

Visa Free South Asia: Towards a People's SAARC

1. Summary

SAARC is going to celebrate its 25 years of establishment in its next 16th summit to be held in Bhutan On 28 and 29 April 2010.

Two and a half decade ago the South Asian Association for Regional Cooperation (SAARC) was launched with a common vision of the leaders of the 7 South Asian countries to promote regional co-operation that, basically, represents the hopes and aspiration of the all common people of the region.

SAARC was based on the consciousness that in an increasingly interdependent world the objectives of peace, freedom; social justice and economic prosperity are best achieved in South Asia by fostering mutual understanding; good neighborly relations and meaningful cooperation among the seven member states which are bound by ties of history and culture. Thus the principal objectives of this association were to promote welfare of the people of the South Asian Countries and to improve their quality of life through accelerated economic growth, social and cultural development in the region. The SAARC Charter acknowledges the bonds of history and culture among the Nations of South Asia. This provides a basic framework that is inherent to common civilization consciousness of the South Asian people.

The leaders of the 7 Member States in their 1st 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 Summit, the SAARC leaders 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 the discussion at the SAARC Forum.¹

Despite having a long cherished vision of SAARC to benefit its common people, since the foundation of SAARC, the common people across the region have always wondered on the slow progress SAARC in comparison to other regional alliances like the ASEAN and the EU. Since the inception of SAARC in 1985 major differences among the member States over the objectives and functioning of SAARC has been observed.² This regional bloc neither paved ways of economic growth, what the similar other organizations did in Europe and East Asia, nor accelerated regional peace, harmony and welfare of the common people. Now, this is in the face of the fact that closer social, economic and cultural ties are the one and only hope to reinforce the regional cooperation integrated with peace, harmony and well-being of the South Asian nations.

2. Geo-politics and geo-morphology of South Asia

The South Asian countries are, in fact, part of a single land mass, belonging to a single agro-

¹ Mohsin Mohammed; Vision of SAARC in the Third Decade- a perspective; BISS Journal, Vol 25, No 4, October 2004; P393

² The major of debate on the objectives and functioning of SAARC is on SAARC Charter that does not allow bi-lateral issues to be discussed at the regional level summit.

climatic zone and with a shared ecological and hydrological system. In respect to the geo-political context, this sub-continent stretches from the Indian Ocean in the South to the world's highest range of mountains, the 2600 kilometers long Himalayas in the north. Countries in the region are namely India, Pakistan de-colonized from the British rule in 1947 and Bangladesh earned independence from Pakistan in 1971. On the other hand, Sri Lanka gained its independence in 1948 through some advantageous institutional features such as an administrative structure and democratic tradition. Historically Nepal has always maintained its independent identity based on its own hilly culture. Bhutan, the land of thunder-dragon, is a small land locked monarchy on the southern slope of Himalayans.

Belonging to pound of ancient civilization South Asia today contains 1.5 billion people, roughly one-fifth of the world's population. All of the countries of the South Asia have rapidly growing populations, which have put tremendous strain on available land and other resources. The region's per capita GNP is \$325, real GDP per capita \$1.686, the adult literacy 49.7 per cent, access to sanitation 35 percent, access to safe drinking water 82 percent, access to health services 78 percent and life expectancy is 61.4 years.

Among the South Asian countries, India and Pakistan are the main concern to the international geo-political scenario. India's effort to gain recognition as a major international (super) power, and Pakistan's search for security vis-à-vis India, strongly influence South Asia's strategic environment. Due to security concern Pakistan established its link with the US allies through Southeast Asia Treaty and the Central Treaty Organization. On the other hand, India's national security policies have focused on Pakistan since partition. This focus has shaped militarization and race of arms between Pakistan and India, which resulted worrisome implication to the South Asia as a

whole. In fact, India's defeat in the 1962 border war with China raised concern about long-term relations between two countries. In one hand, Pakistan's threat perceptions from India had encouraged to establish links with the outside world, particularly China, to strengthen its security. On the other hand, India had compelled to develop its nuclear weapons to match with China and other big powers involved in the Indian Ocean. Thus the development of nuclear weapons both in India and Pakistan has made the South Asia subject to the international community

Therefore, more focus on militarization is causing high expenditure on security forces and security appliances than any other region in the world. High expenditure South Asia's total armed forces stand at 2.5 million and its defense expenditure exceeds \$ 15.5 billion, which is 3 percent of the region's GDP. It has external debt of \$ 178 billion with a debt service ratio of 25 percent and export/ import ratio of 84 percent. In South Asia, the proportion of people living below the poverty line is 43 percent and the fertility rate is 3.5 percent. Thus, with the growth rate 1.8 percent its population will be doubled by 2033.

Ironically, since the establishment of SAARC, most of the governments in this region, making national security as pretext, spend more on their armed forces and purchase of military hard-ware, arms and ammunition than to protect their citizens against disease, poverty, unemployment, poverty and hunger.

3. Establishment of SAARC: Economic security vs National Security- what gets priority?

In 1980 when the late President of Bangladesh first proposed institutionalization of regional cooperation in South Asia the smaller countries of the region e.g. Nepal, Bhutan, Sri Lanka, Maldives promptly accepted the proposal while India and Pakistan were skeptical each other. Indian policy makers feared that proposal for a regional organization might create an

opportunity for the small neighbors to regionalize all bi-lateral issues and to join each other to 'gang up' against India.³ On the other hand Pakistan assumed that it might be an Indian strategy to develop a regional market for Indian products and thereby consolidating and further strengthening economic domination of India in the region.⁴ Thus both the factors, economic and security concerns, equally contributes in the establishment of SAARC in 1985; the Charter of the South Asian Association for Regional Cooperation as initially signed by the seven member States also discarded issues of bi-lateral interest as India wanted.

Such denial of bi-lateral issues increased bi-lateral insecurity, antagonism and mistrust. Inter-state conflicts and disputes engulfed the region, which may be the highest compared to the any other regional blocs. The differences between India and Pakistan over Kashmir, between Sri Lank and India over the nationality of Tamilian, where Sri Lanka accused India, especially state government of Tamil Nadu for supplying arms and providing training to the Tamils in the Southern areas.⁵

Mistrust and dispute between Bangladesh and India rounds around supporting the hide-out of Indian militants from its eastern provinces like Asam, Meghalaya etc what India has been blaming finger to Bangladesh since many years. Besides, there are also disputes on illegal migration from the Chittagong Hill Tracts (CHT), demarcation of boundaries involving fertile island and enclaves and sharing of common resources, especially sharing of water of the trans-boundary Rivers.⁶

³ Kishore C Dash, The Political Economy of Regional Cooperation in South Asia, Pacific Affairs, (Vol. 69, No 2, Summer 1996) p 187

⁴ W. Howard et. al., Dynamics of Regional Politics: Four System on the Indian Ocean Rim, Columbia University Press 1992. P 132

⁵ Zaglul Haider, Crises of Regional Cooperation in South Asia, Security Dialogue, Vol 132 (4) 2001; p 427

⁶ Monica Bhanot; Challenges to Regional Cooperation in South Asia: A New Perspective,

Likewise open border and Indo-Nepal treaty of Peace and Friendship 1950⁷ and recently Maoist insurgency in the several states of India. The tremendous political complexities in the South Asian countries like long authoritarian military ruler in Bangladesh and Pakistan, the emerging political problem in Bhutan, Maoist insurgency in Nepal and communalism, terrorism, border dispute in India etc have endemic tensions, mutual distrust and occasional hostilities, which turned attention of the South Asian leaders to the national security rather than attaining economic security through regional cooperation. Thus, in so many ways, the concept of national security is manipulated to its fullest extent by some South Asian states.

In South Asia such perception of security is different than the perception of security in the EU and the ASEAN region, which is mainly centered on economic and social aspect. The formation of the EU was in response to a potential security arising from economic domination by the US and Japan. In contrast, the basis of forming ASEAN was the problems of local insurgencies and the fear of communist powers such as China and USSR in the region. Many believe that prioritizing intra-state and inter-state sense of security of the member states than gaining economic security has been the main cause of failure of the SAARC to evolve as a true regional bloc.

Therefore, India and Pakistan being the super powers and rival to each other should think beyond the geo-political facts and associate themselves with the SAARC process actively to forward greater interest of the common people of South Asia.

Online Journal of Peace and Conflict, Issue 2.3, August, 1999; www.trinstitute.org/ojpcr/toc2

⁷ The Indo-Nepal Treaty was signed by the caretaker prime minister of Nepal in his final retreat from the State affairs; many believe that the then prime minister signed the Treaty just to appease Indian rulers. This treaty is a major point of debate between India and Nepal as it completely ignores Nepal's rights to decide anything on its own sphere

4. SAARC: Regional integration or mere a Talk Shop

The growth of regional economic cooperation arrangement is one of the major developments in the world political economy after the Second World War. The formation of regional integration has been greatly successful in bringing historically hostile countries together in Europe. The factor that push countries closer are both economic and political but economic factors have always prevailed over the political one ever since the formation of nation states- the classic example is the states in the European Union and the South East Asia where economic dimension have brought long time foes in the same dais.

The term 'economic integration' encompasses broad areas of socio-political, economic and cultural links with nations joining together in a forum generally belong to one or several regions. The association of South East Asian Nations (ASEAN), the European Union (EU), North American Free Trade Area (NAFTA) are of few examples of such integration. The degree of economic integration ranges from preferential trade arrangements (PTA) to free trade area (FTA), customs union (CU), common market (CM), common economic union etc where, aside with fostering economic growth, fostering connectivity and people to people connectivity is the salient feature of the successes of economic integration.

Given this context, the formation of SAARC was a landmark step that was to develop a congenial environment through summit diplomacy where all nations could interact peacefully with each other, cultivate sustainable peace and promote mutual economic well being by harnessing available resources in the region through the process of economic integration. The objectives, principles and general provisions as mentioned in the SAARC Charter are to the welfare of the people of South Asia; to strengthen cooperation with developing

countries; to strengthen cooperation among themselves in international forums on the matters of common interest and, to cooperate with international regional organizations with similar aims and purposes.⁸ SAARC also aims to accelerate the process of economic and social development based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in the internal affairs of the Members States, and mutual benefit and is seen as complement to the bi-lateral and multilateral relations of its member States.⁹

Although the SAARC envisioned welfare of the South Asian people but its slow progress and modest achievements over the years have evoked different reaction among people- to some it's merely a talking shop, which can provide nothing more than a lip service to the various issues of peace and development in the region; to others SAARC has potentials to accelerate regional integrity and growth. Many also believe that the existence of SAARC certainly has provided an opportunity for the policy makers, administrators, expert to meet regularly and hold informal dialogue on critical regional issues such as security, trade and transport, social development etc.¹⁰

5. Trade under SAARC:

Regional integration in South Asia has got the momentum in 1995 when the SAARC Preferential Trading Arrangement (SAPTA) was signed. Later on, in January 2004, the SAARC member countries signed South Asian Free Trade Agreement (SAFTA), which aims at regional trade liberalization, parallel to the multilateral trade liberalization commitments of the south Asian countries. SAFTA come into force from 1st January 2006 with a high hope of boosting intra-regional trade in the context of the existing stalemate of the WTO negotiations.

⁸ Charter of the South Asian Association for Regional Cooperation in South Asia, pp. 188-89

⁹ Ibid

¹⁰ Chandra D Bhatta, Regional integration and peace in South Asia: An analysis

There are also aspirations among the policy makers and business community in the South Asian countries, especially of the LDCs, that SAPTA would increase market access, boost regional trading, and would reduce trade gaps among the countries. SAFTA is expected to generate substantial new trade along with the static gains rather than reducing the so-called trade gap. The dynamic/strategic gains could be even higher than the static gains due to the possible expansion in the scale of trade operation by getting access to the markets to the relatively larger member countries. Article- 03 (Objective and Principle) of SAFTA agreement stated that “The Objectives of this Agreement are to promote and enhance mutual trade and economic cooperation among Contracting States by, inter-alias”. It mean that the SAFTA agreement will contribute to eliminate all sort of barriers to trade in, and facilitating the cross-border movement of goods between the territories of the contracting States in compliance the measures. But, despite the apparent progress made in SAPTA negotiation, the actual trade impact on the region’s economies was very small.

Different studies identifies several factors those limit intra-SAARC trade flows; these include, a) low complementarities of production structure of the region’s economies resulting from similar comparative advantage; b) low volume of pre-SAPTA trade; c) relatively restrictive trade policy regime of SAARC countries; d) actual trade coverage of preferences has been narrow as countries have offered concession only on those products which do not have much trade value; e) existence of para-tariff and non-tariff barrier; f) tariff concessions offered under SAPTA have not been substantial, average tariff preferences offered ranging between 5%-25% for non-LDC members, and 10%-75% for LDC members; g) weak economic infrastructure in terms of communication, transportation and energy etc.; h) lack of necessary institutional services including banking, insurance, documentation and trade information etc. These economic constraints

have been further reinforced by political constraint.¹¹

An Overview of Inter Regional Trade among SAARC Countries

Country	Export Share %	Import Share %
Bangladesh	2.3	36.4
India	77.2	36.4
Maldives	0.3	2.6
Nepal	5.4	14.5
Pakistan	7.3	7.1
Sri Lanka	7.5	26.6

Source: UN Comtrade

Besides India, the country of the largest economy among SAARC countries happens to dominate the regional economic scenario and trade through imposing non-tariff barriers in SAFTA materialization. Fearing the hegemony of Indian’s trade policies over the region, the other nations hesitant to commit themselves to co-operate in mutual growth and prosperity. Thus, both political and economic constraints caused intra-regional trade very low, which was just 2 percent of the region’s total trade in 2002 and slightly rose in 4.4 % in 2005. This scenario is in sharp contrast with the intra-regional trade amongst ASEAN member countries, which is estimated at 26%.

6. Strength and opportunities to SAARC

South Asia, with one fifth of humanity, is a microcosm of the world. This region possesses great potential to be a vibrant force in the international arena. What is urgently required is unity of purpose and cooperative resolve to gain collective benefit from own strengths. Leaders of the South Asian countries may think of a bigger reflection outside the region, but also have to first rediscover South Asia to find out its inherent strengths; few of which are summarized below;

6.1 SAARC Social Charter

¹¹ Rashid M. Ali and A.K.M Atiqur Rahman; Implementing the South Asian Free Trade Agreement (SAFTA): Challenges and possible roadmap; BISS Journal, Vol. 25, No.4, October 2004; P 312

The 12th SAARC Summit held in Islamabad in 2004 concluded with signing a 10-point Social Charter which covered poverty alleviation, women empowerment, youth mobilization, human resource development, promotion of health and nutrition and protection of children—all of which are vital key to the welfare and well being of the common people of the South Asia. This Social Charter is a historic document with a clear vision of socio-cultural development which also is fully in consonance United Nations Millennium Declarations adopted in September 2000. Such a co-relationship would entitle SAARC to receive multi-dimensional and sustained assistance and cooperation from the UN systems; especially those are dedicated in promoting social and economic advancement in the developing countries.

6.2 Expansion of SAARC

The expansion of South Asian Association for Regional Cooperation (SAARC) is considered as a landmark event in the history of organization. The inclusion of Afghanistan as a member and China, Japan, Republic of Korea, Iran, the USA, and the European Union (EU) as observers has certainly added new strength and optimism to SAARC itself (Annex 2). This expansion has ushered hope of around 1.5 billion people of South Asia to further expand cooperation beyond the geographical boundaries of the region. The entry of new members and observers can bring new dynamism and chain of opportunities for South Asian countries. This might bring far reaching political, social and economic implications in South Asia as a whole.

6.3 Geographical Connectivity

Physical connectivity, more importantly, transport and communication is the basis of economic cooperation and integration efforts through the movements of goods, services,

capital, people and information across the countries. Therefore, transit and transportation facilities under the regional multi-modal transportation system are the key priority for South Asian members. Accession of Afghanistan to SAARC has broadened the scope of extending geographical connectivity even to the Central Asia. In this backdrop, a 'Regional Multimodal Transport Study' was proposed outlining Dhaka-Kabul corridor which might enhance transport connectivity among SAARC countries. On the other hand, participation of SAARC member and observer countries like Bangladesh, India, China, Iran, Nepal, Korea, Sri Lanka, along with 13 other Central European countries' to the 'Trans Asian Railway' would enhance greater regional connectivity.

Now it has become imperative to carry out parallel processes of economic integration and infrastructure development. Infrastructure development will obviously require huge investments. The South Asian Development Fund (SADF), which was created, among other things, to mobilize resources for infrastructure development, remains underutilized for lack of adequate resources and common regional projects. It is crucial to revitalize this Fund with required resources and appropriate technological and institutional design.

6.4. Tourism

South Asia has a great potential for tourism development. Region's rich socio-cultural mosaic adds up to an unparalleled natural beauty to make our region an attractive destination for tourists from both within the region and abroad. Common religious and cultural sites, if promoted jointly, will make significant contributions in our efforts to promote tourism at the regional level. The establishment of direct air links connecting major South Asian cities will give a powerful boost to our tourism industry. Promotion of tourism will have a salutary impact on our

poverty reduction efforts through a distribution of income among the poor, including those living in rural areas.

7. Conclusion

In December 2009, in a lecture delivered at the joint meeting of the members of Lok Sabha and Rajya Sabha of India in the Central Hall of Indian Parliament, Nobel laureate Prof Muhammad Yunus called for creating a well-functioning and visa-free South Asian Union by 2030. In the union, he envisages, there will be a common flag, alongside the national flags of the member countries, a common currency, and a large area of common domestic and international policies.

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 Arrangements (FTA) to a Customs Union and then to an Economic Union by the year 2020 or earlier, hopefully the idea of single currency would qualify for serious consideration.

To the common people SAARC is not an association meant for economic cooperation alone. People of this region visualize it as an embodiment of South Asian identity. The South Asian leaders should have vision and courage to define a trajectory to achieve this goal. Central to this idea is increased contacts amongst our peoples to create a strong basis for greater cohesion and solidarity in the region. In order to promote people-to-people contacts on a larger scale, leaders must think of a visa-free regime in South Asia along with a free trade regime. It will be a flagship among the array of SAARC achievements.

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Annex 1

Country	Area (000) Sq Km	Population (million)	Popn density/ Sq Km	Size of GNP US \$	GNP per capita US \$ billion	GNP Growth Rate %	Poverty %	Literacy (above 15 yrs)	HDI Ranking*
Afghanistan	647.5	28	43.5	13b	450		40	34	0.352
Bangladesh	144	136	1042	48.5b	360	4.4	36	41	139
Bhutan	47	0.84	23	505 m	590	7.7	34	43	136
India	3281	1048	353	501.5b	480	4.4	35	57	127
Maldives	0.3	0.29	967	598m	2090	2.3	42	42	86
Nepal	141	24	169	5.6	230	-0.6	25	92	143
Pakistan	796	145	186	50.2	410	4.4	--	--	144
Sri Lanka	66	19	293	15.9	840	3.0	--	97	99

*Note on HDI ranking: Low 142-75; Medium 141-56

Annex 2: New member and observers of the SAARC

Country	Status	Date and Place of Joining
Afghanistan	Member	12-13 November 2005, 13 th SAARC Summit, Dhaka
China	Observer	12-13 November 2005, 13 th SAARC Summit, Dhaka
Japan	Observer	12-13 November 2005, 13 th SAARC Summit, Dhaka
South Korea	Observer	10-11 April 2006, Standing Committee Meeting, Dhaka
The USA	Observer	10-11 April 2006, Standing Committee Meeting, Dhaka
The EU	Observer	03-04 April 2007, 14 th SAARC Summit, New Delhi
Iran	Observer	03-04 April 2007, 14 th SAARC Summit, New Delhi