistan and Central Asia – on a fast track if it wants to promote sub regional cooperation at the western front also.

The scheme of sub-regional cooperation within SAARC as well as engagement with trans-regional economic blocs is not coming out of a vacuum; in fact, it is intrinsic to the SAARC Charter. Article VII of the SAARC Charter, promoting the idea of sub regionalism, states, “the Standing Committee may set up Action Committees comprising Member States concerned with the implementation of projects involving more than two, but not all Member States.” Further, Article 1 (h) of the Charter buttresses the scheme to cooperate with trans-regional organisations with similar aims and purposes.

The Summit will also be remembered for Pakistan’s intense lobbying to change China’s status from an observer to a dialogue partner. Nepali politicians, including some ministers in the present cabinet, also raised their voices in favour of Chinese membership. Although the attempt to elevate China’s status in SAARC was ‘thwarted’ by India, but this is not the end of India’s ‘dilemma’ over Chinese membership in SAARC. The issue of Chinese full membership in SAARC is still debatable. However, whether China is joining SAARC or not, New Delhi has no other option but to develop closer economic ties with its neighbours and take them along on the conduit of socio-economic prosperity. As well, SAARC must think beyond ‘eight or nothing formula’ and move ahead to explore alternative options to boost the economy.

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