PART II

GROWTH TRIANGLES IN ASEAN:
RELEVANCE FOR SUB-REGIONAL
CO-OPERATION IN SOUTH ASIA

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CHAPTER I

INTRODUCTION

The Association of Southeast Asian Nations (ASEAN) is regarded for several reasons as one of the most remarkable success stories of regional co-operation in the world. For one, the institutional developments and functional areas of co-operation expanded well beyond the regional co-operation arrangement - to the Dialogue Partners of ASEAN, to the APEC, etc. A second area of expansion has been the lateral expansion, which has eventually resulted in the inclusion of all the ten Southeast Asian countries in ASEAN. However, a most significant and innovative has been the third type of expansion in the downward direction, that is, the launching of sub-regional co-operation zones within ASEAN, generically termed as "growth triangles".

Although such co-operation zones have varying degrees of success, the novelty of the idea conceived in East and Southeast Asia has caught the imagination of many policy makers as well as scholars and analysts of different academic persuasions in several other parts of the world. Bangladesh, Bhutan, India and Nepal had taken a sub-regional co-operation initiative, called South Asian Growth Quadrangle (SAGQ), in December 1996. The expected benefits from the proposed venture, that is still at
the conceptual stage, are considered to be enormous. However, there are serious detractors in some of the non-participating regional neighbours as well as in Bangladesh. As soon as the concept of sub-regional co-operation in South Asia was broached, it immediately spawned intense academic debate as well as serious political controversy in Bangladesh. Indeed, views in Bangladesh are polarised, and a balanced and informed opinion appears to be lacking.

What is actually needed to understand the concept, structure, implementation/operation, costs and benefits of SAGQ is a dispassionate, threadbare and creative intellectual discourse, and not meaningless polemics along party lines as is often the case in Bangladesh. The situation calls for an in-depth study, understanding and knowledge to be pursued by scholars and practitioners from South Asia, particularly from Bangladesh where the opposition to such an idea of sub-regional level co-operation is most vehement. An in-depth study of the ASEAN sub-regional economic zones, with the SAARC sub-regionalism in perspective, is, therefore, well merited.

The primary motivation for the study has been to learn from the experiences of the sub-regional level co-operation in ASEAN. As such, the study examines whether and to what extent such ASEAN model of economic co-operation is relevant to sub-regionalism in South Asia. The focus of the paper is on the imperatives for sub-regional mode of multilateral co-operation, the approach to and the areas of such co-operation, the policy framework fashioned for its implementation, the operational problems, and the dispute settlement mechanism adopted by the parties concerned. In other words, the investigative focus is at two levels of analysis - at the policy level and at the level of the actual workings of the sub-regional co-operation arrangements.

However, some of the broader concerns underlying this study relate to the dynamics between regional and sub-regional co-operation, the merits and sustainability of sub-regional co-operation, the security sensitivities of the participating countries, and the impact on their foreign policies and interstate relations. The other issues concern the distributive aspects of the benefits accrued, territoriality and sovereignty, the centre-periphery issue within a federal member state, the issue of sovereign states co-operating with only parts of other
state(s), and the scepticism and suspicion regarding the motives of the bigger and more developed co-operating partners.

This part of the book is split into six sections. The second section raises some conceptual issues, while the third section gives a brief survey of the sub-regional economic zones in East and mainland Southeast Asia. The fourth section traces the genesis and evolution of such growth areas in ASEAN. In this section, particular attention is focused on the workings of the Indonesia-Malaysia-Singapore growth triangle, highlighting such aspects as the motivating factors, the areas of co-operation, the policy framework, and the problem areas.

The fifth section is devoted to a brief discussion on the South Asian Growth Quadrangle, focusing on the concept, the potentials for co-operation, and the challenges facing the initiative. Here, a Bangladeshi perspective about the SAGQ is given. The sixth and last section summarises the lessons from the ASEAN experiences in sub-regional co-operation for the same in South Asia, highlighting the extent of relevance at various levels. The study concludes by making, among other things, a typology of sub-regional economic zones and suggesting some principles/rules of the game for their more successful operation. Some concluding remarks are also made here with regard to certain policy options for Bangladesh vis-à-vis the proposed growth quadrangle in South Asia.