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ROLE OF SAARC IN SOUTH ASIA: AN ECONOMIC PERSPECTIVE

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Abstract:-The idea of regional cooperation came into existence in Europe and other regions of the world in the post world war II era. In South Asia the idea of regional economic cooperation came in to existence in 1980's. On the proposal of Bangladesh, SAARC was formed as a champion of regional cooperation in South Asia. It was the output of the positive attitude of the South Asian Countries. It is working as a milestone for the regional cooperation among South Asian countries. The ends of cold war, disintegration of Soviet Union and the other changes in 1990's have provided new opportunities for regional economic cooperation.

Keywords:economic perspective , disintegration , economic cooperation , organization.

INTRODUCTION

The proposal for regional organization in South Asia came from Bangladesh, a small state of the region. Muhammad Shamsul Haq, Foreign Minister of Bangladesh drafted a proposal based on the arguments or analysis prepared by various institutions of the region. Different countries pursued the proposal for regional cooperation in different ways. India and Pakistan joined SAARC (South Asian Association for Regional Cooperation) with apprehensions regarding security and status in the region. Other small states also joined the Association for their status and development through regional cooperation.

After the long process of discussion among the member states SAARC came into existence in 1985 as an association of South Asian countries for regional cooperation. The countries agreed on the need of regional cooperation in various fields in South Asia. It was decided that, regional cooperation should contribute to mutual trust, understanding and sympathetic appreciation of the national aspirations of the countries of the region. Such cooperation should also be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs of other states and mutual benefit. They further agreed that decision should be taken on the basis of unanimity and the bilateral and contentious issues should be excluded from their deliberations. They considered that regional cooperation in South Asia is beneficial, desirable and necessary. They noted the need to proceed, step by step on the basis of careful and adequate preparation for early realization of such cooperation.

Due to the colonial history South Asian countries are facing the problems of poverty, under development, low levels of production, unemployment and pressure of population and socio-economic problems. In these conditions SAARC provides an opportunity for the promotion of mutual cooperation, trust and understanding to solve their common political, socio-economic, ethnic and other problems so that an atmosphere of regional cooperation can be made. The South Asian countries were also conscious of their individual and regional strength, their potential as a huge market, their substantial human and natural resources and the complementarities of their economies.

During the SAARC gathering the member states identified the various issues important for regional cooperation. South Asian countries have remained largely energy importers and facing serious energy shortfall. The inability to cater to the increasing industrial and other commercial energy needs have adversely affected their productive activities, social development and investment climate. Power shortages, outages and low quality have imposed substantial costs on the economic growth. In these conditions energy problem is emerging one of the most critical issue in the South Asian region.

Beside this, the increasing pressure on land, marginalization of small and marginal farmers, frequent occurrence of natural calamities, deteriorating level of soil fertility have all made food security a major concern for the states of the region. South Asia being one of the poorest regions of the world is facing the challenge of shortage of food. It is being estimated by

2050 South Asia will need to produce around 650 million tons of food grain. They further emphasized on the organization of study tours, workshops and seminars proposed in the identified areas of cooperation in the field of science and technology. In fact, strengthening of scientific and technological cooperation across the region is fundamental for accelerating the pace of economic and social development. For more and more economic development and cooperation sharing of scientific and technological expertise, joint research and development and industrial application of higher technology should be encouraged and facilitated in the region. In the age of science and technology, it is imperative to emphasis on the maximum use of available scientific and technological knowledge and instruments. Transport and communication were considered important measures by the member states of the SAARC for accelerated and balanced economic growth. To explore the possibilities of links across the borders the SAARC countries agreed to undertake trade facilitation measures, including transit among SAARC countries, on the basis of understanding among concerned countries, for enhancing regional trade and other economic activities.

The South Asian Countries considered communication as one of the important measure to increase the regional cooperation in the region. Beside this, South Asia has also emerged as an important area of tourism due to its natural locations and other dimensions. Under the banner of SAARC the countries recognized that some important efforts are required for South Asia to effectively tap the economic potential afforded by the global tourist industry as well as to encourage inter-SAARC tourism.

Beside the areas covered by SAARC, there are few more areas also where SAARC can create new opportunities for regional cooperation. The first promising area of mutually beneficial regional cooperation is bio-technology in all its forms and uses. South Asia's big-diversity is one of the richest and most varied. Countries like India have the technical means and technology and expertise to develop this through networking of research organizations and business houses all-over the South Asia. This is a frontier area of new technology and its benefits can only be fully exploited through regional cooperation.

South Asia has a vast coast line and a large economic zone. Oceanography and the tapping of marine resources are, therefore, fit areas for cooperative efforts. Another most important area is human resources. For a long period the large population of South Asia was considered a burden and a hurdle in the way of development. Not so now when South Asia alone can meet the world's requirements of IT professionals, skilled manpower, professional etc. In the age of globalization and market economy it is important for SAARC to utilize its man power for the regional cooperation.

Regional cooperation in the area of trade is also an important instrument for SAARC. Initially, Sri Lanka proposed for trade cooperation in South Asia. In fact, Sri Lanka's domestic conditions inspired for trade cooperation in the region. With the creation of SAPTA, South Asia could, on the one hand, provide her a route to overcome her recent economic crisis, and on the other, it could also help her to rebuild her tarnished image in the region. Therefore, Sri Lanka proposed the SAPTA on the lines of GATT (General Agreement on Tariffs and Trade) to provide a framework for multilateral trade negotiations in South Asia. Under SAPTA, the trade negotiations between the member countries were conducted on product to product basis in the first and second rounds. In the third round, the negotiations were conducted chapter wise of customs tariff. In the fourth round, it was conducted on the basis of chapter wise, sector and across and board basis. The trade negotiations under SAPTA remained ineffective due to various reasons and it was not able to affect the multilateral trade among the SAARC countries on a large scale.

These problems of SAPTA led to the origin of South Asian Free Trade Agreement SAFTA in 2004. For trade liberalization and establishment and Free Trade Areas, the idea of SAFTA came into existence after SAPTA. The SAARC Council of Ministers that met in New Delhi in December 1995 agreed that member states should strive for the realization of SAFTA preferably by year 2000 but not later than 2005. SAFTA was created as a milestone towards regional economic integration in the South Asia. The member states signed SAFTA agreement in the 12th SAARC summit held in Islamabad in 2004. It was decided that SAFTA is to be fully implemented starting from 1 January, 2006 by 2015. In the twelfth SAARC summit it was declared that, satisfactory progress has been made in SAPTA. The signing of the Framework Agreement on SAFTA is a major milestone. It is important to maintain this momentum and move towards further broadening of economic cooperation and to ensure equitable distribution of benefits of trade and cater to special needs of the small and LDC Members States by providing them special and differential treatment. The summits reiterate the commitment for the creation of a South Asian Economic Union.

It was an attempt in which the member states of SAARC will implement SAFTA with the commitment to strengthen intra SAARC economic cooperation to maximize the realization of the regional potential for trade and development benefit for their people, in a spirit of mutual accommodation, with full respect for the principles of sovereign equality, independence and territorial integrity of all states. Beside this SAARC's role is crucial for cooperation in the social development especially for the empowerment of women and the children's growth in the region.

SAARC is playing significant role in the regional cooperation in South Asia. But the organization is also facing various problems at institutional and functional levels. But the lack of mutual confidence and bilateral disputes among the member states are the serious threats to the regional economic cooperation in the region.

In fact, SAARC was formed as a mechanism for regional cooperation among the South Asian states. It was established for the promotion of the welfare of the peoples and to improve their quality of life. It was a regional attempt to accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potential, to promote and strengthen collective self reliance among the countries of South Asia. But the future of the organization depends on the bilateral relations among the states.

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