

*Mohammed Mohsin*

## **VISION OF SAARC IN ITS THIRD DECADE – A PERSPECTIVE**

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### **Abstract**

While the process of regional cooperation within the framework of SAARC has been admittedly slow and halting, the holding of SAARC summits, other Ministerial and official meetings are indeed positive indications for SAARC. In this context, the 12<sup>th</sup> SAARC Summit made some landmark achievements. In order that the cooperation processes sustain the momentum, a number of measures are suggested in the paper. The first suggestion is to strengthen SAARC Secretariat and raise the status of the Secretary General to ministerial rank. A second suggestion is to expedite the proposed investment agreement to precede SAFTA, and initiate some joint high profile projects to make impact on the development process. Thirdly, concerning financial resources for the SAARC Secretariat, the Member States may consider deciding upon some arrangements for regular

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funding. For this purpose, again the well established practice followed by the European Union is worth studying by the SAARC members. Perhaps SAARC, which is also driven by political and economic considerations, has something to emulate from the European experience and instead of other regional integration initiatives/experiences which are mainly powered and driven by the interests of global multinational companies, etc.

The SAARC completes 20 years of its life on 8 December 2004. On the eve of its entering the third decade, it is perhaps relevant to remind ourselves about the origin, aims and objectives of SAARC as well as the challenges it might be faced with during the third decade:

- Way back in January 1980 it was late President Ziaur Rahman of Bangladesh had first mooted the idea of establishing the organization of SAARC. It was finally established in 1985 after a lot of consultations. This was the result of joint endeavours of the leaders of all the 7 member countries and it represents the hopes and aspirations of all the common people of the region.
- SAARC was essentially conceived of as a tool for promoting the economic aspirations of the people in the region. Its objectives were modest and defined in very general terms in the Charter that was adopted.
- Restrictive agenda followed by the SAARC reflect the cautious attitude displayed so far by the Member States in terms of its possible role and functions.
- Bigger Member States obviously did not seem to share a common vision of the region as well as the SAARC's possible role because of the continuing lack of convergence of their respective national aspirations and goals as well as other political considerations.

- In addition, policy of bilateralism followed by some members, especially in their relationship with the neighbours, was not conducive in promoting regional approach.

The common people everywhere in the region have always wondered, since the founding of SAARC, why it could not as yet be as vigorous as other regional groupings. To recall, the leaders of the 7 Member States, when they met at the first Summit in Dhaka in 1985 – had reaffirmed their goal “to expedite the process of economic and social developments in South Asia through utilization of their common human and material resources”. But in the Declaration issued after the Summit, they made this process conditional to “Peace and Security” prevailing in the region, while in the newly adopted Charter they deliberately excluded “any bilateral or contentious issues” from discussions at the SAARC Forum.

### **Evolution of SAARC and GEP Report**

To recall, the Heads of State/Government of Member States in the 9<sup>th</sup> SAARC Summit in Maldives, had mandated a 12-member Group of Eminent Persons (GEP), composed of individuals with wide experience, to undertake a comprehensive appraisal of SAARC process and identify measures including mechanism to further vitalise and enhance the effectiveness of the Association in achieving its objectives in the new millennium. Accordingly, the Group’s report submitted to the 10<sup>th</sup> Summit in Sri Lanka, had sought “to highlight the main issues requiring the focussed attention of the SAARC leaders and identify measures needed to impart a new vitality and sense of direction to the Association”. The Report also attempted to define a long range vision for SAARC and some elements of a perspective plan of action in various fields.

This appraisal however, was carried out at a critical juncture when the global political and economic environments were undergoing fast changes in fundamental ways with profound significance for the SAARC process. As a result, both political and economic relationships within South Asia and the regions beyond were also significantly changed over the past two decades. Moreover in late 1990s, two SAARC Members test fired their nuclear weapons. All these have made a far reaching and adverse impact for the regional countries both globally and in their own relationship with each other.

South Asian region is an ancient land of contrast and endowed with rich historical and cultural heritage. All the seven countries account for about one-fourth of the world's population. But its share in the world trade is hardly around one percent and the region accounts for just about one and half percent of the global Gross Domestic Product (GDP). Again, while we have in the region very rich people, almost one-third of the population remain to be the poorest. Again, 50 percent are illiterate and another 50 percent of children do not have access to schools, though we pride ourselves that the region has produced five Nobel Laureates.

But unfortunately region's defence expenditure remains phenomenally high and constantly increasing due to continued tensions, animosity as well as the perceived rivalry within the region and sometimes external.

### **Third Decade of SAARC and Challenges Ahead**

At the political level, South Asia today is faced with two main hurdles in maintaining the regional peace and security. *First*, is the existence of dispute between the two member countries, India and Pakistan, over Kashmir. *Secondly*, these two countries perceive

regional security differently. For example, one country's "friend" is often perceived as "competitor or enemy" by the other.

Disputes among neighbouring countries are quite normal and that is why the UN Charter (Article 52) specifically contemplates a role for the regional institutions or agencies in dealing "with such matters relating to maintenance of international peace and security as appropriate".

To the best of my knowledge, only two regional groupings, namely, the European Union and Gulf Cooperation Council (GCC) have such built-in institutional procedure for dispute settlement. European Union right from its inception had established the European Court of Justice – as one of the four pillars of the Union (while other three are – Council of Ministers, European Parliament and a supra-national institution called European Commission). Added to it, a new organization called OSCE (Organization for Security and Cooperation in Europe) came into being in early 1990s, especially after the collapse of the former Soviet Union. It has already accomplished commendable work in preventing potential conflicts in several European trouble spots.

Since we have no mechanism within the SAARC to resolve disputes, maintenance of the regional peace and security becomes difficult and having in turn adverse impact on economic and social development. But the founding fathers perhaps rightly felt that the SAARC would not have come into existence at all, had any such role for SAARC was insisted upon.

Another important factor to note is India's geo-political location in South Asia and she has common border with all other Member States, while others have none between them. Therefore, India cannot be sidelined in any cooperative effort both economic and

political. For example, Bangladesh's trade with Bhutan, Nepal or Pakistan depends on transit rights through Indian territory and Sri Lanka's internal ethnic conflict or current Maoist insurgency in Nepal do have sometimes spill over effects on India.

### **SAARC's Achievements**

Against this background, it should not be difficult to understand the reason for slow momentum in the SAARC process. Yet the SAARC has done some limited but commendable works on several agreed areas of cooperation. For example, signing of a Convention on Combating Terrorism, creation of regional Food Security, Cooperation in Transport, Communication, Bio-Technology, Environment, Meteorology, Forestry and Media sectors, preparation of the Regional Poverty Profile, proposal for a SAARC Energy Grid as well as SAPTA & SAFTA are some of them.

But on the positive side, the holding of SAARC summits annually and other Ministerial level meetings regularly have indeed provided excellent opportunities for exchanging views on shared perceptions and values among the member countries. Such high level meetings have indeed been a significant steps for better understanding of each other's points of view and for confidence building.

### **12<sup>th</sup> SAARC Summit in Islamabad**

The outcome of the 12<sup>th</sup> Summit in January this year had impressed one and all. However, prior to the Summit, confrontational situation between India and Pakistan were much reduced and certain other positive steps taken by both sides did significantly improve the political climate. This also perhaps encouraged Pakistan not to postpone the scheduled Summit, despite

two assassination attempts on President Mosharraf's motorcade in Rawalpindi just before the Summit.

It is heart warming that not only the leaders and people in all SAARC countries but also many world leaders greeted the historic peace initiative, taken during the Islamabad Summit, as a major development in the region and Indo-Pak relationship. Former Indian Prime Minister Vajpayee remarked "We have to change South Asia's image and its standing in the world. ...We must make the bold transition from mistrust to trust, from discord to concord and from tension to peace".

Finally, some landmark decisions could be taken at this Summit, as reflected in the 43-point Islamabad Declaration as well as the signing of a Framework Agreement on SAFTA, an Additional Protocol to SAARC Convention on Suppression of Terrorism as well as a Social Charter of SAARC. The participating leaders have good reasons to congratulate themselves for the pragmatic vision they had shown in quickly agreeing to such important decisions.

Bangladesh Prime Minister Begum Khaleda Zia termed the Summit outcome as "a key watershed in enhancing South Asian regional cooperation". Former Pakistan Prime Minister Mr. Jamali underscored that political disputes should be addressed in a realistic and judged manner, failing which ideas like common economic and monetary issues would remain a distant dream. He described the Islamabad Declaration, as future oriented and a Road Map for regional cooperation under SAARC. Sri Lankan President Mrs. Kumaratunga hailed the peace overtures between India and Pakistan and expressed her belief that this would boost chances of saving South Asia from global marginalisation. Bhutanese Prime Minister

Thinley spoke of “ Winds of Rapprochement ” blowing across the region.

But the leaders have to be careful that these exuberances do not evaporate in the near future due to domestic compulsions. After all in the Islamabad Declaration, they all have jointly vowed to make South Asia a stable and peaceful region where “each nation is at peace with itself and with its neighbours”. This joint political commitment is perhaps significant given the constant charges of cross-border terrorism as well as display of pre-emptive aggression potential in the past.

### **Process of Political Consultations**

The Indo-Pak agreements, made on the sideline of the 12<sup>th</sup> Summit, for holding high level “Composite Dialogue” on all issues surely helped to ease tension all around and worked as Confidence Building Measures, just as the well publicised cricket matches played between the two countries seemed to have generated an unprecedented goodwill for each other.

Islamabad Declaration did recognise the importance of informal political consultations in promoting mutual understanding and reinforcing the confidence building process among Member States. It also addressed the security concerns of smaller South Asian states arising from their respective vulnerabilities and enabling them to address such anxieties within the perspective of UN Charter and rules of international law related to sovereign rights and territorial integrity.

Thus the SAARC may continue to pursue and strengthen the decision taken at the 9<sup>th</sup> Male Summit for reinforcing the existing process of “informal political consultations” among the Member



States, as were done during the earlier Summits in Kathmandu and Islamabad respectively. Perhaps promoting this process should be one of the major political objectives in the forthcoming 13<sup>th</sup> Summit and nurtured carefully during the Third Decade.

### **12<sup>th</sup> Summit Outcome and Follow up**

Many of the factors articulated in the GEP Report were obviously relevant in guiding the Heads of State/Government attending the 12<sup>th</sup> Summit to appreciate the geographical contiguity, shared economic, social and cultural characteristics, convergence in macro-economic policy regimes, as also the unstoppable forces of globalization of the entire South Asian region. Perhaps these and other political considerations also led them to recognise the importance of economic benefits of regionalism as well as the heavy cost they already paid for non-cooperation amongst them so far.

One way to ensure that South Asian cooperation gets reinvigorated by the civil society is that this Report, considered a Roadmap for the SAARC, is to make available widely to the interested political and civil leaders including non-governmental SAARC circles in all countries, just as done in Europe and elsewhere while considering such vital reports. After all, sustained interest and comments of non-governmental circles would obviously be important for the Governments to take note of.

A very experienced Indian diplomat and an academic, Ambassador I.P. Khosla remarked that the 12<sup>th</sup> Summit itself was clearly more action oriented than any of the earlier ones. It focussed on the things that needed to be done to promote regional cooperation, rather than making lofty declarations on global issues. Long section in earlier Summit declarations on international politics and economic

environment were totally avoided, and the paragraphs on regional issues were more focused.

Indeed there has been a subtle shift in focus. Earlier summits talked about cooperation, but most of the decisions taken were for national level implementation. Having said it right at the outset, the Summit Declaration emphasised that it was imperative to relate regional cooperation to the peoples needs. Again there is a refreshing combination: realism about what seems do-able now, while identifying more ambitious aims for the future.

However, if the intention is that the SAARC should graduate from the stage of SAFTA to a South Asian Customs Union (SACU) and eventually to South Asian Economic Union (SAEU) over the years, obviously a lot of hard work and studies on related issues (e.g., sensitive lists, rules of origin, trade in services, labour movement, standards, exchange rate mechanism, phasing out non-tariff barriers (NTBs), preparation of Common External Tariff (CET) and a host of other related questions) need to be sorted out right from the beginning now. Obviously complying with these tasks would require impartial and objective analysis, back up support and monitoring of the Secretariat at all stages.

Therefore, it would be logical and timely to consider the following :-

- i) Strengthening the capacity of the SAARC Secretariat both in terms of functional autonomy and also the required financial and personnel resources. Given the proper political will, this should not be impossible.

In this context and while considering steps for implementation of summit decisions, Member States may like to keep before them,

as a broad guidance and reference point, the working relationship between the EU Member States (Council of Ministers) and their executive arm, namely, European Commission, so as to consider if there is anything for the SAARC to adapt according to the economic and political realities in the South Asian context.

- ii) The proposed Investment Agreement to precede SAFTA as well as other funds would hopefully be considered and established without delay so as to carry forward the decisions of the 12<sup>th</sup> Summit.

In this context, it may be mentioned that, while the EEC was formed in the 1950s, West European war-ravaged countries were flashed with massive economic assistance under the Marshal Plan for reconstruction and rehabilitation. Similarly, in the wake of decision for the creation of ASEAN in late 60s (so as to protect themselves from the onslaught of perceived threat of Communism), the entire South East Asian region was experiencing a huge inflow of foreign investments and spending in the region because of the ongoing Indochina War. Many economists are of the view that, behind the success story of both ASEAN and EEC, have been the availability of huge finance that were injected into their respective economies at that period. But in the case of SAARC nothing of the sort was there during its formative years.

- iii) Therefore, the SAARC Governments may now initiate on their own some joint high profile flagship/infrastructural projects, both regionally and in different countries, such as, energy, roads, railways, ports, cooperation in environment and pollution control, etc. In fact presently the SAARC countries do spend

huge amounts of their own resources for importing capital machineries as well as for medical treatment and higher education abroad of their citizens.

- iv) Keeping in view the paucity of the required finance, cooperation and support of international financial institutions as well as foreign and domestic private investors including Non-resident South Asians living abroad may be sought both for securing the required financial resources as well as other technical inputs .

In this context, some economists point out that multilateral donors and financial institutions like World Bank, ADB, etc. are not always seen to be enthusiastic to financing any project, when undertaken on regional basis in developing countries, unless it includes a Developed Country or any of their Multinational and Financial Institutions. Also mention may be made, while seeking Foreign Direct Investment (FDI), the Member States may like to take a lesson from the financial crisis experienced by almost all the ASEAN countries in late 1990s and adopt enough safe guard measures as may be necessary.

- v) In addition, South Asian countries may also consider to promote jointly and make use of their strategic location as the land bridge between East Asia, China, Middle East and Central Asia by offering transit facilities, etc so as to augment their respective resources.
- vi) At a time of fast economic globalisation, regional arrangements like SAARC have a vital role to play in collective bargaining with rest of the world. Therefore, at the risk of being repetitive, it may again be underlined that the SAARC process cannot be strengthened without having an effective institutional support base. This is the lesson one learns from Europe, that is, the role

of the SAARC Secretary General and his Secretariat must be strengthened and developed as a “Supranational Institution” (like European Commission) over the Third Decade and make it effective in dealing with all subjects of SAARC’s competence, but of course with the prior approval of the Summit, and provide it with the required functional autonomy, resources and authority *inter alias* to :-

- initiate studies and proposals on its own and authority to execute work programmes;
  - undertake follow up actions and monitor faithful implementation of the SAARC decisions;
  - authority to recruit well qualified professional staff, with requisite experience in different fields, from among the citizens of the member states, including Government officials on deputation, etc. for effective handling of the rising volume of work.
  - recommend measures to decentralise decision making process, that is, to assign more authority to the Council of Ministers;
  - suggest measures for structuring future SAARC Summits more functional with emphasis on substance;
  - furthermore, undertake feasibility studies for establishing a South Asian Parliament so as to ensure participation actively of the peoples’ representatives in the SAARC process.
- vii) Keeping in view the future expanded volume of duties, role and high responsibilities of the SAARC Secretary General, it is suggested for priority consideration that the rank and status of the post be elevated to that of a Cabinet Minister of the Member

States. Also one or two posts of Deputy Secretaries General may be created so as to assist him in handling effectively the future work relating to political, economic, socio-cultural, poverty eradication and other humanitarian issues.

- viii) Concerning financial resources for the SAARC Secretariat, the Member States may consider deciding upon some arrangements for regular funding. For this purpose, again the well established practice followed by the European Union (previously EEC) for funding the European Commission is worth studying by the SAARC Members. That is, the EU Member States decided from the beginning to make available to the Commission, designed to be one of the 4 pillars of the EU, their respective Customs revenues as well as certain percentage of VAT, treating them as the Commission's own funds (plus in recent years also reportedly decided to contribute about 0.1% of their combined GDP for augmenting its resources).

### **Some Political Thoughts Concerning SAARC**

National and regional level debates, already initiated in Member States since the 12<sup>th</sup> SAARC Summit, may further be encouraged, particularly on some of the following important political aspects –

- How the common socio-economic considerations can continue to prevail over the overriding national/political interests in sustained manner in near future? Islamabad documents show that the 12<sup>th</sup> Summit was different from the earlier Summits in more than one ways. *Firstly*, Indo-Pak relationship seemed in particular to becoming a facilitator, rather than a stumbling block. *Secondly*, wisdom displayed by the SAARC leaders in Islamabad has given hopes and

one may grow cautiously confident in the process if this spirit and momentum are sustained and further consolidated at the 13<sup>th</sup> Summit in Dhaka so that the momentum is not lost.

- In this context, one feels encouraged by the recent public pronouncements by the leadership of the new Government installed in New Delhi this year extending its full support to the initiatives taken at Islamabad.
- For implementation of the SAARC Social Charter, signed at the level of Heads of State/ Government, it would be necessary to ascertain first from the Member States the results of their national efforts in the fields of i) poverty eradication, ii) illiteracy, iii) health, iv) women and children and other related issues. It is then to be decided on the direction to be followed for regional approach and follow up action. Happily quite a few regional civil society organizations are already engaged in debating them by organizing regional Seminars, e.g., Centre for Policy Dialogue (CPD), South Asian Centre for Policy Studies (SACEPS), Bangladesh Institute of International & Strategic Studies (BISS), etc.
- It would not be out of place to underline the direct connection of overall security of the Member States to these important social issues. Because widespread incidence of poverty has rightly been identified as one of the major challenges before the SAARC countries and hopefully it is likely to continue in third decade. It is, however, unlikely that a major dent can be made in eliminating or reducing poverty from South Asia without implementing mutually

reinforced national and regional policies in these vital areas. Happily, I believe the SAARC Secretariat is already engaged in initiating regional studies.

- Social Agenda of SAARC focused on addressing the issues of Population Planning, Human Resource Development, especially the concerns for Children, Women and other Disadvantaged Groups should continue to be of significance for realisation of a future vision for SAARC. Therefore, it is reasonable to hope that, despite the obstacles that might inevitably arise, the people of the region would advance in the coming years along the paths already charted in Islamabad.

### **Energy Cooperation in South Asia - Opportunities and Strategies**

There is another sector perhaps the 13<sup>th</sup> Summit may consider. By all indications, energy security is emerging as one of the most critical issues in South Asia region. Disruption of power and other energy supply can lead to serious crisis affecting both human lives (food, livelihood, employment and economy) and national security (environment, international trade, communications, transport and other services). The inability to cater to the fast increasing industrial and other commercial energy needs have adversely affected their productive activities, social development and investment climate. This is further aggravated by financial, structural and institutional problems.

Besides some availability of natural gas, coal and small quantity of oil, the traditional sources of energy viz., firewood, animal dung, crop residues etc. are still the major energy sources to the larger rural population in most of the South Asian countries. This has adversely



affected the sustainability of the natural resources including that of forests.

It goes without saying that electricity can transform the quality of life and work substantially. It improves health standards and assists in education and in motivating people. In case of the rural areas, it helps to retard rural-urban migration, enhances opportunities for income and employment generation.

At present per capita commercial energy consumption is very low. But there has been a rapid increase in demand for power in South Asia because of burgeoning domestic demand on account of both changing needs of the consumers and the emphasis on the power driven industrialisation particularly in the aftermath of the liberalised economic regimes in all regional countries.

At a recently held seminar held in Dhaka in May 2004, on the follow up of the 12<sup>th</sup> SAARC Summit held in Islamabad, concerning SAFTA and Energy Cooperation, organized by a leading think tank called SACEPS, headed by noted Economist & Nobel Laureate Prof. Amartya Sen, it was pointed out that the possibility of power purchase has opened new vistas of cooperation. Cross border power trade will *inter alias* lead to i) effective utilisation of natural resources, ii) increase in reliability of power supply, iii) economy in operation and mutual support during contingencies, iv) bring about large scale transformation in the sectors contributing to economic growth and v) will act as the single most effective confidence building measure through the participation of multiple stakeholders. This is a new but a vital area concerning the SAARC.

Reportedly all regional cooperation arrangements (by a recent count about 130 if not more) among the developing countries do centre around economic issues, such as, Preferential Trading

Arrangements (PTAs). But in South Asia the question of cooperation in energy and power sector is of vital importance, particularly in regard to joint R&D, production and distribution.

### **Institutional Linkage with Multilateral/Regional Organizations & Non-member States**

- As President Gayoom of Maldives proposed in Islamabad, SAARC may decide to seek Observer Status in the United Nations System as a Regional Grouping. Taking cue from it, it is also important for SAARC to seek Observer Status at the WTO in Geneva for collective consultations and negotiations.
- In this connection, one may suggest for consideration the question of inviting countries like China and Japan, which have rather close trading and political ties with almost all the SAARC countries, to future SAARC Summit as Guest Observers. Simultaneously, regional organisations like the European Union (EU) and ASEAN may attend SAARC Summits as Observers, if so desired.
- In fact in some areas both ASEAN and SAARC may initiate closer cooperation during the next decade in sectors like energy, communications and creation of an Asian Monetary Fund (AMF) – an initiative earlier taken by ASEAN in the wake of 1997 Financial Crisis, but, as noted by eminent Economist and Nobel Laureate Prof. Stiglitz, it was aborted by the IMF, reportedly at the behest of some powerful OECD lobby.
- Hopefully, once the SAARC's profile, reputation and image have been enhanced internationally in the coming years,

regional organizations like EU and ASEAN, on their own, would perhaps be interested to forge institutional linkages with the SAARC, such as formation of joint forums, etc. In that eventuality, the present trend of some SAARC Members seeking to becoming dialogue partners individually in other regional groups may be subsumed into a collective one.

- There is another interesting point concerning “the definition of South Asia”. We find the ADB, World Bank and ESCAP do include Afghanistan and Iran in South Asia for their purpose. Some thoughts may also be applied in case future association with them is to be desired. On the other hand, perhaps because of lack of SAARC’s international exposure, some writers even today refer to several South East Asian Countries as belonging to South Asia. But it may be true only in regard to Myanmar which had in fact century old, if not more, political, cultural and economic ties with the Sub-continent.

### **General Observations**

Regional economic development and security are considered to be the two major macro-level objectives that should normally govern inter-state relations and interactions in South Asia. It would be especially so, because SAARC is unique in the sense that, out of seven Members, four belong to the category of LDCs, namely, Bangladesh, Bhutan, Maldives and Nepal.

Several experts also pointed out that security perhaps does not mean in today’s context merely a collective or mutual self-protection in military terms of the people in the region. But it involves, firstly, the preservation of their respective national identities both in territorial and political terms and secondly, it should ensure their

economic well-being in a longer term environment of political cooperation and durable peace.

In this context, an experienced Indian diplomat, with long in-depth knowledge of the region (Ambassador J. N. Dixit), writing an introduction to a book on South Asian countries, commented that political compulsions sometimes do adversely affect the prospects of South Asian security and particularly as follows –

- *Firstly* is the asymmetry between India and all of her South Asian neighbours in many respects, such as, demographic, size, levels of technological, economic and military strengths and capacities, etc. Therefore, according to him, India has to make some special efforts to remove these threat perceptions amongst its neighbour. In fact this would also be in India's long term self-interest so as to earn the goodwill and confidence of all the neighbours for her international image, credibility and strength;
- *Secondly*, the nuclear weaponisation of India and Pakistan have profoundly affected the security environment, both in terms of regional security perceptions and possible strategic responses of other important nuclear powers like China, USA and Russian Federation. Therefore, India and Pakistan may sustain their ongoing serious negotiations within the framework of 1999 Lahore Memorandum for mutual restraints. This is what they have already initiated since the 12<sup>th</sup> Summit and in parallel to the ongoing Indo-Pak Composite Dialogue;
- *Thirdly*, the constant threat of cross-border terrorism, narcotics related crimes, water sharing disputes, smuggling of goods and also weapons, export of violent religious

extremism, etc. pose a common challenge and threat to all the regional countries.

Therefore, it is necessary that a systematic and sustained effort should be initiated at the 13<sup>th</sup> Summit, so as to forge meaningful regional cooperation for eliminating these threat perceptions hopefully during the third decade.

Former Indian Prime Minister Mr. Vajpayee had also hoped for creation of a South Asian single currency in due time. Given the collective political will and once SAARC has been able to move from the stage of Free Trade Arrangement to a Customs Union and then to an Economic Union by the year 2020 or earlier, hopefully the idea of Single Currency (preferably preceded by a South Asian “Currency Unit” like the ECU) would qualify for serious consideration.

It is worth recalling that only the European Union has successfully introduced a common currency called EURO under the historic Maastricht Treaty, concluded in 1991 and entered into force in 1993, establishing a European Monetary Union (EMU). The rigorous qualifying criteria/ bench marks, etc prescribed for joining the EURO ZONE might be of interest for the SAARC to examine when the time comes.

Meanwhile, SAARC countries may initiate early discussions for freedom of travel/ movements of people, along with the goods, capital and services, and thus achieving “the Four Freedoms” (i.e. freedom of movement of goods, service, capital and people), a basic hallmark of a Customs or an Economic Union arrangement. Even otherwise, as experts always pointed out, in all SAARC countries population pressure on land are bound to encourage migration across

the region both legally and illegally unless this problem is managed through mutual dialogue.

### Conclusion

Against this background, it is inescapable that member governments may in the coming years consider to broaden the SAARC Agenda, and even strengthen the Charter provisions appropriately, by adopting additional and binding decisions, for facilitating discussions in future of such related issues as economic, social and political that are likely to create tensions and mistrust. However, these discussions perhaps have to be carefully structured so as to find consensus for achieving durable and meaningful cooperation but without affecting the integrity of the individual Member States in any way.

While “the winds of friendship” is blowing across the region, it may again be underlined that the Member States and the SAARC Secretariat may undertake the required initiatives from now on, so as to herald a new era of peace and development and begin a process to help sort out all historical differences over the coming years, namely : --

- *Firstly*, two bigger Member States, namely, India and Pakistan have to face the realities that the Kashmir issue cannot be solved by military force for the simple reason that both are now Nuclear Powers, nor can they accept each other's demands.

Eminent Indian columnist Kuldeep Nayar once remarked “..... We in India may honestly believe that Kashmir is the symptom and not the disease. Disease is the mistrust between India and Pakistan”. Following his thoughts and if

one dares to say, the only alternative left to them is perhaps to work out an honourable formula, acceptable to both, even for facilitating their ongoing dialogue on this issue. For example, both sides may demonstrate their sincerity by formally shifting initially from their well known principled negotiating stance and also create a possibility for the Kashmiri people on both sides of the fence to move freely. However, it would not be surprising if the progress on this issue is arduous and painfully slow. But both sides have to make conscious efforts in generating an atmosphere of confidence, so as to facilitate their ongoing “Composite Talks” on all issues to move forward.

One indeed feels encouraged by what the former Indian Prime Minister Mr. Vajpayee said that some “innovative” solutions to this problem should be found, while President Parvez Mosharraf also remarked that Pakistan’s demand for implementing the UN resolutions on Kashmir was not the only option.

However, search for such “innovative” solutions may not perhaps be left entirely to the Official Representatives of the two countries nor to the so called Track II process, usually composed of old Government Officials, and they might be carrying a heavy historical baggage from the past.

This in fact might require some sort of non-conventional/Civil Society approach on the lines of People-to-People contact, such as, some independent minded prominent personalities from the two sides, having no political, religious or other agenda either of their own or

their Governments, working together. They might be able to discover some consensus acceptable to both sides.

- *Secondly*, India-Pakistan rapprochement by itself may not ensure peace and cooperation in the region. As Ambassador J. N. Dixit of India pointed out, India has also an obligation towards her Smaller Neighbours like Bangladesh, etc and may reasonably be considerate in dealing with them especially in resolving their respective bilateral concerns. On their turn, the smaller neighbours have also to be responsive and assume reciprocal responsibilities. This process would require a change of the 'mind-set' and may also be time consuming.
- Given the patience for gradual confidence building, one can cautiously hope that South Asia can confidently look forward to gainful trade and development activities, and thereby the long awaited political commitments and the people's aspirations may become a reality.

An eventual South Asian Economic Union, establishing a Single Market of nearly 1.5 billion people, would be much bigger with tremendous possibility than that of the newly enlarged 25-nation European Union creating a Single Market of about 740 million people. Even the well publicised ASEAN/APEC may also have to reckon with the potential strength of the South Asian Economic Union (SAEU).

- *Thirdly*, the Governments and people of the region have to make serious efforts for eradicating the legacy and scourge of religious/ethnic/communal conflicts the South Asian people have been experiencing since the last Century. In fact, people of all faiths have all lived in the region



peacefully over a thousand years or more. But the 20<sup>th</sup> Century history shows that religion was made to play a great emotional role in the psyche of the South Asian people in shaping their destiny.

People of goodwill and the state mechanisms as well as the civil society in the region may initiate a well programmed cultural/civilisational dialogue amongst the South Asian people and encourage mutual respect, tolerance and peaceful co-existence of all faiths at all stages of socio-economic and political life of their people and help the one-fourth of the humanity begin a prosperous and peaceful life they so richly deserve.

Hopefully, while the mutual trust is steadily built up among the SAARC countries, the gap in perception of regional security is also likely to be greatly reduced. During the Cold War period, an absence of armed conflicts was considered a success. But in the 21<sup>st</sup> century, success is said to have a different connotation, that is, it is judged by interactions within the regional system for enhancing their economic gains by fully exploiting the economic globalisation.

It is admitted by all that the SAARC is a major piece of political architecture in South Asia and it has come to stay. Although the momentum is rather slow so far, I would again underline that the progress achieved so far has been rather solid, pragmatic and matured, under the prevailing political climate.

It is pertinent to bear in mind that, like the history of European integration, the process of South Asian integration shows how political forces and economic opportunities/constraints are interacting in the gradual design of SAARC. As a noted French academic Robert Boyer, while comparing the respective processes of

European and Asian integration, highlighted how political reconciliation of former enemies (i.e. France and Germany), modesty of the first steps of economic integration (initially a market for steel and coal, then of manufactured goods and agricultural products), creation of an institution (i.e. European Commission) for defending the common market as well as the general interest of Europe, coupled with trial and error process for preserving a Single European Market in an era of financial instability (from EMS to EURO), and simultaneously developing political institutions for seeking citizens approval (i.e. European Parliament) have become some of the vital cornerstones of today's European Union.

Perhaps SAARC, which is also driven by political and economic considerations, has something to emulate from the European experience and instead of other regional integration initiatives/experiences which are mainly powered and driven by the interests of global Multinational Companies, etc. (as one finds elsewhere in Asia and North America)

South Asian people and, definitely the younger generation, desperately longing to see a prosperous, tension free and peaceful life for themselves. Let us hope that the 13<sup>th</sup> Summit in Dhaka, the birthplace of SAARC, would revitalise and guide the organization to a practical and committed approach and develop a political vision to follow in the coming years.