

BOOK REVIEW

SAARC AND THE CHALLENGES AHEAD

Prof Bishwambher Pyakuryal
Kathmandu

Regional Economic Integration: Challenges for South Asia During Turbulent Times — a compilation of scattered papers of the third South Asia Economic Conference held in Kathmandu in December 2010 was not a simple task, but the editors have tried to maintain the flow and guarantee the quality of standard editing norms.

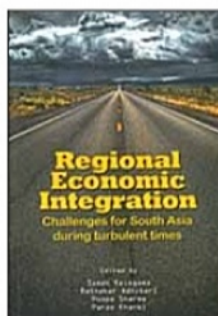
From this perspective, the book is a readable and procurable document. The minor editing such as clubbing in Chapter Six in Part 2 and replacing the word development issues with financial issues in Part 4 could have added more value with regards to selecting chapters and putting them under relevant parts.

The review on SAARC initiative shows that some are of the view that the constellation of geographical, ethnic, historical and political factors has gridlocked SAARC. Some observe SAARC has been relegated as an organisation of little value, both

within and outside the region. The reason for failure according to Prof Samuel Huntington, in his book *The Clash of Civilizations*, is the cultural diversity. It is not like EU where members belong to the same culture.

India possesses 76 per cent area of the total region, 77 per cent of the total population, and 71 per cent of the GDP. Therefore, some seriously consider India's hugeness as a constraint because it has been translated into an acute sense of insecurity in the neighbouring member countries. India, on the other hand, has viewed it a sort of joint conspiracy hatched by all other countries of the region to use SAARC as a joint platform to pressurise India on the question of several bilateral issues.

The book — divided into six parts covers macro perspective, merchandise and services trade, regional connectivity and trade facilitation, development issues, drivers of regional cooperation, climate change and regional cooperation — is the answer to all such allegations. Its strength is in encompassing diversified areas facing South Asian nations. The



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issues raised offer alternative policy interventions at the regional and domestic levels.

The editors provide historical perspectives of economic integration in South Asia.

Chapter 2 that deals with 'changing face' portrays the trials and fortunes of regional cooperation in South Asia by Saman Kelegama, the editor of the book. He reminds the market potential in intra-regional cooperation and reiterates the need for intra-regional infrastructure development projects, the establishment of a Common Investment Area, and the sharing of resources for increasing regional competitiveness.

Chapter 3 prunes India's sensitive lists under SAFTA. It informs the provision reducing the number of items in the sensitive list that has created problem.

Chapter 4 on Non-tariff barriers in South Asia: Nature, implications and measures, observes, despite the fact that non-tariff barriers (NTB) is acknowledged by SAARC member countries with high esteem, exporters in the region complain about their difficulties in importing coun-

tries when doing business. It recommends that SAARC member countries should apply their collective wisdom to address the issues under NTBs from long-term perspectives since it not only constraints regional trade expansion but also add tensions to bilateral relations.

Chapter 5 on Services trade in South Asia: Contours of Liberalization and Modalities in SAFTA, observes in regional trade agreements (RTAs), services sector has become a key product for building long-term development plan.

Chapter 6 on Air services liberalisation in South Asia is of the opinion that transport connectivity is key to increased exchange of goods and people-to-people connections, which would ultimately stimulate investments and business transactions.

Chapter 7 devoted to improving transport connectivity in South Asia explains surface transport network costs, which is too high.

Chapter 8 is on the Role of Government regulations in trade facilitation: Case of Nepal. Trade

facilitation, it is pointed out, is trade reform. The aim is to reduce transaction costs to enhance competitiveness. The paper does not only elaborate trade transaction procedures but also recommends policies to improve trade procedures.

Chapter 9 titled the financial crisis in the Gulf and its impact on South Asian migration and remittances investigates the impact of financial crisis in the Gulf and its impact on South Asian economies.

Chapter 10, LDC Integration Fund in South Asia is of the view that there is an asymmetric benefit from any regional cooperation arrangement because of the scale of economy, economic structures and policy-intervention mechanisms. The author elaborates the rationale for the establishment of a relatively large-sized LDC Integration Fund.

In Chapter 11 on the Roles of peoples' representatives and non-state actors in strengthening regional cooperation by former Secretary-General of SAARC Nihal Rodrigo assumes, although many of the scepticism,

sarcasm and cynicism about SAARC hold true, it is indispensable for the region and therefore, stated goals should be pursued with greater dedication, political commitment and coordinated action.

Chapter 12 'Private sector in South Asia: Stumbling blocks or building blocks to regional cooperation' asserts that the case for strengthened intra-regional trade in South Asia has become even stronger than in the past — the message of the author is start with the neighbours and then move further eastwards.

In Chapter 13, Trade and climate change: South Asian agenda at the UNFCCC and the WTO states there has been the understanding among SAARC leaders for climate resilience that would promote both development and poverty eradication in a sustainable manner.

Chapter 14 'WTO negotiations on environmental goods and services: South Asia's interests' observes trade and environmental policies need to be formulated in a manner which can ensure sustainable economic growth.