CHAPTER VI

RELEVANCE OF ASEAN EXPERIENCES FOR SOUTH ASIA

Needless to say that no two regions, or for that matter no two sub-regional economic zones, are identical or even similar in terms of their respective settings, the imperatives for co-operation, the potentials for growth, and the approach followed for regional/sub-regional co-operation. Nevertheless, there may be experiences in an older/preceding mode of sub-regional co-operation from which a new/succeeding similar initiative in the same region or in other region(s) may benefit by way of learning how to go about the process, what to creatively accept, what to avoid, how to overcome the problems and challenges in operationalising the concept, etc. In this section, attempts have been made to compare the two sub-regions - IMS-GT and SAGQ - with a view to drawing lessons for the latter from the former in such issue areas as the policy framework, challenges, and dispute settlement mechanism. This section will conclude the study by way of making some remarks relating to the concept of sub-regional co-operation, and its processes and operation in different settings.

6.1 Incongruities between IMS-GT and SAGQ

The settings of IMS-GT and SAGQ are different in terms of the structures, the behavioural patterns of the member states, the political culture and the economic philosophy, the existing scope of co-operation, and the approaches followed in the two sub-regional economic zones.

Structurally, the sub-region of SAGQ is more asymmetric than the IMS-GT in terms of geographical configuration and the power potentials of the member states. In SAGQ and in South
Asia as a whole, India is by far the largest, most powerful, and richest country in terms of resources. In IMS-GT, while Singapore is financially and infrastructurally a developed nation, it pales into insignificance when compared with neighbouring Indonesia and Malaysia in physical size. Singapore is in a position to offset the imbalance in physical size by the power of its purse and a countervailing security strategy. While only one independent, sovereign state is cooperating with only parts of two other sovereign states in the case of IMS-GT, three sovereign states are doing the same with only a part of the fourth in SAGQ. Again, while all the cooperating units in IMS-GT are virtually 'in the seas', three of the four countries/areas in SAGQ are landlocked, the fourth being Bangladesh. Nepal and Bhutan are virtually 'India-locked' as they are constrained to pass through India for their access to the sea. Bangladesh is bound by India on three sides, except the southern sea front, putting the eastern neighbour into a position that is vulnerable to demands from India for corridor facilities to link its far-flung territories through Bangladesh. Again, the two Himalayan Kingdoms are bound in varying degrees to India by treaty provisions relating to the conduct of their security and foreign policies, a la the model of relationships under the British Raj.

There are also incongruities in the behavioural patterns of the two pre-eminent powers in the two regions, Indonesia in ASEAN/IMS-GT and India in SAARC/SAGQ. While Indonesia has been pursuing since the late 1960s a low profile in the region contributing to improvement in bilateral and regional ties, India has always been assertive, in varying degrees and forms, in respect of its regional profile and role, often leading to resentment, mistrust, distrust and suspicions among its neighbours and deterioration in their bilateral and multilateral relations with India.

In South Asia, there is an overarching primacy of the political in inter-state and regional affairs as well as in domestic matters. In ASEAN, there are lots of activities that are motivated and propelled purely by economic interests and forces; even when there seem to be some political problems, the participating countries tend to overcome or even insulate them for the sake of accruable economic benefits. While the ASEAN political culture seems to be co-operation-oriented and
confidence-inspiring, South Asian political culture is suspicion- and dispute-prone and co-operation-loath. While there is a fair degree of co-operative relationship between public and private sectors in the ASEAN countries, the former facilitating the workings of the latter, the relationship between the two in South Asia is not seen to be so harmonious and developed. The economic philosophy in East/Southeast Asia, individually and at the national level, is much more market-oriented and business-like than in South Asia, which often administers a great deal of influence on the initiative for or process of interstate co-operation.

There is also a significant difference between the IMS-GT and the SAGQ in their approaches to economic co-operation. While the former seems to represent a hub-spoke model of co-operation, the latter is more of an arrangement that seeks to jointly develop the common natural resources in the contiguous areas for mutual benefit. The IMS-GT is engaged primarily in manufacturing for export, while the SAGQ is expected to forge co-operation in areas that would accelerate the basic development of the co-operating units.

However, although IMS-GT may not be quite replicable as a model for economic co-operation in a sub-regional context in terms of the motivating forces, the areas of co-operation and the approach towards such co-operation, certain lessons may nevertheless be drawn from its experiences for similar ventures elsewhere in the developing world.

6.2 Lessons for SAGQ

These lessons may be drawn at various levels. Some of them are discussed below.

Lessons at policy level: It is to be borne in mind that political commitment is an essential precondition for the success as well as launching of the initiative for sub-regional co-operation. This commitment has to be total and at all levels - it must survive national government/leadership changes and it must have proactive support at the SAARC, SAGQ, and bilateral and national levels. The central governments must be prepared for effecting certain policy measures at the national level and for multilateral co-ordination of certain policy decisions. The
national legal framework may be required to be modified and some administrative measures taken for facilitating the flows of trade and labour; land tenancy and property rights may need to be reviewed for long-term investment flows; customs and immigration laws and practices may be required to be streamlined; and certain costs may have to be borne nationally for infrastructure development and for creating and expanding tourism facilities.

Taking cue from the ASEAN experience, the SAGQ may encourage the national chambers of commerce of the four to form a Business Council. This would enable the private sector to co-operate with its counterparts in the other member country or countries/areas, strengthen the public sector-private sector co-operative ties, and also enable the corporate interest to exert influence on the governments in regard to the selection of projects and project locations. Another IMS-GT experience, which is of particular relevance to the cash-strapped countries of South Asia, is regarding sending of joint missions abroad for resource mobilisation as well as for marketing the concept of SAGQ. It cannot be overemphasised here that the SAGQ countries are acutely dependent on foreign direct investment in infrastructure building and for developing the common natural resources in the proposed economic zone.

**Areas of co-operation:** As seen in the cases of ASEAN growth triangles, the SAGQ governments need to realise that inter-government economic co-operation may not take the new initiative too far ahead. The private sector needs to play an active and important role in the whole scheme of sub-regional co-operation, reflected in public sector-private sector co-operation and private sector-private sector co-operation both in national endeavours and in the joint ventures. It may also be the case that while efforts would be to undertake multilateral projects, joint ventures or other forms of bilateral co-operation may not be ruled out altogether. Given the potency of the ‘India factor’ in South Asia, bilateral co-operation within SAGQ with Indian participation, of course, needs to be forged with utmost caution. Apparently similar factor endowments in SAGQ need not necessarily discourage the participants to co-operate. Indeed, as economic complementarity is a function of differences in resource bases and/or stage of economic
development (complementarity in resources and capabilities), efforts need to be employed to identify the sources of such complementarity in order to boost co-operation in many other sectors.

Problems and Challenges: The SAGQ partner-countries may learn a great deal from the problems and challenges the IMS-GT member-states have faced in the process of their economic co-operation at the sub-regional level. As mentioned earlier, these problems may be encountered at the intra-country, federal-state/province, inter-state, sub-regional, and at the operational, social and political levels. For example, the Indian states like West Bengal, Bihar, and Uttar Pradesh (particularly the eastern parts of it) may resent their exclusion from and the inclusion of only the 'seven sisters' in the proposed catchment area. They are likely to clamour more for their inclusion when benefits from sub-regional co-operation will be visible. Problems of federal-state/province nature are also likely to arise between the Government of India and the government in each of the 'seven sisters' in respect of the autonomy and legal competence to hold negotiations with the partner areas that are independent, sovereign states - Bangladesh, Bhutan and Nepal. It may be recalled that this problem was more serious in Malaysia until the Kuala Lumpur Government granted to Johor in 1994 the power of negotiations with Singapore as well as the autonomous power to take decision on issues impinging on sub-regional co-operation, such as land tenancy and property rights.

However, in the absence of co-ordination between the Federal government and the state government in matters of sub-regional co-operation, the pace of progress in the co-operation process may be very slow indeed. The aspect of distribution of the expected benefits in each of the seven north-eastern states of India may also cause a sense of discrimination and disparities in incomes and regional development within the state as well as in the federal context. The state government as well as the federal government is required to be careful in planning and undertaking any projects for co-operation.

Problems of inter-state nature may arise in the SAGQ context when, for example, Bangladesh would not like to negotiate merely with some parts of another country, instead of
doing so with its central government. Benefit sharing may indeed cause an acute problem between and among the partner nations. Utmost care should be taken and prior agreements reached between and among the co-operating partners with respect to benefit sharing as well as cost sharing in order to avoid being aggrieved for perceived loss or deprivation instead of registering growth and development.

Like the IMS-GT partners, the member states in SAGQ are to promote the role of the private sector, reduce barriers to trade and investment, and facilitate mobility of labour and capital, with a view to minimising operational problems. The parties must also be alive to the possibility of any hidden cost of their co-operative efforts, such as environmental degradation and income disparities.

The SAGQ partners may learn from the experiences of the IMS-GT partners in respect of the informal ways of dealing with their problems as well as the way they adopt appropriate national policy measures in dealing with the domestic dimension of the problems. The dispute settlement mechanism is also inspiringly informal in the ASEAN context, which may be called the 'ASEAN way'. However, it should be kept in mind that the more the politics is involved in cross-border co-operation the more institutionalised nature it assumes, all in all making it a much more complex structure and process. Since SAGQ is mostly involved in natural resources development, politics comes into it in a big way. While SAGQ is likely to generate more problems calling for a more institutionalised dispute-settlement approach, the ASEAN way of informal conflict management nevertheless could supplement and complement such formal mechanisms.