Introduction

The idea of sub-regional co-operation is no more novel in East Asia or South Asia. There are as many as six sub-regional co-operation arrangements in Northeast and continental Southeast Asia and three in maritime Southeast Asia. These are: the Southern China Economic Zone, the Tumen River Area Development Programme, the Japan Sea Rim Economic Zone, the Yellow Sea Rim Economic Zone, the Golden Quadrangle of Mainland Southeast Asia or the Baht Economic Zone, the Greater Mekong Sub-Regional Cooperation, the Indonesia-Malaysia-Singapore Growth Triangle (IMS-GT) or the Southern Growth Triangle, the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT) or the Northern Growth Triangle, and the Brunei-Indonesia-Malaysia-Philippines East Asean Growth Area (BIMP-EAGA) or the Eastern Growth Triangle.

Sub-regional co-operation is commonly believed to be based on economic logic and rationality, whether such mechanisms are government-led or market-driven. However, when the idea of South Asian Growth Quadrangle (SAGQ) was mooted in December 1996, it caused quite a political stir throughout the region and
acute political uproar and controversy particularly in Bangladesh. As such, the questions that tend to agitate the minds of observers of sub-regional co-operation are: Is sub-regional co-operation in ASEAN really without any political considerations such as foreign policy and security interests? Why does politics not prevent such co-operation in one region, while it does in another?

The first objective of this paper is to examine the issues of security and foreign policy relating to the Indonesia-Malaysia-Singapore Growth Triangle. The next is to probe into the political factors regarding the SAGQ that generated acrimonious debates over the proposal in Bangladesh. And the other objective is to understand how economic co-operation can be pursued even in the face of intra-state and inter-state political problems.

It is argued in the paper that there are political considerations involved in trans-border economic co-operation and that such co-operation may both enhance and diminish the security and foreign policy interests of the co-operating territories. It is also argued that the degree of political considerations depends on the type and nature of sub-regional co-operation.

Sub-regional co-operation schemes, which have various names, often have more than three participating units, although they are all generically and popularly called 'growth triangles' (GTs). For the sake of being more precise, I shall borrow and use the term 'sub-regional cooperation zone' (SREZ) in describing and referring to various models of limited-scope, trans-border economic ties.

Out of so many SREZs so far mentioned, the discussion that follows will only concern two of them – IMS-GT and SAGQ. The purpose here is not to give the detailed historical background or the economic causes
underlying the emergence of such a model of economic co-operation, but to limit the scope of analysis to only understand the extent of the 'political' factor influencing the formation of SREZs and also the implications of co-operation under such arrangements for the security and foreign policy of the co-operating nations.

The paper is divided into five sections. The second section briefly deals with the concept and typology of sub-regional co-operation. The third section discusses the IMS-GT, while the fourth concerns itself with the SAGQ in the context outlined above. And some concluding remarks are made in the last section.

**Sub-regional Co-operation Zone – Concept and Typology**

Sub-regional co-operation is a localised version of regionalism and development strategy. Its arrangements and procedures are less complex and the objectives are limited. The primary objective behind sub-regional co-operation is to synergise the diverse resources and their economic complimentarities for faster economic growth of the co-operating nations and territories. The objective may also be to jointly develop their natural resources and infrastructure.

There is no standard definition of sub-regional co-operation zone. Most definitions betray a bias towards cooperative endeavours relating to manufacture and export promotion. However, the fact is that a SREZ is not only an extended platform for such activities but may also be an area where efforts are also made for the purpose of exploiting common natural resources of the territorially defined proximate areas of three or more countries. In my understanding, Chia Siow Yue offers by far the most
precise definition of sub-regional economic zone. She
states that a SREZ "encompasses geographically
contiguous areas of different countries in an integration
process involving flows of goods, investment, and people.
The rationale is the economic complementarity of these
contiguous areas, to be exploited for efficient development
of a common natural resource and/or production of goods
targeted mainly at the global market."¹

While geographical proximity of the co-operating areas
and their economic complementarities, faster economic
growth, and easier and better manageability of the growth
entity are the motivating factors behind sub-regional co-
operation, infrastructure development and financial
resources are among the essential prerequisites for
operationalising the concept. Historical ties and cultural
affinity among the participating units and cross-border
business linkages are some of the factors that facilitate
such co-operation.

There are six types of sub-regional economic zone.²
They are as follows:

i. Government-led or market-driven SREZ. The BIMP-
EAGA is government-led, while the Southern China
Growth Triangle is market-driven.

¹. Chia Siow Yue, "Motivating Forces in Subregional Economic
Zones”, Paper presented at the Pacific Forum/CSIS Conference on
Economic Interdependence and Challenges to the Nation-State:
The Emergence of Natural Economic Territories in the Asia-

². A.K.M. Abdus Sabur and Mohammad Humayun Kabir, Conflict
Management and Sub-Regional Co-operation in ASEAN:
Relevance for SAARC, Academic Publishers Limited, Dhaka,
ii. Manufacturing-based and export-oriented or resource-based like IMS-GT and Mekong River Basin Sub-regional Project respectively.

iii. 'Hub-Spoke' model like IMS-GT or joint development model like Tumen River Area Development Programme.

iv. The institutionalised or the less formal growth areas. The Southern China Growth Triangle is an example of the latter type, while the other SREZs are, in varying degrees, formalised arrangements.

v. Local Capital-based or externally-dependent SREZs. The Southern China Growth Triangle and the IMS-GT belong to the first category and the Greater Mekong River Basin Project and SAGQ are of the latter.

vi. SREZ either based on economic complementarities/comparative advantage or for poverty alleviation and for overcoming underdevelopment and backwardness. The IMS-GT and SCGT are of the former type, while SAGQ belongs to the latter.

The Indonesia-Malaysia-Singapore Growth Triangle: Security and Foreign Policy Considerations

What is attempted in this section is to examine the input in the form of security and foreign policy considerations into the policies of the three countries concerned in regard to their sub-regional growth strategy. Attempts will also be made here to understand the impact of IMS-GT on some of their domestic security issues and on inter-state relations.

One perceptive Southeast Asian scholar argues that "the dynamics of transnational economic linkages in Southeast Asia cannot be properly understood without
recognition of its political and security underpinnings”. He elaborates by saying that “the pursuit of economic regionalism in Southeast Asia has never been detached from the regional political and security dynamic” and that “the political and security dimensions of growth triangles are further underscored by the central role of the state in promoting them”. He goes on and states that “the advent of so-called market-driven regionalism in Southeast Asia had to await the emergence of a more conducive interstate system after the end of the Cold War. It is this development which is universally recognized as having provided the impetus for growth triangles throughout the East Asian region.”

The IMS-GT, initiated in 1989 including Singapore, the Johor state of Malaysia and the Riau province of Indonesia, has now expanded into other areas of the two larger nations. All the three countries had had political as well as economic security considerations in their growth triangle project.

Singapore

Singapore's physical size, location and geopolitical position determine its whole policy package – domestic, foreign and security. Singapore is a small trading modern


city-state of the ancient Greek or medieval city-state variety. It is industrialised and developed to the extent that it needs to relocate its industry. But it lacks in indigenous economic hinterland, and is in short supply of land, labour, and strategic industrial materials like energy fuels and water. Singapore depends on Malaysia and Indonesia for water and labour supply, and even for market access.

It is observed that diplomatic tensions still simmer between predominantly Chinese Singapore and its two much larger Malay-dominated, much less developed neighbours – Malaysia and Indonesia – having some enterprising Chinese population. The IMS-GT is an important component in Singapore's border management strategy that aims to achieve three main objectives. Such strategy strengthens the industrial capacity of Singapore's own trans-border economic hinterland. It attenuates politico-economic tensions borne of stark developmental divides between Singapore and its neighbours. And the strategy develops Malaysia's and Indonesia's own stakes in Singapore's continued economic prosperity and development. “More generally, Singapore has used the IMS-GT to reinforce perceptions of a trans-border "natural economic zone" existing in the sub-regional locale, with itself at the organizing centre managing the localized economic interdependence.”

Acharya makes several other points that reflect foreign policy and security considerations in pursuing growth triangle strategy. The first is the general belief that economic interdependence reduces the utility of force in international relations. And the second is that the

5. Christopher M. Dent, op. cit., p. 16.
security-enhancing implications of growth triangles extend to another area: they represent a functionalist approach to peace and security – co-operation in “low politics” tend to spill over into other areas of human interaction, including areas of “high salience” such as politics and security.  

Malaysia and Indonesia  
Although Indonesia and Malaysia often seem to have uneasy relationships with Singapore, the former two agreed to the Singapore-driven limited-scale growth model with a view to keeping the highly industrialised and developed ‘Chinese entity’ in their immediate neighbourhood in check. It was mentioned that Singapore would remain dependent on Indonesia and Malaysia on supplies from and for economic hinterland on their territories. Transnational economic activity through growth triangles can also contribute to their domestic stability. Again, Acharya refers to the linkage between “people’s well-being” and “security” and contends that “if growth triangles live up to their name, they would contribute to what has been called “performance legitimacy”...of the region’s governments....Thus domestic stability and order are a primary area of security in which growth triangles could make a significant contribution.”

Let us now turn to the aspect of the impact of the IMS-GT in the security and foreign policy field of the three partner countries. Singapore, being at the driver’s seat and as a developed nation, is a greater beneficiary from the growth triangle experimentation, including


improvement in bilateral relationships with its larger partners. However, recent reports suggest that not many Singapore-based companies have been lured by the economic advantages and incentives that usually accompany relocation in Johor of Malaysia and in Riau of Indonesia. There is also a growing feeling that the IMS-GT is losing its dynamics and momentum owing to this reason and to the 1997-98 crisis-related reasons.  

Although IMS-GT is a triangle of growth, widespread trans-border interaction has not yet taken place between Johor and Riau. As such, the Triangle remains a bipedal rather than a triangular co-operative arrangement. The IMS-GT is also seen to have some security-diminishing effects domestically, within the Triangle and even regionally. In the contexts of Indonesia and Malaysia, domestic political and security problems emanate from issues relating to centre-state relationship, ethnic identity and benefit sharing. The Malaysian federating state of Johor has been historically close to Singapore and Kuala Lumpur has often been suspicious of this closeness between the Chinese populations of the City-State and Johor that is just a causeway away from Singapore. The federal government and the Johor state government sometimes confront problems that are of political, constitutional/administrative nature. As most beneficiaries in Johor from growth triangle are Chinese, the majority Malay population in the rest of the Malaysian Federation is seen to grumble over it. The picture is almost the same in Indonesia since the people on the Riau Archipelago are also Chinese by ethnic origin. Migration of

domestic and foreign labour also causes a wide variety of social problems in both Indonesia and Malaysia.

Indonesia and Malaysia are often not happy about the fact that it is Singapore that reaps most of the benefits from their co-operative venture. The IMS-GT has not necessarily become a mechanism for shared prosperity. This tends to affect the bilateral relationships between partners in co-operation. The IMS-GT has given rise to a perception of a "mini ASEAN". Regionally, this is divisive, not integrative.

However, in spite of the above-mentioned limitations of the IMS-GT, it is making progress and it has come to stay as a new mechanism for more focused, faster economic growth among three or more participating countries or territories. Let us now turn to the South Asian Growth Quadrangle.

The South Asian Growth Quadrangle (SAGQ)

As mentioned, the proposal for South Asian Growth Quadrangle was first made at a SAARC (South Asian Association for Regional Co-operation) Foreign Ministers Meeting in December 1996 for techno-economic co-operation among Bangladesh, Bhutan, Nepal and the states of Northeast India. The basic idea was to put co-operation in the region onto a faster track and to develop the least developed areas in South Asia. At a Meeting of the four concerned Foreign Secretaries in Kathmandu in April 1997, Bangladesh’s Concept Paper and Nepal’s Approach Paper were presented and deliberated upon. The Concept Paper had proposed the growth quadrangle to be functional within SAARC framework. However, by the end of the Meeting, it crystallised that the new co-operative mechanism was to be set up outside the purview of
SAARC. Predictably, the Maldives, Pakistan and Sri Lanka resented such a move. Eventually, however, it was decided at the 9th SAARC Summit that the SAGQ would after all be pursued from within SAARC in accordance with Articles VII and X of its Charter. The idea of SAGQ has now travelled from all the four national capitals to the SAARC Secretariat in Kathmandu whence nothing significant is audible or visible about the proposed growth zone.

Let us now briefly focus on the possible foreign policy and security considerations of the SAGQ four behind their new initiative. For all the four, development has political and security bearing as well as economic significance. For Bangladesh, the importance of harnessing common natural resources, infrastructure development, investment, cross-border trade and business linkages, peaceful borders and improved relations with neighbours, and access to Indian and other markets can hardly be over-emphasised. The SAGQ is believed to have the potentials to realise all this. For Bhutan and Nepal, it is not much different. For India, there could be two added security and foreign policy objectives – cessation of insurgency in the Northeast and strategic isolation of Pakistan.

Since the SAGQ has not yet been operationalised, we cannot possibly yet discuss its impact on security prospects and inter-state relations within South Asia. However, certain disquieting features may be discerned from the debate and controversy spawned by the first flush following the very mooting of the idea of SAGQ. The discussion here is limited to Bangladesh case only.

The opposition to SAGQ initiative has admittedly been the strongest in Bangladesh. Several points stand out. The first was the perception in Bangladesh that it was another ploy of India to establish dominance over its eastern
neighbour and that New Delhi would stand to gain more from such an arrangement for co-operation. The second point of opposition was that the proposed SAGQ would eventually supplant, not supplement or complement, regional co-operation within SAARC framework. Mentionably, SAARC is important to Bangladesh not only because the idea of regional co-operation in South Asia was conceived here and it initiated the process but more so because Dhaka perceived SAARC as having been serving as a security strategy vis-à-vis New Delhi. And the other security concern in Bangladesh was that an independently functioning SAGQ would play into the hands of India in its scheme of isolating Pakistan regionally. The concern becomes more prominent in view of the fact that there is a view in Bangladesh that India's smaller neighbours are required to keep Pakistan on their side in order to maintain the regional power balance, i.e., to redress the power imbalance vis-à-vis India. The SAGQ idea appeared to be a security concern in Bangladesh domestic context. It visibly divided the nation. And, agreeably, a nation that is internally divided in terms of political and social cohesiveness exposes itself to vulnerability and threats from sources within and without.

There was loud and vocal resentment from the Maldives, Sri Lanka and, above all, Pakistan. It was not because that they felt left out of the proposed scheme but more importantly because they were not convinced that SAGQ would not undermine SAARC and that Pakistan thought that it was part of India's design to isolate Islamabad in the region and beyond. Tensions were noticeable in the bilateral relationships of these countries with India that would not augur well for regional security in the long run. However, all SAARC members states have now reaffirmed their commitments to the spirit of regional
co-operation and put the potentially divisive SAGQ project under the control of the regional organisation.

Concluding Remarks

Sub-regional co-operation is a newer model of economic co-operation among three or more proximate countries or territories pursued with a view to exploiting comparative advantages in resources and infrastructure or for jointly developing common resources. Although SREZs are primarily driven by economic rationality in most cases, they are not bereft of security and foreign policy concerns and interests of the participating units.

While there are similarities between IMS-GT and SAGQ, let us highlight only their dissimilarities. The IMS-GT is a SREZ of the hub-spoke model of co-operation, while SAGQ would be one of a joint development variety. The former has its own financial resources and there is a prime mover in it, while the latter lacks in both. Again, the former is market-driven and the latter is government-led. The IMS-GT is operating in a larger context of a well-functioning regional co-operation organisation – ASEAN.

The SAGQ has not been so fortunate. Habit of co-operation begets spirit of co-operation. The more a SREZ is market-driven, the less of politics is involved, and the more is the government role in a SREZ, the more is politics involved in operationalising the concept, running the projects and sharing the benefits. What we in South Asia need to learn from ASEAN experiences in regional and sub-regional co-operation is the separation of the ‘economic’ from the ‘political’, despite their intricate linkages, in the greater and ultimate interest of development and security of all co-operating parties. It is neither easy nor cost-free, but there has to be a beginning
of an unstoppable, dynamic process of multilateral cooperation at some point in time. Let us look at ASEAN and begin it in South Asia right now.