
CHAPTER 4

External Observers
Game changer
for SAARC?

Debapriya Bhattacharya

Softly speaking, SAARC is at an inflection point. We are all aware that the South Asian Association for Regional Cooperation (SAARC) came into existence a bit late (1985) in comparison to other similar regional cooperation initiatives. Since then, a certain level of measurable progress has been achieved in the region under the institutional set-up of SAARC. SAARC Summits have served effectively as a platform where the political leaders of the region could talk about their development challenges, share best practices and explore new opportunities for cooperation. Yet, SAARC could hardly exploit its full potential.

The SAARC process has been fraught with frequent postponement of high-level meetings and cancellation of Summits. Conflicting political interests among the member states, sometimes leading to bilateral hostilities, had been one of the key reasons behind it. Since the postponement of the 19th SAARC Summit, the whole institutional process has come into a state of paralysis. The 19th SAARC Summit, to be held in Islamabad, got cancelled in 2016, and since then, not much initiative or effort geared to revive this regional platform has been observed. More regrettably, the political situation in the region, specifically with regard to certain bilateral relations, has experienced further deterioration in the most recent years. A question that is now being often asked is: what could be a “game changer” for the restoration of the SAARC process? Is there any actor that can positively influence the resurrection of the regional initiative?

In this context and taking note of other regional experiences, it is maintained that the external Observers of SAARC may have a role to play in this regard. SAARC currently has nine accredited Observers. Further, more than a dozen international and regional organizations enjoy partnership with SAARC. These Observers have extensive and substantive economic and political ties with SAARC member countries. It would be interesting to explore to what extent these external entities are in a position to exercise their soft power to reinvigorate the cooperative undertaking in South Asia.

In view of the above, this chapter seeks to briefly explore the mandate provided by SAARC to the external entities, review their state of engagement, and assess the possibilities of these entities in reviving the SAARC process.

External Observers in SAARC

SAARC currently has nine Observer states, namely Australia, China, the European Union, Iran, Japan, the Republic of Korea, Mauritius, Myanmar and the United States of America (Table 4.1). All these came on board between 2005 and 2008, with China and Japan being the first. Iran and Myanmar were the latest inclusions in 2008.

Motivation for becoming Observer

There are two broad reasons why an extraregional country would apply for an Observer status in SAARC. First, entry as an Observer is perceived to be a means for gradual integration into the organization. In almost any multilateral cooperation entity, there is a gradual process through which more members are inducted. For example, to become a member state, the first step includes being granted an “Observer State” status and then gradually an upgradation to a “Dialogue Partner”. The 10-member Association of Southeast Asian Nations (ASEAN) has assigned Dialogue Partner status to countries such as India, China and Japan with whom it later signed free trade agreements.

Table 4.1

List of Observer states

Observer state	Year of Application	Status
China	2005	2005 (13th Summit, Dhaka)
Japan	2005	2005 (13th Summit, Dhaka)
South Korea	2006	2006 (27th session of Council of Ministers, Dhaka)
United States of America	2006	2006 (27th session of Council of Ministers, Dhaka)
European Union	2006	2006 (27th session of Council of Ministers, Dhaka)
Mauritius	2006	2007 (14th Summit, New Delhi)
Australia	2006	2008 (15th Summit, Colombo)
Iran	2007	2008 (15th Summit, Colombo)
Myanmar	2008	2008 (15th Summit, Colombo)
Turkey	2012	Pending
Russia	2014	Pending

While representatives of the Observer nations are allowed to sit and speak in the inaugural and concluding sessions, they are not allowed to engage in negotiations or vote on matters discussed at the Summit. In contrast, while still not allowed voting privileges, Dialogue Partners are allowed to have much deeper economic and strategic engagement with member countries. While neither Observers nor Dialogue Partners have a full membership and cannot engage in the core discussions, they can gain headway gradually. Observer membership allows the concerned country to build relations with the member states and present its own views on various matters.

The second motivation for a country to become an Observer is to be able to monitor the evolving situation in the region as it might have some stake in the member states. These Observer states are generally global and/or regional powers, and they may have critical interest in terms of geo-political or geo-economic stability of the concerned region. The situation in the region may affect their trade, investment, finance, cross-border migration and security situation. However, these countries may not pursue higher level of membership, since they are not South Asian countries.

Role of Observers in SAARC

Procedurally, SAARC Observers are given limited participation in SAARC Council of Ministers' Meetings and other SAARC-related ministerial meetings and participation in SAARC Summits. The Observers are also permitted to make proposals regarding cooperation and joint venture projects with the approval of the relevant SAARC committees. However, they are not allowed to make any statements about areas of concern during a SAARC Meeting or Summit, but are able to circulate their position in writing. SAARC Observers may also be engaged in productive, demand-driven and objective project-based cooperation in priority areas as identified by member states. These areas include (i) communication, (ii) connectivity, (iii) agriculture, (iv) public health, (v) energy, (vi) environment, and (vii) economic cooperation. Joint Meetings of Observers and National Focal Points (Ministries of Foreign Affairs) typically finalize the projects based on proposals from member states and Observers.

One of the key outcomes of the 18th SAARC Summit held in 2014 was to give a greater role to Observers of SAARC, which would be a pathway towards Dialogue Partnership. Some of the Observer countries, including China, have been seeking greater space in the SAARC process. The Kathmandu Declaration called for engaging the Observers in “productive, demand-driven and objective project based cooperation in priority areas as identified by the Member States.”

Observers in other forums

A review of the roles of Observer states in other multilateral cooperation initiatives shows that they primarily limit the Observers to two privileges: (i) access to information, and (ii) invitations to meetings. The Asia-Pacific Economic Cooperation (APEC), for example, gives its Observer members full access to documents and information related to the work of member economies, helping to track progress and provide guidance in support of APEC objectives. However, in some other multilateral platforms, Observer states can only attend meetings (except closed sessions unless with prior invitation) and cooperation activities without being conferred any formal status.

Moreover, Observers do not have the right to vote on or sponsor draft resolutions or to submit proposals or draft resolutions. Overall, the Observer states have limited roles and the positions are usually seen as the first step towards full membership. The role of Observer states in SAARC is quite similar to that accorded in other multilateral organizations. Although it is unclear how much of information is actually shared with the Observer states, SAARC appears to be clear about their specific roles and priority areas of collaboration.

External Observers in pipeline

Turkey and Russia have also applied for Observer status in SAARC—in 2012 and 2014, respectively. However, their applications remain currently pending. Since 2008, there is a moratorium on the admission of new Observers to SAARC. A moratorium on the elevation of status of the Observer states was also placed in 2015 after India persuaded SAARC to put in place a five-year moratorium on elevating the status of China and other non-member Observer countries to that of Dialogue Partners. It was Pakistan that initially made an attempt to accord a more active role to China to counter the influence of India within SAARC. Pakistan's proposal was supported by a majority of members who cited the example of

the ASEAN grouping, of which India itself is a sectoral Dialogue Partner, having been upgraded in 1996. India subsequently signed a free trade agreement in goods with ASEAN in 2009.

Incidentally, all the Observer states, following their inclusion, have attended all the Summit-level meetings. India was, however, of the view that most of the Observers at SAARC have not been active and restricted themselves to conducting a few training programmes or seminars. In its proposal for the moratorium, it suggested that for the next five years, members should monitor what Observers do and then decide if anyone's status needs to be upgraded.

Role of non-Observer partners in SAARC

Besides the Observer states, SAARC has also established partnership with several multilateral institutions which carry non-Observer status (Table 4.2). These partnerships are, however, limited to cooperation on development issues through joint studies, workshops and seminars, and exchange of information and documentation, particularly in areas where the partner specializes. For example, SAARC cooperates with the United Nations International Children's Emergency Fund (UNICEF) in implementing relevant SAARC decisions relating to children; it works with the United Nations International Drug Control Programme (UNDCP) on issues related to drug control. An exception to this "documentational" cooperation is the partnership with the United Nations Conference on Trade and Development (UNCTAD). Under this partnership, SAARC is responsible for updating information on trade control measures in the SAARC member states in exchange for being granted access to data on trade control measures prevailing in developed and developing countries.

Special interest of China

There is little doubt that China is seeking a strategic role in South Asia through the SAARC process. Even though officially China

Table 4.2

SAARC: Non-Observer partners

Non-Observer partner	Date of initiation of partnership
United Nations Conference on Trade and Development (UNCTAD)	MoU signed in 1993
United Nations International Children's Emergency Fund (UNICEF)	Cooperation agreement signed in 1993
United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP)	Framework agreement for cooperation signed in 1994
Asia-Pacific Telecommunity (APT)	MoU signed in 1994
United Nations Development Programme (UNDP)	MoU signed in 1995
United Nations International Drug Control Programme (UNDCP)	MoU signed in 1995

Note: MoU—Memorandum of Understanding.

has made no proposals for its inclusion (as a member state) under SAARC, some Chinese think tanks are suggesting that China is seeking an active and strategic role in South Asia. China borders five SAARC nations and has been investing in South Asia for long. South Asia has recently witnessed a wave of Chinese investment, in, among others, roads, bridges and ports, and the energy sector. China has even surpassed a few traditional development partners from the Organisation for Economic Co-operation and Development (OECD) in terms of extending financial support. It has started organizing an annual South Asia trade fair in Kunming, a regional hub that has deep links with the region. China is also the largest trading partner for many South Asian nations, including India, and several subregional cooperation entities are under consideration.

However, China's interest goes beyond the SAARC process. In 2000, China applied to be a Dialogue Partner in the Indian Ocean Rim Association, where India, Sri Lanka and Bangladesh are members. It is a member in the Asia-Pacific Trade Agreement (APTA), where the aforementioned nations are also members. Since 2013, with the election of a new leadership, China embarked on a sweeping plan to revive its old land and maritime Silk Roads, connecting South Asia, the rest of Asia, and some parts of Europe.

It is no secret that India is wary of China's inclusion in SAARC, as these two regional giants compete for sphere of influence in the region. India has long maintained that South Asia has paramount importance for it, particularly in projecting its geo-strategic and security interests. In this connection, India has considered SAARC as a platform for addressing common regional problems of poverty, unemployment, low human development and weak economic development. India reckons that the common culture and shared aspirations of the region give it an edge in playing an exclusive role in South Asia. However, given the rapid pace of globalization coupled with the rise of China, India's opposition to China's entry in SAARC is facing challenges. Clarifying India's stand on China's entry into SAARC, it has maintained that China's request can be considered once the criteria and modalities for such association have been worked out. This was supposed to be the subject of discussion at the special session of the SAARC Standing Committee scheduled to be held in 2006. Results in this regard are yet to be seen.

Concluding remarks

A couple of observations may be offered in conclusion. The external Observers of SAARC have remained underutilized resources till date, while their potential remains quite high. To utilize their potential so as to activate the SAARC process, there seems to be a number of structural and policy-related hindrances.

First, when the primary actors of the process, i.e., the member states, remain not adequately interested in keeping the SAARC process active, how can they expect the external actors will play

a spearheading role? In other words, if the member states play a more positive role, the Observers will feel motivated to be more proactive. Thus, the external Observers may play a greater role during normal periods than in a crisis period. Accordingly, there is little opportunity for the external Observers to be a game changer.

Second, for the Observers to play a more productive role, the mandate and operational modalities of the provisions for the external entities need to be further clarified and strengthened. This may improve the dimensions, level and quality of the engagements of the Observers. However, given the prevailing gridlock (if not deadlock) in the SAARC process, such reforms cannot be expected.