

# Club of tongues

Saarc leaders talk a lot about cooperation, but genuine trade liberalization remains elusive

## OPINION

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The South Asian Association for Regional Cooperation (Saarc) was established in 1985. During its establishment, the leaders were found to be aware of common problems, interests and aspirations of the South Asian people. Therefore, they had conceived it as a tool for promoting regional peace, stability, amity and progress. In this connection, they included in its charter the objectives to accelerate growth, social progress and cultural development in the region. Furthermore, realizing that the expansion of trade could act as a powerful stimulus to the development of the region, SAPTA and SAFTA were signed in 1995 and 2003 respectively.

However, the results achieved don't allow us to be much optimistic compared to the cooperation of other regional initiatives such as the EU, Asean, NAFTA and even the Arab League.

For example, on the trade front, the region is still struggling for around 5 percent intra-regional trade out of its global trade, and intra-regional FDI inflow is very low. Despite having geographical proximity and environmental commonality, partnership in various sectors such as education, IT and agriculture development is poor. Conversely, Saarc countries have been extending their relationship outside the region for the last few years.

### Why backward in cooperation

One, each of the Saarc countries has prepared long sensitive lists of tradable items. However, each is lobbying to open the other's markets. Moreover, countries have put products in which the other countries have export interest on their sensitive lists. For example, Bangladesh and Sri Lanka have listed milk and butter items, many vegetables and cash crops in which Nepal has an export interest. Nepal and Sri Lanka have made their sensitive lists with some of the apparels and textile items in which Bangladesh is performing well. Therefore, genuine trade liberalization in the region has fallen behind.

Two, excessive non-tariff barriers and arbitrary treatment exist towards the goods of neighbouring countries at border points. For example, while exporting Nepal's medicinal herbs to India, all the consignments have to be checked at India's Central Food Lab. However, both the countries have common climatic conditions and geographic settings. Moreover, the consignments have to pass through a circuit and back from the forest department of India in order to have a single signature of a local forest officer.

Further, route restrictions have been imposed by India against Bangladesh on some of its tradable goods. A vessel carrying Nepali products and heading to Karachi is not allowed to go directly and has to pass through Singapore. A Bangladeshi or a Pakistani gets limited territory movement permission while getting an Indian visa. The cost of transporting cement from Lahore to Amritsar is about Rs 750 per tonne which is equivalent to the freight charge required to reach South Africa. The customs valuation and clearance processes are done arbitrarily. Transit facilities are treated

like they are not the rights of landlocked countries but the kindness of India. So, a true sense of cooperation in the region is still missing in practice.

Three, the joint efforts made by the Saarc countries are inadequate to produce tangible results. There are various technical and thematic committees and institutional arrangements under Saarc. But, they are not on the scene. Ministers, secretaries and joint secretaries meet regularly. However, the decisions are not implemented effectively and on time. There are altogether 16 areas of cooperation under which various projects are being implemented. But the funds allocated and progress achieved are not notable. Therefore, sometimes Saarc is criticized as a "club of tongues".

Any effort will give us no result if there is mistrust in the heart while sitting down for talks. However, in South Asia, there are multi-faceted conflicts between the Saarc countries. The psychology that one doesn't respect the other has made it difficult for Saarc countries to sit down and talk and understand each other's concerns. On top of that, there has been continued animosity between India and Pakistan right from their independence days. Both the countries are highly conscious, alert and suspicious of each other regarding their political interests and security threats. Being two giant countries of the region in terms of geography, population and economy, and having high mistrust of each other, regional talks have become stagnant.

In recent years, India's political concerns and economic interests have been shifting beyond South Asia. India is emerging as one of the strategically important countries in the world. Due to a changing world power structure and matching strategic interests, India and the US have been strengthening their ties for the last few years. On the economic front, it has been able to maintain double-digit growth for a decade. This has created a huge gap and thereby mismatch of preferences between India and the rest of the South Asian countries. However, India's liberal attitude toward neighbouring countries is a precondition—due to its size in terms of population, economy and geography and critical location—to increasing regional partnership.

### Future course

For economic outcomes, the leaders should work to reduce long sensitive lists. Considering the similarity in the product lines among the countries, a move toward customs union and integration in the supply chain seems to be urgent for genuine industrialization in the region. Work is required to a high extent to improve transport connectivity and transit systems.

However, trust is a necessary condition for cooperation. Unless the leaders underscore in action common regional problems such as low trade relation, poverty, unemployment, energy crisis, environmental vulnerability, flood and climate change impact that could be addressed at a faster rate if the countries work together, decorated words only will not be adequate. The leaders should think, while sitting down for talks, about the additional US\$ 1.15 billion, equivalent to 16 percent of South Asia's import bill, that its consumers are paying annually due to non-cooperation in the region.

*(Ghimire is associated with SAWTEE. The views expressed in the article are personal)*