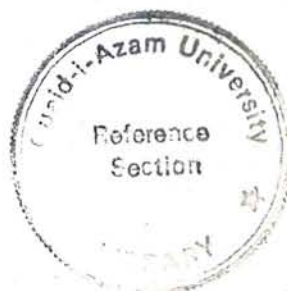


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SOUTH ASIAN REGIONAL COOPERATION:
PROBLEMS AND PROSPECTS



DEPARTMENT OF INTERNATIONAL RELATIONS
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INTRODUCTION

The beginning of the nineteen eighties witnessed the ushring of a new era of cooperation among the seven countries of South Asia—Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. The idea of regional cooperation is not new. However, it acquired a new momentum after World War II, when many countries had to meet new political and economic challenges. Conceptually, regional cooperation means association among states within a region to promote common objectives, meet common needs and resolve common problems. Their commonalty of interest is, therefore, the central force for regional cooperation among them and also for determining the modality, including institutional arrangements for such cooperation. Through this medium, the states of a region attempt to harmonize their differences. Accordingly, regional cooperation promotes greater interaction and increases interdependence amongst the states of a region. It is also seen as an instrument of peace and overall progress of a region.

The South Asian states have taken sufficient measures to set up a regional entity with the aim of promoting cooperation in the economic, social, cultural and scientific fields. The objective of the participating

countries is to adopt the functional approach to bringing about a just and lasting peace to this volatile region.

Various scholars studied the expansion of cooperation in Europe and formulated the regional integration theory. One of the expectations of the early variant of the theory was ^{that} /states in a given region would eventually attain political unification. They identified a number of variables.¹ These include, first, 'background conditions' such as the size of units, number of states, rate of transaction among them, pluralism, elite complementarity and perception of dependence. Second, 'conditions at the time of union' like the governmental purpose, external pressures and powers of the union. Third, 'process conditions' such as the decision making styles, rate of transaction in the union, adoptability of government and external pressures. These identified variables neither helped on understanding of the process nor the capacity to predict. The result was that a strongest exponent of the regional integration theory, Ernst B. Haas, confessed to its shortcomings and obsolescence.²

The functionalist approach was redefined. The main thrust of the functionalist approach concerned with economic and social aspects of regional cooperation. Therefore, regionalism was identified with collective

action at regional level to secure national goals.³

Integration is viewed as both a process and an outcome.

It emphasizes cooperative decision making process and elitist attitudes in order to assess the progress toward integration.⁴ The functionalist approach reduced political aspects by promoting non-political and non-controversial issues at lower level to promote economic interaction across boundaries. Technical and politically less controversial functional areas, i.e., health, rural development, scientific and cultural, etc., are assigned to some inter-state organisations. These functional organisations assume greater relevance over time, promote cooperation in other fields. It could bind the regional states into a system of interdependence. Such interdependence would have to keep the political and security issue subdued by creating the social and economic profits and advantages in the region which if allowed to break or weaken would involve heavy costs.⁵

This approach to regionalism would prove to be inadequate when applied to a region of the Third World, like South Asia. It is mainly due to the fact that theory suffers from a Western cultural bias. The EEC model can not explain the beginning of economic cooperation in South Asian region. Environment of South Asia is different from that of Western Europe. Western Europe's variables like common political systems, values, traditions, industrial and economic development, free flow of information,

developed communication system and culture which facilitated economic integration, are virtually absent in South Asia. The South Asian states lack common strategic consensus. Two major powers, India and Pakistan, have divergent security perceptions and have been actively hostile towards each other. This created the psychological and political barriers which hindered the community formation.

Functionalism ignored the loss of attributes of sovereignty and unification. Theory preoccupied with the socio-economic interests and pressure groups of private sector as the main agents of regionalism. The socio-economic agents had been effective in Europe. These forces, as a result, could transact through the political barriers of sovereignty, nationalism, governmental priorities and bureaucratic procedures. This was possible in Europe. These forces have attained a certain level of development so as to be able to exercise decisive influence. But these forces could cross barriers only to an extent and not beyond. The Nation State and its sovereignty still reign supreme in Europe. Even in European context, the regional integration theory, while underplaying the role of political factors as compared to socio-economic forces, has not been sufficiently able to cope with question of the potency of the political factors.

In South Asia socio-economic interests and agents are highly underdeveloped, and very poorly organised and lack considerably in skill and articulation. Their influence in political decision making, therefore, is very seldom decisive. In the absence of these agents and forces the state through the governmental sector plays the most decisive role in all vital decisions.

In South Asia, therefore, the attitudes, perceptions, motives and commitment of the elites, as the representatives of the states, are very important for the initiation and promotion of the regional cooperation. Their support to the process of regional cooperation is the product of pragmatic considerations. They see the benefits of cooperation in functional areas, and try to increase the number of activities, quantitatively and qualitatively.. This might cause "spillover" of cooperation from one sector to another. The elites can increase or decrease the pace of cooperation, because they are the only actors in the process. But such a collaboration does not necessarily lead to a particular type of political union.

Socialist approach to economic integration —CMEA model— is pillared on industrial cooperation and planning, not on reliance on spontaneous market regulators and

competition. CMEA experience as a framework for regional cooperation is good. But any assumption that conditions for cooperation of CMEA's members and SAARC members are the same,⁶ would be wrong. We should remind ourselves that economic integration in East Europe was achieved through political integration (by force). Planned economic integration and industrial cooperation which are the two pillars of CMEA's economic integrational model seem to be inappropriate to the politically and ideologically fragmented South Asia.

In South Asia, pervasive sense of insecurity, underdevelopment/^{and} disputes with neighbours resulted into extensive relations with extra-regional powers. These linkages perpetuated schism in the region. Backed by their superior military strength and economic capabilities, the extra-regional powers have either prompted or prevented moves towards regional cooperation in a given Third World region at a given period of time, depending upon their strategic and economic objectives in that particular region.

India's preponderant position in the region with growing military strength has created fears among the small South Asian nations. Therefore, attempts toward regional cooperation would be influenced by apprehension of India's dominance.

It would be prudent to model the functional approach according to the objective conditions of the South Asian region. The absence of the intra-regional socio-economic agents and forces and the lack of people-to-people contact the regional milieu would suggest/^{that}process should begin initially at governmental level in less-contentious and non-political areas. Even cooperation in functional areas should start in peripheral areas. Due to the impact of psychological factors SAARC process would not only be incremental⁷ but the basic stress would have to be laid on the increased volume of peoples' movement across the boundaries. With increased flow of information and development of the communications these contacts can be increased. It might produce spill over effects on other functional areas. This process is expected to lead to the development of integrated socio-political systems.⁸ It would not only be helpful in breaking the traditional barriers but also create a pressure for more regional cooperation.

Institutionalised regional cooperation is a novel experiment in South Asia. It has added a new dimension to the political milieu. It is in this background that the study of SAARC has acquired tremendous interest and importance. It would enable us to understand and appreciate this experiment. The hypothesis of this study rests upon the assumption that any significant

progress in the SAARC process will depend on the breaking of psychological barriers through intensive cultural cooperation and people-to-people contact. This cooperation will contribute to further cooperation in functional areas. The successful functional cooperation will open up more vistas for cooperation in economic and political spheres.

The first chapter deals with the evolution of SAARC. It examines various moves, and discusses diplomatic activities and parleys which ultimately led to the creation of SAARC.

Second chapter is devoted to the study of institutional framework of SAARC. It explores operational mechanism of regional cooperative movement, its scope and limits. Principles and objectives of the SAARC are also spelled out in this chapter.

The SAARC is beset by variety of problems. These problems are political, strategic and economic in nature. These are stumbling blocks on the way to meaningful and substantial progress of the organisation. An attempt has been made in this study to approach these problems from various angles, so as to paint a realistic and coherent picture of the viability of the regional cooperation.

Fourth chapter tries to suggest some measures, explores different prospects, digs out potentials which help to transform SAARC into a practical reality, enable regional states to pool their resources and energies so as to ensure optimum utilization. It also suggests measures which might help to diffuse tensions in the region. This study has a bias in favour of gradual and pragmatic approach to regional cooperation.

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CHAPTER -I

SAARC: THE FORMATIVE PHASE

The idea of regional cooperation in South Asia, propounded by Bangladesh, has made considerable headway in recent years, and has developed into an institutional framework. The process of evolution has been quite slow. However, by widening the canvas of cooperation and sustaining of the idea in hostile milieu of the region proved that the people of South Asia has so much to gain from cooperation and so much to lose from the confrontation.

A variety of factors, ranging from the demand of restructuring the world economic order to the common perception of poverty as a threat, provided the rationale for regional cooperation in the Third World. The economic cooperation in the developing countries is based on principle of collective self-reliance. Keeping in view the structural dependence of the Third World, regional cooperation has focused on intensification of horizontal linkages and reduction of vertical economic linkages. Such cooperation is also envisaged to enhance developing nations' position vis-a-vis developed world and in multilateral forums.¹

The South Asia, as a region, has potential for both consonance and dissonance.² Mutual distrust

misperception about each other and adversarial images, undefined in addition to role of regional countries and lack of common threat perception, have contributed to the lack of cooperation among the regional states. But, according to late Zia-ur-Rehman, the President of Bangladesh, the South Asian nations have many common values which are rooted in their social, ethnic, cultural and historical traditions.³ South Asia is the only region which could not promote institutionalised regional cooperation.

Initial Proposal:

Move for regional cooperation in South Asia was initiated by the late Bangladesh President, Zia-ur-Rehman. Before formal announcement of it, he presented the idea to the leaders of South Asian countries in the late seventies. To gather support for the idea he visited capitals of the region. The proposal was first discussed with Morarji Desai, then the Prime Minister of India, in December 1977. After that Bangladeshi President met the leaders of Nepal, Pakistan and Sri Lanka during 1978-79. The main thrust of the idea was on the creation of a regional forum for consultations among the members nations on matters of collective interests.

After two years of diplomatic manoeuvring at high level, President Zia-ur-Rehman made a formal proposal

for South Asian regional cooperation. In May 1980, he wrote an identical letter to Heads of State /Government of India, Pakistan, Nepal, Sri Lanka and Bhutan, probably after having received a partial in-principle assent through diplomatic channels.⁴ The proposal proposed regional cooperation in non-political spheres as an initial step towards greater economic cooperation.

The proposal clearly outlined that regional cooperation would not accrue to a military alliance. The proposal suggested that cooperation on regional level would be helpful for solving the common problems of underdevelopment which could not be solved by each country independently. For the promotion of economic well-being of the South Asian people and to clear the mist of distrust, cooperation in the fields of science and technology, culture, education through institutional arrangement was attached great significance in the Bangladesh Paper. The Bangladeshi President called for a summit meeting of South Asian leaders to "explore the possibilities of establishing a framework for regional cooperation".⁵

The response to the letter was positive, from the smaller nations of South Asia, Sri Lanka and Nepal. Two major South Asian powers, India and Pakistan were reluctant to accept the idea immediately. It was because of the atmosphere of mistrust among them.⁶ However, they have

not rejected the proposal off hand because it provided nothing for any state to object on its contents. The time when the proposal came to the surface was important. It was the time when the Soviet Union had intervened in Afghanistan. Although it was a contributive element to regional cooperation move,⁷ yet at this issue, the India's stand looked differently from the other states of South Asia because she did not openly censure the Soviet move in Afghanistan. India thought of the proposal as an anti-Soviet move.⁸ President Zia-ur-Rehman during his visit to Nepal in April 1981, denied that the regional cooperation was directed against the Soviet Union and stressed that the idea of summit was much older than the new political development in the region.⁹

It is a known fact that in order to divert the pressure of internal problems, the ruling elites quite often take bold foreign policy initiatives. The Bangladesh initiative was also viewed as a traditional measure of averting the public opinion from the problems which the Zia regime faced at that time in Bangladesh. Within Bangladesh, President Zia was facing political pressures from the conservative forces. Therefore, to avert the internal pressures, and to gain a favourable image of his regime, the President of Bangladesh used the regional cooperation issue.¹⁰

The background cause of the initiation of the proposal of regional cooperation in South Asia could also be seen in the context of deteriorating world economic situation. The developing countries are struggling for the restructuring of international economic order. The world economic situation of the seventies, which could be characterized as stagnant and uneven in the international economic relations,¹¹ provided a rationale to take steps toward the regional cooperation in the Third World. The spirit of South-South cooperation, though not a substitute for North-South cooperation, was very much there in the Bangladesh initiative. Economic cooperation among South Asian states was seen to help in establishing more durable basis for future regional economic order. Another advantage perceived was that in the face united opposition of the South, the multinational corporations would make changes in their policies regarding capital flow and technology transfers. Keeping in view the demand of the world economic situation, it might be said that the President Zia-ur-Rehman was also impressed by the success of other existing regional organisations, such as European Economic Community (EEC) and Association of South East Asian Nations (ASEAN).

Regional Response to the Proposal:

The proposal was given acceptance by smaller

South Asian nations. But there was reluctance on the part of India and Pakistan. It was partly because of Bangladesh's bilateral problems with them. With Pakistan she has differences on the question of repatriation of Biharis. It has also some unresolved disputes with India, for instance, the issue of distribution of river waters. India and Pakistan perhaps suspected the Bangladesh's intention. They probably thought that the proposal was designed to lift some problems of its with them from bilateral to regional level.¹²

India did not welcome the proposal with open arms but accepted it in principle.¹³ She wanted to take time to reconsider the proposal because it was discussed with the Janta Government of Morarji Desai. By then Congress (I) Government of Mrs Gandhi had come to power. This change also contributed to India's reservations to the idea.¹⁴ India, keeping in view of its relations with its neighbours, was apprehensive of the formation of a group which could provide them an opportunity to "gang-up" against her.¹⁵ On various international issues, the foreign policy posture of India was different from that of other South Asian countries. India viewed the regional forum as an act on the part of its neighbours to isolate her on global issues, to contain her and to strengthen their bargaining

position on bilateral issues.¹⁶ India's lukewarm support to the proposal was partly due to Zia's comparison of the proposed South Asian forum to ASEAN which had acquired pro-western image. Also the proposal gave seemingly high priority of political and strategic objectives. Therefore, India perceived that the proposal was backed by the West and perhaps inspired by anti-Soviet considerations.¹⁷

Initially, Pakistan did not enthusiastically support the idea. She accepted the idea of economic cooperation on step-by-step basis. Cooperation at political level was considered by Pakistan as premature. She did not view it at first as a workable regional forum.¹⁸ Pakistan was reluctant to participate in a forum where India might find an opportunity to exercise a policy of domination or institutionalise her hegemony over its smaller neighbours.¹⁹ Pakistan viewed it as an attempt to provide the regional market for the Indian goods alone because of her greater economic potential and industrialization. Opening up of the market was perceived a threat to Pakistan's nascent industry. Political implications of this scenario could lead to further Indian economic domination over the region.²⁰ By joining the regional cooperation before the resolution of bilateral issues with India, could be problematic for Pakistan. It could be taken as having compromised

position on bilateral disputes with India, e.g., Kashmir.²¹ The opinion of a leading Pakistani English daily about the idea exhibited an aggregation of Pakistani viewpoint. Dawn viewed that to institutionalise the Bangladesh's proposal would a futile attempt in the presence of bilateral conflicts.²²

Indian and Pakistani reservations had roots in their perceptions of their respective national interests and in fears of adverse political consequences of their acceptance of the proposal. Seemingly, there was nothing objectionable in the proposal because it called for regional harmony and cooperation aimed at economic development. Nevertheless, positive potential of the proposal was so compelling that the initial reluctance on the part of India and Pakistan eventually gave way to a cautious and watchful acceptance of the proposal. Both, India and Pakistan have had visualized the Bangladesh proposal as an instrument to weaken each other's extra-regional allignments. India saw a shocking element in the proposal for the emerging Pak-US-China axis, in the context of Soviet intervention in Afghanistan. Pakistan saw that India's participation in the regional organisation could reduce the intensity of Indo-Soviet collusion²³ aimed at Indian dominance in the region. By not rejecting the idea outrightly, they wanted to gain diplomatic edge over each other

through entering in the process.

For the future prospect of regional cooperation it was a good omen that the proposal was welcomed in principle by all countries of the South Asia, despite the serious bilateral conflicts. No outright disagreement was expressed.

The Bangladesh Working Paper:

Once the proposal for regional cooperation had been accepted, Bangladesh prepared and circulated a draft proposal for regional cooperation on November 25, 1980. The Working Paper²⁴ made the economic sphere as the base for cooperation which could be expanded to include social and cultural cooperation. Outlined in the paper, those areas were picked for cooperation which had maximum convergence of common interests among the South Asian nations. It had forceful plea for building mutual trust and confidence for greater political understanding.

The Paper defined the objectives of regional cooperation in very wide terms. The scope of cooperation was not confined to economic cooperation only but also extended to social, cultural, technical and scientific fields. Nor was it limited to the South Asia. The Paper also stressed for closer cooperation with

other regional and international organisations.²⁵

The Working Paper identified eleven specific areas of cooperation. These were termed as "non-political" and "non-controversial" areas for cooperation. These areas were: telecommunications, meteorology, transport, shipping, tourism, agriculture and rural development, joint ventures, market promotion (in selected commodities such as tea, jute and cotton), scientific and technological cooperation, and educational and technical cooperation. All these areas have been chosen for cooperation, while keeping in mind the psychology, institutional bottlenecks and funding problems. All controversial areas were omitted. It expressed the hope that in the process of cooperation, over time, suspicions and distrust would yield place to the spirit of understanding and goodwill.

The draft proposed various institutional and organisational schemes for the regional cooperation. It accepted, as contrary to initial proposal, the step-by-step strategy. In this spirit preparatory meetings were held, at first, at lower levels later climaxing to summit level for political support.²⁶

Materialization of the Idea:

Before raising deliberations to the summit

level various meetings were held at the lower levels of bureaucracies. Evolution is a long, painful process that demands patience. In its nature and scope, the pace of regional cooperation in the South Asia has been very slow. Constant and frequent meetings among the officials and foreign ministers of the regional countries showed their interest and commitment to the process. The records of the meetings witnessed the gradual but incremental progress in widening and identification of the areas of cooperation aimed at building mutual trust and understanding among the South Asian nations. In the process of laying down the foundation of the edifice of regional cooperation, the rules of game, its principles and objectives were cautiously defined and developed and raw material was prepared for erecting the building on organised form. The raison d'etre of the regional cooperation was devising of practical, cooperative measures in social, economic and technical matters within the region and strengthen cooperation with other countries, to promote the welfare of the people of the South Asia and to improve the quality of their life.

To materialise the idea, the first meeting was held at Colombo, the capital of Sri Lanka, on April 21-23, 1981, at foreign secretaries level. The Bangladesh Working Paper provided the basis for their

discussions. This meeting of seven South Asian officials was an occasion of historic significance in its nature and direction. It manifested, for the first time in the history of South Asia, the will of South Asian countries to cooperate regionally for the common good of the people. It outlined the fundamental work within which regional cooperation had to be built up. Inaugurating the meeting, Mr. A.C.S. Hameed, the Sri Lankan foreign minister, expressed hope that regional cooperation would develop such an interdependence in the region from which regional countries gathered strength from each other. He described the basic motive of the move as the development of collective self-reliance.²⁷

During this meeting they reached on two important decisions.²⁸ First, all decisions would be taken according to the principle of unanimity. Second, the bilateral and contentious issues would not be brought before the forum.

The Foreign secretaries agreed to establish a Committee of the Whole, comprising the senior officials of the seven countries with Sri Lanka as a coordinator for the purpose of identifying other potential areas of cooperation.

It set up five study groups, as an initial move for cooperation, for making concrete recommendations after studying the potential of these areas for cooperations. It nominated a coordinating country for each group. The fields and the coordinators were as follow:

- | | | |
|----|----------------------------------|------------|
| 1. | Agriculture | Bangladesh |
| 2. | Rural Development | Sri Lanka |
| 3. | Telecommunications | Pakistan |
| 4. | Meteorology | India |
| 5. | Health and Population Activities | Nepal. |

The selection of areas of cooperation for studies exhibited the segregation of political and economic issues.²⁹ The South Asian countries adopted cautious approach in choicing the areas of cooperation, and were hesitant to choose such areas of cooperation which were essential to the economic cooperation. However, the initiative was intended at recognising the areas of common interest which were non-controversial, and could accelerate the process, instead of hindering the process by choosing the areas where consensus could not be built.

The seven foreign secretaries held their second meeting at Kathmandu, the capital of Nepal on November 2-4, 1981. They reiterated their conviction that regional cooperation in South Asia would be "beneficial,

desirable and necessary" and reaffirmed the determination for accelerating the process of cooperation.³⁰ They considered and endorsed the recommendations of the five Study Groups. To facilitate the implementation of these proposals, the Study Groups were converted into Working Groups with chairmanship rotating among them. The main task of the Working Groups was to draw up comprehensive programmes of action in both immediate and long term phases. The immediate action programme included such components as;

- a) exchange of data and information,
- b) exchange of experts, training facilities, scholarships etc.
- c) organisation of seminars, workshops, etc., on a regional basis.

The long term programme of action identified to the following areas;

- i) assessment of needs and resources;
- ii) Preparation of specific projects of regional nature,
- iii) modalities for financing the projects.³¹

The meeting decided to extend regional cooperation to other functional areas of cooperation. They agreed on the introduction of three new areas of cooperation for the study. The additional study groups were: Transport (the Maldives); Postal Services

(Bhutan) and; Scientific and Technical cooperation (Pakistan). The report of the Committee of the Whole was presented and endorsed by the foreign secretaries and they recognised the need to promote cooperation among the official national planning organisations of the seven South Asian countries.

Inaugurating the third foreign secretaries meeting, held on August 7-9, 1982, at Islamabad Sahibzada Yaqub Khan, the Foreign Minister of Pakistan reaffirmed Pakistan's strong commitment to the concept of regional cooperation. He described it as confidence-building measure for the improvement of relations among the regional countries. But he cautioned against over-optimism and "dramatic breakthroughs" and favoured step-by-step approach.³²

The South Asian officials reasserted the commitment of their countries to the acceleration of process and pointed out the fact that it had gained "irreversible momentum".³³ The meeting endorsed the recommendations of the five Working Groups. After studying the reports from the additional three Study Groups, set up at the Kathmandu meeting, the foreign secretaries converted them into Working Groups. The meeting also agreed to constitute one more Study Group on Sports, Arts and Culture. They also agreed to hold regular consultations "by the representatives of the

countries of the region, as deemed appropriate".³⁴

For the first time, the foreign secretaries agreed on and felt the need to raise the level of consultations, i.e., from bureaucratic to political. They decided to hold a foreign ministers conference in the middle of 1983. The foreign minister of Pakistan was requested to undertake consultations with his counterparts with a view to fixing the date and venue of the Ministerial Meeting. It was expected to provide additional stimulus and political commitment to regional cooperation.

Under the direction of the Islamabad meeting, the Committee of the whole met in Colombo in January 1983. The Committee after studying the reports submitted by the working groups, prepared Integrated Programme of Action (IPA). The programme identified both the immediate and long-term activities. These are;

A- Activities Liable to Short-term Cooperation:

- i. exchange of data;
- ii. exchange of expert services;
- iii. training of research;
- iv. holding of seminars/workshops in the countries of South Asia.

B- Activities Liable to Long-term Cooperation:

- i. establishment of regional institutions for training and research;

- ii. creation/strengthening of linkages among existing national institutions in seven regional countries in the agreed areas of cooperation;
- iii. strengthening of infra-structural support in such areas as postal services, telecommunications, railways, highways shipping, meteorology etc., which could require capital investment by participating countries.³⁵

Mr. A.R. Sham-us-Doha, the foreign minister of Bangladesh, stressed that preparatory phase had adequately advanced so as to permit effective implementation of a comprehensive programme of action.³⁶ He expressed these views in his inaugural speech to the meeting of foreign secretaries held at Dhaka on March 28-30, 1983. The Dhaka meeting endorsed the IPA and decided that it would be formally launched at the ministerial meeting.³⁷ It was agreed that projects would be funded by the members. A Standing Committee at foreign secretaries level was constituted, as a permanent body, for coordinating and monitoring the IPA.

After the Dhaka meeting the focus of the subsequent meetings changed from mere identification of new additional areas of cooperation to the exploring of "the mechanics for implementing the IPA".³⁸ From this time on to the formal launching of the South Asian Association for Regional Cooperation (SAARC),

no new areas of cooperation was added to the scheme.

The first South Asian foreign ministers meeting was held at New Delhi on August 1-2, 1983. The meeting was inaugurated by Mrs. Indira Gandhi, then the Prime Minister of India. In the inaugural address, she expressed the hope that regional cooperation would give a strong impetus to close friendship and greater stability in the region. She termed the occasion as a beginning towards a new era of mutual cooperation in this "troubled region".³⁹ The foreign ministers formally launched the South Asian Regional Cooperation (SARC) by signing the declaration on August 2, 1983. The also launched the IPA in nine already identified areas of cooperation prepared by various study and working groups under the guidance of the foreign secretaries. Financial arrangements, mutually agreed upon by the participants for implementation of the IPA, were also laid down. The desirability of cooperation among the national planning organisations and academic insitutions of the countries of the region was also emphasised.

The meeting indicated only small beginning in regional cooperation. Though the first meeting of foreign ministers did not consider identification of the new areas of cooperation but it gave political bedrock to the SARC concept.⁴⁰ However, the SARC

declaration made no reference to political cooperation among the parties to the declaration.⁴¹ Not even they touched the subjects of political implications, like trade and travel.

In the Male meeting, held on July 10-11, 1984, the South Asian Foreign Ministers agreed that there was an urgent need for an improvement in telecommunications and air transport links specially among the capitals of all South Asian countries. The Communique⁴² did not make any reference to the regional or international political issues, but for the first time foreign ministers gave an indication of their collective approach to the global economic issues by underlining the common economic problems facing the developing nations. They expressed their concern over the deteriorating economic conditions in the developing countries.

The infant SARC proved sufficiently capable to absorb the shock of Indo-Lankan crisis, at the Thimphu meeting of foreign ministers, held on May 13-14, 1985, when Sri Lanka refused to participate. The meeting succeeded in persuading Sri Lanka to end its boycott. At the end of this meeting a comprehensive charter for the organisation and a permanent institutional framework were recommended for consideration and adoption by the summit. The name of the organisation was proposed to be changed

to South Asian Association for Regional Cooperation (SAARC) after its formal launching by the summit.⁴³

It has often been suggested that regional cooperation cannot begin without basic agreement on political issues. The SAARC countries prudently did not pay heed to this prerequisite of regional cooperation.⁴⁴ The basic problem of the South Asian region has been the lack of mutual trust and confidence which created hinderance to the acknowledgement of the essential complementarity of economies of member countries. For this reason cooperation was confined to functional and non-political areas. The political atmosphere was not conducive for extending cooperation to political and security issues. Therefore, political differences markedly influenced the selection of the areas of cooperation. For instance, Bangladesh, Nepal, and Sri Lanka favoured cooperation in economic and trade matters, considering the region as a single market,⁴⁵ but major supporter of the idea was India. Pakistan, favoured, exclusion of economic matters, due to her perceived threat to her economy posed by the industrial advantage of India. It was argued by Pakistan that free trade would lead to the influx of the Indian goods which Pakistan's nascent industry would not be able to compete. India wished that the scope of regional cooperation would expand and the

areas of economic activity such as trade and industrial cooperation would be included.⁴⁶

Although, during a short span of life from 1981 to 1985, the level of meetings raised from bureaucratic to the political but the process depended heavily on the governmental level rather than on the functional linkages among different interest groups within the region.

The current scheme of regional cooperation has created an in-built contradiction within it.⁴⁷ So, the regional countries, individually, have the choice in paying heed to SAARC when necessary and neglecting it when appropriate. The Bangladesh Working Paper covered a substantial number of areas for cooperation, including joint venture and market promotion in selected commodities, besides other fields. In the name of step-by-step approach every one of these areas has not been selected for cooperation. Even the issue of free flow of information was not included. Contrary to it, the developing countries are demanding re-structuring of International Information Order. Cooperation in the field of telecommunications would remain unattainable "without a regional consensus on free flow of information."⁴⁸

The effort so far made are still short of concrete measures, because the SAARC countries were

preoccupied more with trying to sort out their mutual differences than concentrating on common objectives and finding ways of helping one another.⁴⁹ The meeting of the representatives of the South Asian nations have reflected that they agreed more on "what not to talk" instead of "what to do make it (SAARC) succeed".⁵⁰ The frequency of meetings, the repeated emphasis on study/working groups, the long discussions, exchange of information about functional areas of cooperation, holding of seminars/workshops and the like, tended to produce much repetitive paper work,⁵¹ filling the belly of files and issuing the communiques.

In the evolutionary process of SAARC there was schism of opinion about its profile and the range of concerns.⁵² The smaller ones, especially, Sri Lanka and Bangladesh promoted a high profile role and political function for the SAARC. The two bigs, India and Pakistan, favoured rather not to go so fast.

In the politics of South Asia, pragmatism demanded that the start be very modest and low-key. However, the visible and accelerated momentum of the pace of regional cooperation through the SAARC has at least exhibited the commitment of all member nations to the cooperation in those areas which

would provide least bottlenecks and maximum cooperation. Despite the fact that South Asian countries have developed different political systems/^{and} pursued divergent affiliations, they have agreed on a fundamental notion that cooperation in various areas would be of advantage to all of them.

The various meetings have shown that the idea has acquired wide acceptance and legitimacy. A genuine belief has developed that when cooperation grows among countries in a region on the basis of mutual benefit, a climate of trust would be generated. This would subsequently help in the resolution or at least in the reduction of the severity of disputes. So, one thing must be noted that the SAARC is not an attempt at regionalising bilateral issues but an effort to identify areas of cooperation hoping that cooperation would have a spillover effect on bilateral political issues.

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CHAPTER II

ORGANISATIONAL FRAMEWORK, OBJECTIVES AND PRINCIPLES

Association for the regional cooperation in the South Asia has emerged as the youngest regional organisation, and a new addition to the Third World regionalism. The year 1985 witnessed an era of cooperation in the South Asia. Since May 1980, when the idea was mooted, representatives of the seven South Asian countries met many times and were successful in drafting an institutional framework for regional cooperation. The formation of a regional cooperation organisation in South Asia occasioned with holding of the first summit level meeting in December 1985. During this conference the organisational structure, principles, and objectives of the Association were outlined. Now these yearly summits are becoming permanent feature of the South Asian politics. The holding of summit level meetings on regional basis is a proof of the growing consciousness at political level about the benefits of regional cooperation.

Usually this type of organisation requires surrendering of a part of sovereignty by its constituents or unit members. To achieve common and agreed goals, entities come close together, they define organisational patterns, structural framework, rules

of conduct and code of ethics. At the same time they are agree to limit their freedom of action in the specific fields. For organisation, there must be a common ground on which it would be developed. It is not possible to build organisational structure without consensus on some common goals among the would-be members.

To understand an organisation it is necessary to study the organisation as an independent entity. But it can not be understood merely as the aggregate of its parts. By invoking principles of the organisation one can explain the functioning of the parts in terms of their relations to the whole.

The South Asian states formed an association for the regional cooperation with definite objectives. The success of an organisation depends upon the level of commitment of the members to the organisational goals. Nation-state, a sovereign entity, seems to be an obstacle for the progress of regional as well as international organisational process. Nation-states are very sensitive to their identity, political independence and sovereignty. So, they adopt very

cautious behaviour towards any move which limit their sovereignty. But some common shared goals force them to take step towards regional cooperation.

The common colonial past, poverty, illiteracy, underdevelopment, and territorial contiguity and the desire to accelerate economic growth, social progress and cultural development in the region worked as common ground for the emergence of SAARC. This chapter would deal with organisational structure, objectives and principles of the SAARC.

Late President Zia-ur-Rahman of Bangladesh initiated the idea of a regional organisation in South Asia. In his proposal he emphasized the need for regional cooperation, which according to him, could initially be confined to non-political spheres. Besides, he suggested some sort of an institutional arrangement in the region to expand people-to-people contacts in the educational, social, cultural, scientific and technical fields. He called for a summit meeting to give concrete shape to this idea.¹

India and Pakistan acted very cautiously about the Bangladeshi proposal and showed their preference for gradual approach rather than to hold summit at initial stage.² India entertained the fear that the forum

might be used against her by the small South Asian states. Pakistan viewed it as an attempt to institutionalise India's hegemony.

Despite their reservations to the idea, the South Asian states were attracted to this idea. The initial step to implement the plan was taken in an agreement to hold a meeting at official level, i.e., foreign secretaries' level. The first meeting of this sort was held at Colombo on April 21-23, 1981. The foreign secretaries started the task of building the structure of SAARC. Upto the formal announcement of the SAARC at the first summit in December 1985, the organisational work was done at three levels; technical committees, foreign secretaries, and foreign ministers.

In the first meeting of the foreign secretaries, Pakistani³ and Indian⁴ representatives had made it clear that the institutionalisation of regional cooperation was not feasible at that stage. Both of these powers conveyed their scepticism about institutionalisation of regional cooperation.⁵ Bangladesh, Sri Lanka and Nepal were in favour of institutionalisation.

The meeting adopted step-by-step approach. As an initial step they agreed to set up five study groups and assigned each group to conduct in depth studies and make concrete recommendations to the next meeting of the foreign secretaries. During Colombo meeting a committee of the Whole was set up comprising senior officials of the member countries. The task assigned to it was to identify and report on other areas of possible cooperation for consideration by the foreign secretaries.⁶

The process of regional cooperation started without any definite structure or organisation. The officials of the South Asian nations attached greater political significance to the various areas of cooperation than to the organisational aspects.⁷ In order to protect SAARC from the divisive politico-strategic issues of the South Asian region some basic ground rules were laid down before selecting the areas of cooperation. Four such rules were formulated by the foreign secretaries at their first meeting:

1. Decision at all levels to be taken on the basis of unanimity.
2. Bilateral and contentious issues would be excluded from the SAARC deliberations.
3. Co-operation would be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs of other states and mutual benefits.

4. Regional co-operation was not intended or expected to be a substitute for bilateral or multilateral cooperation but could complement both; nor should it be inconsistent with bilateral or multilateral obligations.⁸

These rules were to become code of conduct for the further meetings at all levels. These were later incorporated in the Charter.

Besides the hostile strategic and political milieu of the region, the fear of institutionalising Indian domination through the SAARC process and India's fear of "ganging up" syndrome blocked for sometime the progress toward regional organisation, at least on initial stage. Regional and international environment and the utility of the idea forced the regional states, especially India and Pakistan to revise their stands on the issue of institutionalisation of regional cooperation. Two Bigs, India and Pakistan, gave way. They agreed to raise the level of interaction among the South Asian nations, for regional cooperation. Now, all the South Asian countries agreed that the issue of regional cooperation required negotiations at political level. It was felt that level of regional interaction needed upgradation and political support for the implementation of cooperation programmes.⁹ At first raising it to the ministerial level was considered necessary so as to elevate SARC from a

bureaucratic exercise to a political commitment.¹⁰ The promotion of regional cooperation could not be limited to the confines of bureaucratic institutional structure. Therefore, the first meeting to this effect was held at foreign ministers level at New Delhi in August 1983. It was a further step towards the realization of Bangladeshi president's concept of cooperation and organisation at regional level. Undoubtedly, both India and Pakistan visualized the necessity of institutionalised regional cooperation as well as it was the triumph of small South Asian nations which consistently demanded institutionalisation of regional cooperation.

At the first foreign ministers meeting, the Declaration on South Asian Regional Cooperation (SARC) was adopted on August 2, 1983, at New Delhi. For the first time in the history of South Asia the Declaration contained a provision for institutional arrangements necessary for the promotion of regional cooperation. Foreign ministers did not favour, as recommended by the foreign secretaries, the establishment of a permanent secretariat to organise and monitor specific programmes and coordinate regional cooperation, though they agreed to make token financial contributions for regional activities.¹¹

The SARC Declaration of New Delhi set up

Technical Committees at lowest level. Every area of cooperation has its own technical committee, which would be responsible for the implementation, coordination and monitoring of the programmes. The chairmanship would rotate among the members in alphabetical order, every two years. Each committee would be responsible for submitting periodic reports to the Standing Committee.¹²

A provision for Action Committees was also made in the Declaration. An Action Committee would be formed for implementation when in a project more than two countries but not all members were involved. But prior approval of the Standing Committee would be necessary.¹³

Another organ, the Declaration has set up, was the Standing Committee comprising of the foreign secretaries of the South Asian countries. It was established for the coordination and monitoring of the programmes. It was deemed necessary for the Standing Committee to meet once at least in a year and prepare guidelines and provide for necessary support services for meetings of foreign ministers.¹⁴

The Declaration signed by the seven foreign ministers of South Asia lacked provision for SARC organs at the foreign ministers and summit level. For various reasons, the Declaration did not provide for institutional framework at political level.

However, the foreign ministers pledged to meet once in a year to review the progress of South Asian Regional Cooperation.

The infant structure of SARC, survived when it was struck with its first crisis. Sri Lanka announced a boycott of the Thimphu meeting of foreign ministers which was scheduled for May 13-14, 1985. Sri Lanka showed her resentment on the statements made by Indian Minister of State for External Affairs regarding the situation created by what she regarded as Indian-sponsored Tamil terrorism.¹⁵ Sri Lanka was persuaded by several Heads of State and Government to reconsider its decision. The meeting was held accordingly and Sri Lanka joined it on last day.

The conference succeeded in taking several major steps. More important was regarding the institutional framework of SAARC, the meeting recommended summit meeting of the Heads of State and Government of the seven SARC countries.¹⁶

Institutional Framework of the SAARC:

The first Summit of seven South Asian states was held, accordingly, at Dhaka in December 1985. It heralded a

new era in the history of the South Asia. It gave new hope, shape and impetus to the process of regional cooperation in the region. The Summit upgraded the level of interaction and "provided a greater degree of political commitment".¹⁷ During the two-day Summit regional cooperation was formally launched under a new name, as the "South Asian Association for Regional Cooperation"- SAARC. The Summit approved the SAARC Charter. The Charter institutionalised the regional cooperation by providing the organisational structure. Besides the debate on the issue of regional cooperation in various areas, the focal point of the summit was formalisation of SAARC as an organisation.¹⁸

The SAARC Charter made provision for the meeting at summit level, the highest political level, once a year. More meetings can be held if necessary by consensus of the members.¹⁹ The venue of these meetings will rotate according to the alphabetical order of the member states.

The Charter has established a "Council of Ministers" comprising of the foreign ministers of the member nations, who meet at least twice a year. Extraordinary session of the Council are held by agreement among the member states. The functions assigned to the Council are as

following:

1. formulation of the policies of the Association;
2. review of the progress of cooperation under the Association;
3. decision on new areas of cooperation;
4. establishment of additional mechanism under the Association as deemed necessary;
5. decision on other matters of general interest to the Association.²⁰

The Standing Committee of the SAARC consist of the foreign secretaries of the member states. The Charter assigns to it the important job of monitoring, the coordinating programmes of cooperation, determining intersectorial priorities, It meets as often as deemed necessary and submits periodic reports to the Council of Ministers.²¹

At fourth level, there are Technical Committees which comprise of representatives of member countries. These committees are responsible for the implementation, coordination and monitoring of the programmes in their respective field of cooperation, and submit periodic reports to the Standing Committee.²² The Charter also makes provision for Action Committees, which can be set up by the Standing Committee.²³

One important provision of the Charter is the establishment of "Secretariat of the Association".²⁴

The details of the secretariat structure and its venue were left to be considered by the foreign ministers.

To this effect, the foreign ministers signed a "Memorandum of Understanding on the Establishment of the Secretariat," at the end of the Bangalore Summit in 1986 which provides the details of the functions and funding of Secretariat.

The Memorandum established a permanent Secretariat of the SAARC at Kathmandu. The role of Secretariat would

be to monitor and coordinate the implementation of

SAARC activities and to service the meetings of the

Association.²⁵ The Memorandum has the provision for

the appointment of the Secretary General by the Council

of Ministers upon nomination by a Member state on the

basis of the principle of rotation in alphabetical

order. The Secretary General holds office for non-renewable

two years term. He would hold the rank and status of

an ambassador.²⁶ The Secretary General would be head of

the SAARC Secretariat and be responsible for conducting

the work of the Secretariat including coordination

and monitoring of SAARC activities. He would act as

the channel of communication and linkage, when empowered

by the Standing Committee, between SAARC and other

international organisations, on matters of mutual interest.

He would assist in organisation and preparation of

SAARC meetings at all upper three levels and submit

the Annual Budget of the Secretariat to the Standing

Committee for approval of the Council of Ministers.²⁷

Secretariat began functioning in January, 1987.

Principles and Objectives:

Deep mistrust, suspicion, fear and antagonism are the characteristics of South Asian regional politics. Region has an Indo-centric location.²⁸ All neighbouring regional states of India have political disputes with her and view some of India's policy postures as intervention in their internal affairs. Pakistan, Nepal, Bangladesh and Sri Lanka have expressed disapproval about "India's over-bearing policies towards them."²⁹ On the other side, India fears that her small neighbours may join hands together under the mask of regional cooperation to increase their bargaining position and exercising collective pressure in their bilateral disputes with her. This aspect of regional politics has generally influenced the definition of principles and objectives of the organisation.

The principles enshrined in the Charter have assured the member states that SAARC can not be turned against any one of them. The principle of decisions on the basis of "unanimity"³⁰ gives veto power to every member irrespective of its size and power, over any issue which it considers not compatible with its vital national interests. The inclusion of the clause regarding the exclusion of bilateral contentious issues from the SAARC's agenda³¹ limits its scope, though protects it from disruptive effects

of these issues on its slow progressive movement at its initial stage. The Charter does not speak for SAARC as only forum for cooperation, in strict sense. It lays down the principle that regional cooperation should not be construed as the substitute convergence of the bilateral and multilateral cooperation. Nor it should be incompatible with bilateral and multilateral obligations.³² It prepared a suitable ground for the search of maximum convergence of interests. The Charter demands commitment on the part of its signatories to adhere themselves to the principles of non-use of force and pacific settlement of the disputes,³³ which were not included in the SARC Declaration of 1983.

The SAARC Charter has outlined objectives of the Association. This association is not ideologically motivated. It is a forum of the seven non-aligned countries of the region designed to promote economic cooperation, social progress and cultural development for closer friendship and greater stability. The principal thrust of the SAARC is on the accelerated pace of economic development. It advocates the philosophy of collective self-reliance, collaboration and cooperation to raise the quality of the life in the region. The Dhaka Declaration has taken note of the fact that this desirable goal can only be reached in an atmosphere of peace and security.³⁴ By implication, it is meant that SAARC will have an indirect healthy

impact on the improvement of relations among the principal members of the organisation.³⁵ It was the important aspect of the new organisation because in the past political, strategic and economic problems maligned the process of regional cooperation in South Asia.

The aims and objectives of the Association, as stated in the Charter, are:

- i. promoting the welfare of the South Asian people improving their quality of life;
- ii. accelerating economic growth, social progress and cultural development in the region and providing to all individuals the opportunity to live in dignity;
- iii. promoting and strengthening collective self-reliance among the South Asian countries;
- iv. contributing to mutual trust, understanding and appreciation of each other's problems;
- v. promoting collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;
- vi. strengthening cooperation with other developing countries of the world;
- vii. strengthening cooperation among themselves in international forums; and
- viii. cooperation with other international and regional organisations.³⁶

The Charter defined the objectives of Association in broader terms covering a wide range of issues. To protect national interests the South Asian leaders

deliberately excluded the bilateral and contentious issues from the deliberations of SAARC.

The Charter mentions that one of its objectives is to "cooperate with international and regional organisations, with similar aims and purposes." However, it does not define the mechanism through which such a cooperation is to be carried out. When India forwarded the application for the membership of Afghanistan during the Kathmandu Summit in November 1987, it was rejected, though other reasons were present but in fact no provision is available in the Charter for admitting new members.

With reference to its other stated objectives of advancing and promoting regional cooperation and building trust and understanding amongst its members, the performance of SAARC is good. The apparent indicators of SAARC's progress on concrete issues seem to be positive. From the first foreign secretaries meeting held in April 1981 to the Fourth Summit at Islamabad in December 1988, the SAARC covered a wide range of areas of cooperation.³⁷ There is also repeated assertion regarding a consensual position on world economic situation and possibly coordinating their stands on international economic negotiations.

However, in the areas of activities included

in the SAARC programme, the actual progress has not been very impressive, after the passage of four years. The level of activities has generally remained peripheral, limited to seminars, workshops and training programmes. At such a level, not much can be expected to sustain the high objectives of people oriented development and collective self-reliance.

Though the Charter does not mention the security issues but it uses the expressions of 'non-use of force' and 'peaceful settlement of all disputes'. These expressions first appeared in the Bangladesh Working Paper but were dropped in Colombo meeting of foreign secretaries in 1981.³⁸ The entry of these expressions, which were not included in the SARC Declaration of 1983 are significant in view of conflict-prone political atmosphere of South Asia.

The SAARC Charter provided very elaborative organisational structure which the SARC Declaration of 1983 lacked. In spite of other organs, it established a 'Secretariat of the Association'. This elaborated and reasonably well defined organisational structure can be compared with the other organisations in Asia like ASEAN and even with the GCC.³⁹

The Charter provided a top-level push to the SAARC by making provision for summit. The summits

increased SAARC's public impact because of the highly visible gathering of Heads of states and Governments. As the top leaders met face to face, their confidence in each other grew. This had two important consequences.⁴⁰ First, the summiteers were able to push SAARC much farther than the foreign secretaries and foreign ministers had been able to do at their levels. Second, personal level bilateral talks between the leaders eased the path of some good initiatives for improving relationships as well.

Article X of the Charter has ambiguity in itself. It lays down the rule of unanimity as a base for decision at all levels which was also incorporated in the SARC Declaration of 1983. But it does not make clear whether unanimity has to be among all the member states or merely among those present at a particular meeting. It generated a crisis when Sri Lanka boycotted the Thimphu meeting of foreign minister in 1985, as protest against the statement of Indian Minister of State for External Affairs on the Tamil Issue. It also posed a question regarding the legitimacy of decision taken in the absence of a member. It is not clear yet whether such a decision could it be binding on the absent member.⁴¹ This event could confront the SAARC with a major crisis. But the member-states, in a rare

show of united purpose, went ahead without Sri Lanka. Sri Lanka joined the meeting on the last day. It is a fact that Sri Lanka's boycott of a SARC meeting was based on wrong footings because according to the SARC principle the bilateral and contentions issues would not be discussed in SARC forum. This crisis greatly influenced the development of the traditions of SAARC. It established a convention that when one member boycotts a SAARC meeting as a protest against her disputes with the other member state, the remaining can go ahead with the meetings. This norm might be helpful for the growth of the SAARC as an organisation.

The Charter does not demand primary loyalty from its signatories to the Association. The South Asian states are members of different organisations. All are the members of Non-aligned Movement, some are the members of Organisation of Islamic Conference, for instance. Though the objectives of the SAARC are not conflictual one with those of others', but if the clash of interests occurs between them, then what would be the SAARC's members order of preferences? The Charter does not speak about this issue. It is a lacuna.

The SAARC is a unique body of nations unlike the EEC or Comecon, in the economic sphere, or NATO or the Warsa Pact in matters of security. The SAARC

has no element of regional security. And in its present form, SAARC is not a supra-national organisation. No state, by itself or in combination with others, can impose a decision on SAARC or any of its member states or use this forum to advance an interpretation of bilateral matters between any two members.⁴² It is important to bear in mind that unanimity, as distinct from consensus is the basis of decision-making in the SAARC. But the exclusion of bilateral issues from regional consideration had made it impossible for the weaker and smaller nations to redress their grievances through the regional channel.⁴³

The main reason for the creation of SAARC was the reality that South Asia was burdened by too much intra-regional hostility.⁴⁴ In the context of the prevailing mutual fear complex and lack of a common threat perception in the region, the SAARC members have agreed to keep contentions issues between themselves out of the agenda. So that the leaders and officials concentrate on achieving what is possible rather than waste time sorting out the difficulties which in the past have obstructed cooperation. The summits provide occasions for informal consultations. The convention on informal

consultations was arrived at the Dhaka Summit and maintained in Bangalore (1986), Kathmandu (1987) and Islamabad (1988). Although, the formal SAARC forum excludes the bilateral subjects, leaders hold informal exchanges of views on any subject they wish to. The activities of SAARC and progress achieved so far have vindicated that regional cooperation in South Asia is indeed a useful and essential for peace.

It is pre-mature to ask whether the SAARC as a regional entity has developed the necessary mechanism to remove mutual misperceptions or to reverse the conflictual patterns.

All the component units still remain cautious about preserving their respective sovereignty and legal equality and hence are careful not to rush over-enthusiastically into any integrative efforts.

Regional cooperation in South Asia is thus evolving in a gradual fashion. As for the structural part of the SAARC, it has an elaborative institutional framework. Hopefully, it will go some way in establishing the foundations of a structured regional cooperation in South Asia. The SAARC appears to have potential for step-by-step multilateral cooperation.

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CHAPTER III

PROBLEMS

In South Asia, India geographically and politically can be considered as a core. Six others contain not even one third of the territory and population of India. India accounts for 77 percent of the total population of the region, 72 percent of its total area; 84 percent of the arable land; one percent of the forest land; 69 percent of the irrigated land; nearly 100 percent of such valuable mineral resources as uranium, iron ore, bauxite, copper, gold, lead, manganese, silver, tungsten, zinc and 90 percent of coal and crude oil.¹ The overwhelming asymmetry in terms of area, population, resources, technological and industrial base and military capabilities, combined with attitudinal and factual aggressiveness of India, breeds serious concern among the neighbours about India's role and behaviour in South Asian politics. Past four decades have witnessed South Asia becoming an area of mutual distrust, endemic tension, and occasional hostilities. The antagonistic patterns of inter-state relation in South Asia have not only prevented a "natural evolution of political harmony and commonalty of interest"² but have also developed distorted images about each other further erecting psychological barriers.

Regional countries have bilateral political disputes not with each other but only with one regional state, India.

They lack strategic consensus and have different perceptions about the sources of threat to their security. The extra-regional political and strategic links naturally influenced intra-regional economic ties. The political, strategic and economic problems which have prevented formation of "community outlook" might also "cause spill back" in the process of regional cooperation in South Asia.³

Political:

The political picture that South Asia todate presents is one of internal discord and suspicions. Most of the misunderstandings are a legacy of history and attitude of India towards regional countries. Most of South Asian states became independent after the liquidation of the British Empire in the subcontinent. In spite of this common past, they failed to develop cooperative and friendly relations. Intra-regional conflicts in the sub-continent were largely a legacy of colonialism, besides other causes deeply rooted in the history, geography, and psyche and images of South Asian people about each other. The unsettled political conditions in almost all countries and a vague feeling among a section of the leadership that inspiration for much of local troubles come from across their borders⁴, seem incompatible with SARC move. The

mutual antagonism between India and Pakistan and the successive armed conflicts between them, the tensions in Indo-Nepalese relations, the dissension between India and Sri Lanka over Tamil Issue and above all divergent foreign policy perceptions and the consequent extra-regional links of the states in South Asia made regional cooperation difficult. Conflicts over geopolitical interests, asymmetries among regional members, antagonistic historical experience and the presence of bilateral political disputes have undermined the scope of institutionalised cooperation.

Pakistan and India are the two major powers of South Asia. Good neighbourly relationship between the two countries is a sine qua non for the success or failure of SARC⁵ and regional diplomacy is very sensitive to it.⁶ But there are deeprooted differences between them. They do not have a perception of shared interests.⁷ They neither feel threatened by a common enemy nor they are under internal or external pressures to come close together.⁸ The long history of hostile relations and armed conflicts, non-complementary ideologies, lack of concord on a number of regional and international issues, the negative images about each other have created an atmosphere of suspicion and mistrust. This environment of hostility and political fissure and adversary images have created

negative perceptions. These negative perceptions energized by educational system and socialization process have become ingrained in psyche of the people of the two countries, so eclipsing the regional cooperation.⁹

Both superpowers have interests in the region. The US and the USSR have clients in South Asia in the shape of India and Pakistan respectively. Pakistan's anxiety to preserve her political independence and maintain territorial integrity had led Pakistan to pursue alliance with the US. In reaction to it India tilted towards USSR and developed friendly relations with her. They have individually depended on the political support and military supplies from external sources to bolster up their position in the region.¹⁰ The spill over effect of the superpowers' involvement in the region would create hinderance to regional cooperation.¹¹ The extra-regional powers involvement in the regional affairs has been conditioned not by any major ideological differences but by their contention over Kashmir and by mutual charges of interference in each other's internal affairs.¹² Both countries continue to deploy a major portion of their armed forces along Kashmir which

had been a theatre of conflict in all three major wars. The signing of Simla Accord in 1972 provided a start to the normalization process. Although the Kashmir dispute lost its intensity in recent year but it still has potential to destroy the normalization moves.¹³

The explosion of nuclear device by India in 1974, has put new strains on Indo-Pak relations. Pakistan has registered her concern over the nuclearization of South Asia. India has been accusing Pakistan that her nuclear programme is aimed at achieving nuclear status in South Asia. Though India is quite advanced in some sectors of nuclear technology than Pakistan but the latter is striving to develop the technique of enriching uranium after refusal by France for the reprocessing plant. However, both countries tend to put much energy to making charges and counter-charges about each other's nuclear programmes, rather to make efforts for an amicable settlement of the issue. Nuclear programme of India and Pakistan has embittered their relations further.¹⁴

On internal matters, India has been accusing Pakistan of aiding a violent Sikh campaign for a separate state in India's Punjab, while Pakistan feels that it is being made a scapegoat for India's internal turmoil. Pakistan strongly believes that MRD movements

of 1983 and 1986 in Sind had have India's support and sympathy.¹⁵ The overriding claim over Siachin Glacier and hostility emerging out of it have negative impact on the chemistry of Indo-Pak relations.

Both have divergent views on international issues, for instance, Kampuchea and Afghanistan. On both issues India's stand is closer to the Soviet Union's. India did not openly condemned the foreign intervention in Kampuchea and Afghanistan. Pakistan's stand is diametrically opposite of India's. Differences over internal, regional and international issues between the two South Asian Bigs created unfavourable atmosphere for any regional cooperation enterprise.

A number of issues have contributed to strain Indo-Bangla relations. The most persistent is the problems of sharing waters of the common rivers. Being the lower riparian state, Bangladesh has felt that India, as the upper riparian, has been constructing barrages on almost all the major rivers, thus depriving Bangladesh of its due share of river waters. Other issues which are causing strains in Indo-Bangla relations include border disputes, barbed wire-fencing along the common borders, demarcation of maritime boundary,

balancing the existing trade deficit, tribal insurgency and terrorist attacks in the Chittagong Hill Tracts allegedly have been supported by India. These issues have created a good deal of resentment in Bangladesh against perceived Indian hegemony and domination.¹⁶

The Tamil Question is an area of discord in Indo-Sri Lankan relations. The Indo-Sri Lankan agreement of 1987 could be defined as an attempt to resolve the issue. But the presence of Indian troops in Sri Lanka has been viewed by regional nations with suspicion raising questions about India's intentions. This issue continues to be a main cause of internal political instability in Sri Lanka. Militant organisations of two major ethnic communities, the JVP of Sinhalis and the LTTE of Tamils are opposing India's physical presence in Sri Lanka.

Bhutan and Nepal are totally dependent on India for transit and commerce. These are matters of concern for them. Both countries are seeking alternative trade and transit routes to lessen their dependence on India. Sandwiched between India and China, Nepal "has always regarded India as a greater threat to its independence than China, because of Nepal's proximity to and economic dependence upon India."¹⁷

Other irritants in Indo-Nepal relations include their common open borders, leading to problems such as smuggling, unauthorised movement of nationals of both countries.¹⁸

Nepalese are also unhappy with the Indian refusal to endorse King Brindra's proposal that Nepal be treated as a zone of peace by its neighbours.¹⁹ Nepal has wished to establish relations with China in order to balance her heavy dependence upon India. But India did not like extra-regional involvement in Nepal or even in Sri Lanka that would "endanger India's self defined interests".²⁰

India's stress on Simla Accord, as a prime parameter for the normalization of her relations with Pakistan and her opposition to the introduction of third party in South Asian diplomacy are in accordance with its aversion to the regionalizing of bilateral matters. India did not like Pakistan's undertakings to put the Kashmir issue on the agenda of various world fora.²¹ India's insistence on bilateralism is viewed by other South Asian nations with suspicions as it would be pronouncement of an India version of "Monroe Doctrine".²² The emphasis on exclusive bilateralism is closely connected with India's self

assumed role as a dominant power of the region. India insisted on the exclusion of bilateral issues from the regional forum due to its apprehensions that the smaller South Asian states could use the forum as a counter weight to Indian dominance.

The South Asian states are confronted with the problems of underdevelopment, political order and national integration. Particularism poses challenge to the national political order and identity. Communal and ethnic riots, political turbulence and violence, leaders' quest for legitimacy are the characteristics of the national political systems,²³ which are putting strains on the regional political system. The South Asian societies are not only multi-religious, multi-racial and multi-linguistic within their own boundaries but they also have religious, ethnic and linguistic groups across their borders. Sometimes these trans-regional ethnic tensions and conflicts give rise to fear of interventions in the internal affairs of one country by another.²⁴ The leaders of South Asian nations spend a large part of their energies on handling these national and trans-national problems.

The British withdrawal witnessed a great diversity

in the regional states internal political developments, although peoples of the region generally believed in democratic form of government. India and Sri Lanka developed democratic political systems. Political developments in Pakistan were marked by repeated constitutional crises, martial laws, growing regional disparities and unsound development strategies which eventually led to the emergence of separatist thinking and ethnic and communal violence. Bangladesh's political life is marked with constant turmoil and uncertainty among the people about their existing political system. After independence Maldives established a representative government. Nepal and Bhutan have stable monarchies. The divergence in national political systems and developments in a region should not necessarily mean disharmony. But frequent changes in the leadership and instability in the internal political system, the shocks of which often spill over beyond country's border, thus promoting the unconducive environment for the regional peace and stability.²⁵

Indian policy and its image perceived by her regional neighbours impeded the attempts at concord. It is only India which has bilateral disputes, major or minor, with most of the South Asian countries,

while all the other maintain generally harmonious relations with each other.²⁶ Military intervention in Sri Lanka and Maldives, though with their consent, have left great impacts on India's relations with its neighbours. It has influenced regional states' perceptions about Indian power, purpose and position in the region. Bhutan always fears that it may one day meet the fate of Sikkim.²⁷ Nepal is equally apprehensive of India. Her policies towards India are prisoner of ambivalence, hostility and conciliation. At times, India has been accused of encouraging insurgency against the king of Nepal.²⁸ Sri Lanka has complained against India that she has not allowed Sri Lanka to play an important role in non-aligned world.²⁹ India also disliked Sri Lanka's choice to free the economy of state control and to gravitate it towards the West.³⁰ Fact is that India is seen as a state that will not any longer hesitate to take role of regional guardian through military means, even beyond its own frontiers.³¹ There has been a natural reaction of self-assertion to this Indian attitude from its neighbours. India has been resisted politically by all the smaller SAARC countries and militarily, more than once, by Pakistan.³²

The problems of national integration and national harmony are permanent feature of the South Asian

countries' internal political developments. As most of the countries in South Asia are multi-racial and multi-religions societies, any internal political instability generated by the demand for the greater autonomy and other rights is often charged with extra-national input. Showing concern over each other's internal problems are viewed with great suspicion. Public counter charges against the alleged extra-territorial input in domestic disturbance only serve against the evolution of significant political regionalism in South Asia.

Bilateral disputes, asymmetry, colonial legacy, internal dishormany in national political system, domestic problems, extra-regional powers' involvement produced a hostile milieu for the development of sense of a regional society. Consequently, inter-state relations entered in a state of flux, tension, distrust, discord and sometimes were marked even by armed conflict. The political climate of the region became far from conducive to the growth of stable good neighbourly relations, or for healthy and stable bilateral relations. Distortions in inter-country relations created by mutual suspicion and fear mostly emanated from India's quest and demand for her recognition as a preeminent regional power. It became one of the most serious impediments to mutual cooperation for the fulfilment of the political and economic aspiration

of the South Asian nations. India seems to be insensitive to the fears of her neighbours and showing indifference to dispel them.³³

Strategic:

South Asia is a region where strategic consensus involving a common threat perception is almost non-existent or a threat perception is present but in different forms. For instance it is evident in case of Soviet intervention in Afghanistan.³⁴ It is different situation from that of West Europe or the Gulf region. The diverse strategic perception among South Asian countries hindered the 'geostrategic unity' of the South Asia³⁵ and marred the future prospect of regional cooperation.³⁶ In South Asia internal threats are of very diverse nature and linked with the encouragement of regional countries. The external threat to South Asian nations are perceived to come from members of SAARC³⁷ and external involvement in the region is seen primarily because of lack of strategic consensus.³⁸

Great disparity in the size, population, economy, resources as well as in military capability of individual states are the characteristics of the

South Asia. Geopolitically, the South Asian core, unlike other regions, is represented by only one state, India; the periphery comprises of Pakistan, a potential contender for regional leadership, Bangladesh, a middle ranking power, Nepal and Sri Lanka, two small powers, Bhutan and Maldives, two micro states. Moreover, South Asia is a region where no two states share a common border except with India, four of them have land borders with India and two maritime borders. It represents asymmetrical power structure. It resulted in the dominant position of India, not only in terms of population, size and resources but also in terms of potential economic growth, military strength and technological development.

This indicates how important are India's strategic perceptions and postures in shaping regional cooperation in South Asia. Being conscious of a great power status, India assumed that adversary of India would be considered as enemy by every South Asian neighbour.³⁹ So, India advocates for herself a legitimate political hegemony in the region. India possibly intended to impose such a power model on the region, in which "preponderance of power in one country automatically leads to a state of peace".⁴⁰ The Indian model of South Asian power structure is not shared by other states of the region. These

states regarded some policies of India as intervention in their internal affairs.⁴¹

Indian regional policy, as one scholar called it 'Indian Doctrine' is based on three components; that India has no intention to intervene and would not permit intervention by any country in the internal matter of regional states; India would not tolerate any external intervention in regional conflict which could be termed as anti-Indian, implicitly or explicitly; and therefore, no regional states have the right to seek external military assistance with an anti-Indian bias from any country.⁴² This, India's strategic doctrine naturally, would raise fears of hegemonic aspirations. This strategic perception forced the regional countries to seek support from powers outside South Asia in order to counter the perceived Indian hegemony. Therefore, this strategic model is not positive one.

Asymmetric inputs in the South Asian regional relations divided the region within itself on unresolved disputes. As a result, the region's strategic atmosphere contaminated with the fog of distrust. Indo-centric nature of region's geography and India's power and size have led the regional countries to

experience a habitual Indo-phobia.⁴³ India conceives that the small states of the region lie within its security orbit. The neighbours perceive India itself as the entity against which security is necessary.⁴⁴ Consequently, the Indian desire for strengthening its own security with disregard of the security of her regional neighbours, creates the security problems in the region.⁴⁵

India and Pakistan, being two major powers of South Asia, are very important members of the SAARC. Indo-Pak relations continue to pose grave threat to the momentum and quantum of regional cooperation moves under the title of SAARC. Since the independence, both states have ranked each other on the top of their enemies list. India accepted the partition of subcontinent as an inevitable evil.

India's manoeuvres for domination in the region, her annexation of princely states and Sikkim, arms build-up and wars with Pakistan have created an Indo-phobic syndrome in the psyche of Pakistanis. To strengthen her security vis-a-vis India, Pakistan sought outside the region for assistance. Hence in the mid-1950s Pakistan found it prudent to join the US-sponsored defence

alliances as a 'balance of strength'.⁴⁶ It was not because of fear of communism as US perceived but because of Pakistan needed security assurance against the perceived Indian threat.

India viewed Pakistan's quest for security as parity with her. To avoid such a strategic balance which might not be unfavourable to India, she began to tilt towards the USSR. Indo-Soviet realtions climaxed when they signed the Treaty of Friendship and Cooperation, a treaty with unmistakable strategic consequences, during the crisis in East Pakistan in 1971. It enabled India to intervene in East Pakistan which resulted in the creation of Bangladesh. It strengthened apprehensions about Indian intentions.

Arms race becomes a dangerous aspect of Indo-Pak rivelry because Pakistan does not accept the logic of Indian arms build-up. A large amount of budget spending on improving arms, qualitatively and quantitatively, by India most Pakistanis are inclined to suspect India's designs in South Asia.⁴⁷ Pakistan's perception that India is a threat to its security led it to continuous search for arms support and supplies from western sources, especially from the US. Though India

diversified its arms resources, the USSR remains its largest arms supplier.

The arms race between India and Pakistan has maligned the geo-strategic environment of the region. Pakistan acquires arms to bolster her security and India needs arms to seek apperception of herself as dominant power.⁴⁸ It has deepened the fear psychosis in mutual relations. India disliked the Pak-US security relations and have a thought of that it would aim at to disturb the 'natural balance of power'; Pakistan envisaged India's moves as attempts to maintain her status of big power in the region.

The Soviet intervention in Afghanistan distrubed geostrategic status quo of the region. Pakistan felt a genunine threat to her security on western borders due to the physical presence of a superpower. While Pakistan condemned the Soviet action in Afghanistan, India has adopted a vague stand on the issue which tantamounted to "passive acceptance of the legitimacy of Soviet intervention".⁴⁹ In real terms, India has not been able to acknowledge the anxieties of Pakistan emerging out of the Soviet presence in Afghanistan. It acted catalyst to already deteriorated strategic consensus between India and Pakistan

and also added new difficulties to the Indo-Pakistani relations.

India's ambition to bring out herself as a dominant regional power forced her to condemn other regional countries' relations with extra-regional power. When in reaction to Soviet action in Afghanistan Pakistan concluded a package deal with US, India characterised it Pakistan's dangerous involvement in superpowers rivalry.⁵⁰ In order to become a principal military power, India has played off every Pakistani move to keep up her defence capabilities up-to-date.

The smaller states of South Asia have no special relations with the superpowers or any other power. These states are very sensitive about their independence, security and national interests; but they feel helpless due to their geographical location or physical weakness. Yet their ties with India are probably the most important aspects of their foreign relations.

The peripheral states of South Asia do not agree with the Indian version of regional strategic concept. Therefore, they tried and are trying to

cultivate good relations among each other and with extra-regional states. Bangladesh and India had started off very well in their relations due to latter's role in East Pakistan crisis and the emergence of Bangladesh. They signed a treaty of friendship and cooperation for 25 years. Many perceived it as Indian design to change the power structure in region in favour of her.⁵¹ Soon Indo-Bangladeshi relations ran into difficulties and normalization started in Pak-Bangladesh relations. Sri Lanka's only immediate neighbour is India. Keeping in view its locational determinism Sri Lanka has received, since historical times, almost all invasions of island originated from South India.⁵² The legacy of the past and current involvement of India in internal affairs of Sri Lanka strengthen apprehensions about the Indian designs in the region. Indo-Nepali Treaty of Peace and Friendship of 1950 was first sign of India's hegemonic ambitions in region. Now Nepal's attempt to develop close relations with China with the aim to lessen her dependence on India, has not been favoured by India.⁵³

Economic:

Speaking in economic terms the South Asia inhabited by more than 900 millions people is one

of the poorest regions in the world. The current regional cooperation move is confronted with serious economic constraints. The economic situation of the region is characterised by "the persistence of the problems of low rates of economic growth, high rates of population growth, heavy pressures of population on land, scarcity of natural resources,... under-utilization of large manpower resources and high incidence of poverty, income inequalities, illiteracy and infant mortality, low expectation of life at birth, lack of safe water supplies for large proportions of populations, recurring food shortages in spite of the predominance of agriculture on weather, adverse terms of trade, heavy balance of payments deficits, high costs of oil imports, heavy debt service burdens, governments' expansionary fiscal and monetary policies and inflation remaining at double digit figures in most countries".⁵⁴ There are also definite differences in the size of the South Asian states and wide disparities with regard to the endowment of natural resources, size of population and structure of economies and their technical capabilities.⁵⁵

Patterns of economic development set by British remained same after the independence which

divided the region into industria and agraria.⁵⁶ India was more industrialized than other regional states, at the time of partition of subcontinent, while others were the producers of the primary commodities; the gap in industrial development level widened between India and her neighbours with the passage of time. The economic structure of the South Asian states, as outlined by colonial power, had developed with extrovert orientations and dependent on the West. It is due to the legacy of the colonial rule which left infra-structure which is favourable for trade with erstwhile colonial powers. The economic policies of the regional states are perceived to be more beneficial to diversify economic interaction with extra-regional powers in order to decrease dependence upon any particular country in the region.⁵⁷ Their dependence on the West for aid, trade, capital and technical know-how led to a low level of intra-regional trade.⁵⁸

The extrovert economies, the difference in the levels of development and economic capacities have led to slow pace of regional cooperation in South Asia.⁵⁹ These problems produced difficulties in identifying courses which if resolved would result in the economic betterment of all states

concerned.

The nature and volume of economic transaction between states of a region and the non-region states is important factor in the promotion of the regional cooperation. If the level of economic transaction among the regional states is more than that of with extra-regional actors, the cooperation furthered.⁶⁰ It is estimated that only 8 percent of the total value of trade transacted by the South Asian states is contracted within the region.⁶¹ The South Asian nations have more strong economic relations with the West than at regional level. As a result they are more dependent on the West and have lower level of economic interaction within the South Asia.

The expansion and development of intra-regional trade, is constrained by the existing imbalances and disparities present in South Asian regional trade today. For instance, Bangladesh, Nepal, and Sri Lanka had a unfavourable balance of trade with India to the extent of \$28,70, and 74 millions, in 1983, respectively.⁶² Bilateral trade between India and Pakistan is minimal. Bilateral Indo-Pak trade exchanges in 1980 amounted to to approximately \$ 40 millions only out of their overall foreign trade turnover of \$ 8000 million for Pakistan and \$ 20,000 millions for India.⁶³

Pakistan's import and export to India comprised only 0.18% and 0.5%, in 1986-87, respectively.⁶⁴ This was largely due to Pakistani apprehensions that free trade exchanges with India would result in more and more dependence on that country. Pakistan's nascent industry is not highly competitive, so free trade with India might ruin it. To give protection to her industry and to provide it with her own market, Pakistan pursues protectionist policies. For this reason, Pakistan has been insisting on keeping the trade issues out of the SAARC agenda.⁶⁵ On the other hand, India pleaded for the extension of SAARC to new areas, like trade, industry, and money,⁶⁶ and exclusion of these areas was dubbed by her as "fundamental lacuna" of SAARC.⁶⁷

The level of regional trade in South Asia is very low. In case of Bangladesh only 4.1% of its imports and 4.3% of its exports trade is regional, in 1987.⁶⁸ While its trade with industrial states is 55.3% of its total trade in the same year.⁶⁹ India's regional exports and imports are only 2% and 0.5% respectively.⁷⁰ While its trade with industrial states comprises 60% of its total trade, followed by the USSR and East European states which accounts for 20% of its exports and 10.8% of its imports.⁷¹ Pakistan's major trade partners are

industrial states, including Japan, which accounts for 58.6% of Pakistan's exports, followed by the Middle East (13%), in 1987.⁷² In case of its imports, the industrial states account for 58.3% of its total imports, once again followed by Middle Eastern countries which account for 19.9% of its imports.⁷³ Pakistan's trade with South Asian states is very disappointing. Her regional exports are 4.2%, 4.9% and 3.5% in 1984-85, 1985-86 and 1986-87, and imports are 1.9%, 1.7% and 1.6% in the same years, of its total trade.⁷⁴ It exhibits not only the low level of trade but also shows declining trend, as SARC process gains momentum.

Apparently, there are two factors which are producing obstacles in the promotion and expansion of intra-regional trade and commerce. First, the lack of complementarity and presence of competitiveness in South Asian economies. Second is the economic status of India and its self-perceived interests.

The competitiveness in South Asian economies is visible, for instance, India and Bangladesh are competing to capture markets for the export of jute. For the export of tea, there is a tripartite

competition among India, Sri Lanka and Bangladesh, and a competition between Pakistan and India in the field of textiles.⁷⁵ In international market, India competes in eight of Pakistan's ten major export items; Bangladesh faces competition from India and Pakistan in three out of four export categories; Pakistan competes in one and India in four categories of Sri Lankan exports.⁷⁶ India is stressing that South Asian economies are complementary and therefore, economic planning of SAARC members should be harmonized. This means that all regional countries should accept the India's industrial power and that its manufactured products are good enough to fulfil the needs of the region. She also presents her own definition of regional division of labour along the lines of international division of labour as defined by the industrialized states. While India has industrial infrastructure to produce manufacturing goods in sufficient quantities, so the other countries of South Asia should concentrate on production of agricultural and primary products.⁷⁷ Pakistan has opposed this notion of complementarity, pointing out that its exports are largely competitive with those of India.⁷⁸

Unequal economic power base, seems to be a threat to greater economic cooperation in the region.

India is far ahead of the other South Asian states, in terms of size, population, resources endowment and industrial and technological development.

There are two opposite view points among unequal partners in the region.⁷⁹ The small states of South Asia believed that in any regional economic cooperation enterprise, India with its relatively developed and vast manufacturing base would swamp the regional markets, thus bolstering her economic position further. The other view is that because India is much ahead of others in the region economically, so, there is little scope for mutually beneficial cooperation between India and her neighbours. Therefore, India has much to lose in any such move.

India's regional trade pattern is based on a complementary exchange of manufactured commodities against primary products with its neighbours except Pakistan. This pattern of trade exchanges was historically evolved from the days of British Raj,⁸⁰ in which Indian traders established themselves in prominent position in the economy and polity of neighbouring countries. The political consequences which followed were closely connected with domination of the Indian traders. For instance in Sikkim, the

Indian traders, had gained deadly grip over her commerce and trade. This was a crucial factor in the ending up^{of}/her independent existence.⁸¹

India is heavily indebted to the multinational corporations for its growth of industrial complex. India follows the neo-imperialist model because it has potential of a big power.⁸² Her regional trade policy is aimed at exploiting the resources of neighbouring countries not excluding the multinational corporations (MNCs) from the region but collaborating with them. The expansion of the Indian joint ventures into the markets of the South Asia is then not an independent activity but as agreed with MNCs.⁸³ Thus, India is trying to turn South Asia into its own market. It is interesting to note that this regional market is not being captured in defiance of the MNCs, but in subsidiary collaboration with them.⁸⁴ Hegemony and hold on regional market go together. The two help each other.

India's trade relationship with her neighbours are of colonial nature. This manifests itself in two effects.⁸⁵ The first is that India is more interested in trading rather in investing. The Indian businessmen concentrating their efforts on trading with South Asian countries than in setting up industrial

enterprises in them. South Asia is focus of trade, not of investment. The second effect is that India has been running up surpluses in trade with these neighbours. Those surpluses have to be made up by transfers of international currencies, earned by these countries by exports to the rest of the world. Because of the necessity of maintaining the sources of cheap inputs and cheap labour power the Indian big bourgeoisie is forced to seek the subversion of neighbouring markets in order to keep its accumulation process going. This is a colonial relationship.

Untill the smaller nations, an Indian newspaper commented, can regard India's bigness as an asset for the entire region, there can be no significant cooperation amongst the seven.³⁶ But India's regional trade behaviour, lack of complementarity, different level of economic development, therefore raise doubts about the role of "big brother" among the smaller nations of the region. The regional states feel threatened to be engulfed by the elastic Indian economy,⁸⁷ in case of the removal of all trade barriers in the interest of regional cooperation. They fear it could result in the form of smaller states becoming India's dependent trade partners, selling primary commodities in exchange for manufactured goods for India. None of the South Asian countries are interested

in promoting cooperation which would result in a one-sided dependence of India.

India's size, economic development and her defence capabilities generate threats among its neighbours. It reinforces their doubts about India design in the region. Goal of economic integration could only be attained through 'relative equality' of participation. So, it is necessary that fear of Indian domination should not block the level of political commitment of SAARC member states. The imbalance in regional power structure and lack of confidence among regional states, do not give allowance to highly institutionalised arrangements. Substantial economic integration, on the other hand, could only be realized through a gradual process of cooperation in various fields of activities. Only a pragmatic and evolutionary strategy could help regional states to overcome political, strategic and economic difficulties.

NOTES

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CHAPTER IV

PROSPECTS

In view of the nature of problems and impediments, which are powerful, it is not surprising to note that the intra-regional cooperation in South Asia is proceeding rather slowly. However, slow pace should not be viewed with disappointment, because it would be unrealistic to expect that these states would get rid of their historical, political and psychological barriers in a short period of time.

South Asian states would have to march a long way to join a broader political union or to workout an effective institutional arrangement, transcending their territorial boundaries. In fact the over-ambitious goal of emulating the SAARC model with the West European's or promotion of harmony as it exists between Canada and the US will come great frustrations and make it difficult to achieve what is currently possible.

The experience of regional cooperation in the Third World suggests that the model of regional cooperation which developed in Western Europe (EEC) is not sufficiently relevant/^{to} the developing countries. The fact should not be overlooked that the development of economic community in the West Europe was not as people generally assumed.

There were periods of strains and the slowing down of the pace of ECC progress. At times the national interests and the dispositions of leadership hampered the progress, which are indicative of the fact that regional cooperation is not merely a technical or bureaucratic affairs. Its political dimensions and ideological parameters are equally relevant.¹

A realistic approach with full recognition of the constraints can be more instrumental in promoting harmony and cooperation in South Asia. It is going to be slow and disjointed but it would definitely bring fruit in the long run. The following pages are devoted to the exploration of potentials and prospects which can facilitate harmony and cooperation in South Asia.

One of the most important source of potential success of South Asian Regional Cooperation is the geographical contiguity, and commonalty of the colonial past, culture and shared interest in improving the lot of their people. Most of these countries have experienced similar historical experiences. Colonists ruled India, Pakistan, Bangladesh, Sri Lanka and Maldives. Though they did not formally annex Nepal and Bhutan, but these states could not escape the undesirable influence

and implication of the colonial rule. The region has a variety of religions and languages which often cross boundaries and events in one country have significant bearing on developments in neighbouring countries of the region. For centuries they have preserved almost similar traditions, cultural values and norms of life. The distribution of major linguistic groups across national boundaries has substantial impact on connection which could serve more constructive purposes on a transnational basis.²

In addition to the already identified sectors, there are other important areas in which vast potentialities exist for regional cooperation. Trade is one of them. In South Asia present nature of trade is far from satisfactory. The intra-regional trade comprises very small fraction of the total trade, that is 2.5% in 1986.³ It requires to be corrected if there has to be a meaningful and beneficial exchange of products.

There are many handicaps to the desired rate of trade which have already been discussed in the previous chapter. So, the growth of intra-regional trade, would in any case be incremental but gradual and aiming at produce benefits for all. The regional trade relations must be evolved on comparative advantage basis. A

custom union would prove helpful for the encouragement of regional trade. But at initial stage the idea of free trade, naturally will generate harms to the underdeveloped economies of small nations. Restrictions on trade would become lessened as regional environment would going to improve. Trade relations can only develop on the basis of a planned division of labour. The restructuring of industries within the region should be made on the grounds of certain natural endowment and other developed resources.⁴ As SAARC takes root, it is hoped mutually advantageous trade on a regional basis would flourish. High economic stakes would automatically put healthy impacts on the deteriorated political situation of the region.

The growth of intra-regional trade would need a corresponding decrease in trade with countries outside the region. It might not be an easy job to accomplish because of tied loans and grants.⁵ It is not realistic to expect that the SAARC members should break off their existing trade agreements with extra-regional countries. It is too impractical that they should give up their national industrialization plans and their complete reliance on trade within the SAARC perimeter. With the growth of momentum, in due course of time, the SAARC initiative attains the stage of planning and

executing joint ventures in new sectors of industry. Then it can be hoped that a gradual veering of extra-regional trade relations would take place.

Industrial development plans/ⁱⁿSouth Asia have aimed at establishing import-substituting industries and increasing indigenous production. Preference for such policies was guided by poor foreign exchange earnings. This has not only produced duplication of industrial process⁶ but also hampered the growth of intra-regional trade in South Asia. This condensed by the fitful slogans of self-reliance have not only led to protectionist policies, but have also created a class of economic influentials whose vested interests do not allow liberal trade flows in the region.⁷ The South Asian consumer market is very large size. It comprises one fifth of the human population. Therefore, it requires that, in future, economic and industrial planning of the SAARC members rest "on a rational division of labour on the basis of factor endowment and comparative advantage".⁸ Coordination of national development plans would certainly contribute to minimizing competitiveness and maximizing complementarity thus creating opportunities for enhanced regional trade.

For the promotion of regional cooperation, the economic strengths of various regional states, recommend joint ventures to produce specific goods. For instance, newsprint in Bangladesh and textile and sports goods in Pakistan could be produced at the most competitive price, treating the region as a single market.⁹ Many more production areas can be identified. The reason of the exclusion of regional trade from the SAARC agenda is the size of the Indian economy and industry, giving India the ability to flood markets of other regional states with cheaper goods. It would eventually lead to the elimination of these states' nascent and much smaller industries. India can afford to accomodate the economic concerns of its smaller neighbours. Its economy is sufficiently strong to pursue a policy of generosity instead of narrow self interest. A shift in Indian economic policy toward Nepal and Sri Lanka has been visible by entering into some joint ventures with them, essentially involving Indian financial support. In its trade arrangements with Sri Lanka, quotas of Indian imports were raised and preferential as well as buy back clauses were introduced.¹⁰ It is hoped that in due course a better climate will also prevail between India and her neighbours. Pakistan for its part, also has offered some joint ventures, transit facilities and educational

opportunities to Nepal, but these are on a bilateral basis.

Once SAARC succeeds in producing visible economic gains and a climate of trust develops, there would be many areas where adjustments in policies would benefit the region. For instance, India and Bangladesh have common problems in the export of jute and jute goods which are exposed to competition from substitutes.¹¹ While they compete in world markets. They can also cooperate with each other in market research to expand the market, in the arrangements for stabilization of prices and in technical research for reducing production costs, for facing competition from substitutes and for encouraging new uses for jute and jute goods. Bangladesh and Sri Lanka are all interested in the export of tea and shrimps. They can cooperate in international arrangements for the stabilization of prices and the maintenance of minimum prices which are compatible with the cost of production. All the countries of South Asia have common problems in the exports of their manufactured goods to the markets in western countries, where their exports are subjected to tariff and non-tariff barriers. Besides, they have common problems in respect of some of their imports such as machinery, equipment and oil and on factors

which determine the terms of trade. A viable solution of the problems require negotiations with the developed countries and the oil exporting countries. South Asian states can only negotiate from a better position if they act together rather than individually.

The position is similar with regard to the transfer of technology, dealing with multinational cooperations (MNCs) and the shipping lines. This is also true of all matters within the framework of the North-South dialogue. The SAARC countries have tremendous prospects of gaining from acting together and in cooperation with developing countries in the rest of the world. All these area of common interests need to be identified and to be studied in depth from the angle of each country's interests by chalking out a common line of action to best safeguard the interests of the concerned countries collectively and individually.

The South Asian countries can profitably cooperate in developing and harnessing natural resources which are relatively small compared to the rest of the world. These resource are also very unevenly distributed within the region. But the region has abundant hydro-power and irrigation potential from its water resources. The enormous water resources of the Himalayas, a large

part of which remains unutilized, offer a great potential for development. As the bulk of the water resources are derived from common rivers which flow through more than one country, these resources can best be utilized on the basis of joint development of the river basin by the riparian countries. Though the estimates vary, the hydro-power potential of Nepal rivers alone is considered to be at the tune of 83000 MW which is approximately equal to that of Canada, US and Mexico.¹² No less significant is the hydro-power potential of Bhutan, where work is going on the Chukkah Hyder Plant with India's assistance of \$ 10 millions.¹³ India has also provided assistance to Nepal for the installation of the Devighat scheme (38 MW). From the regional stand point the proposed Karnali Project in Nepal, with generating capacity of 3000 MW is significant since much of its production is meant for export to India and Bangladesh. But its expected cost (\$ 11.5 billions) will require a regional financing approach as well as international cooperation.¹⁴ The Himalayas are also rich in forestry resources. The development of Himalayan resources, including water, power, forestry and mineral resources, holds the potential for making up some of the resources deficiencies of the region and for benefiting five countries;

Bangladesh, Bhutan, India, Nepal and Pakistan. While a dispassionate consideration of the relevant issues at the level of planning may help removing the avoidable impediments.

The exploitation of "the common heritage of mankind", the seabed resources, would become another potential area for cooperation. A wider regional cooperation is possible among the five littoral states, India, Sri Lanka, Bangladesh, Pakistan and Maldives. It is important to note in this context that the Law of Sea Conference Convention signed in 1982 has made the necessary international framework for exploration of these vital natural resources. The existing bilateral agreements between India and Sri Lanka and that between Bangladesh and India for joint scientific exploitation of the resources of the sea prepared the groundwork for initiating scientific schemes to joint ventures in this new field of activities.¹⁵ It will be in the interest of the concerned countries of South Asia to chalk out some programmes on regional basis in this field. For harnessing of these resources they must use the available scientific and technological expertise. The benefits of seabed resources should be distributed on suitable terms to be mutually agreed upon. For proper utilization of these natural resources, the South Asian countries if need arise, may work jointly in collaboration with the foreign countries who have

scientific and technological expertise in this field.

Other area that would benefit from the SAARC is the wide spectrum covering education health and social welfare. The scarcity of sufficient economic resources and lack of experience have seriously hampered the efforts of the South Asian countries to tackle the problems in these areas. Except in the case of Sri Lanka which has achieved 90% literacy,¹⁶ the availability of basic education is surprisingly low for a region which has a highly developed culture reaching back to thousands of years.¹⁷ An attempt to accelerate the pace of spread of basic education would not involve the political sensitivities. Therefore, it would be easy to arrive at an understanding. The cooperative regional efforts would not only complement the national initiatives in this field but also impart qualitative excellence to them. This process may be taken a step further in future by exchange of students and teachers, having common background, among the institutes of higher learning of South Asian states.

Cooperation in the field of health and family planning is necessary for the social uplift of millions living in rural areas. The population of the region has more than doubled during the last four decades. A

multiplication of the present numebhrs in the region is expected. It is estimated that at the turn of twentieth century the population of South Asia will be 1,343 millions as compared to 1,018 millions in 1986.¹⁸ This ever-rising annual increase in the numbers is alarming one. Because, even a hope for accelerated rate of economic development will not be able to match the growth-index of the population.¹⁹ Though population activities is agreed area of cooperation but much could be done by the SAARC. The SAARC members not only pool their resources but also exchange their knowledge and experience as gained by the countries individually. The region would gain immensely from the intensive research work being conducted by some of the countries in this field. The SAARC would give a definite direction to the research and prevent wasteful parallel efforts. Through concerted regional effort the SAARC would be able to control the population explusion.

The developed world monopolized the field of scientific research and have achieved immense benefit from it. So it is necessary that the South Asian states would cooperate in this field intensively. It would not only helpful for the promotion of regional cooperation but also would be beneficial for economic

uplift of the people of South Asia. It is not difficult to come an understanding on the establishment of common research services on regional basis as it does not involve any political considerations. There is a great opportunity for coordination among research institutions in the region on different subjects. The research could be done in various disciplines, for instance, marine, medicine, agriculture and forestry and veterinary sciences. This research could be utilized for the overall economic development of the region.

The SAARC must concentrate its efforts on the establishment of the regional institutes, like the South Asian University and the institutes on social sciences, arts, culture ^{and} /languages. The coordination of the research in various fields of social sciences would be more beneficial for preparing the ground for extensive regional cooperation. These efforts would be proved helpful for creating an environment of concerted efforts to foster common affinity and cohesion among the peoples of the region. Though it is a time consuming and cumbersome initiative, but a strat to this direction by itself would mark a step forward to South Asian regionalism. The increased volume of interaction between the academics, scientists

and scholars and the research organisations and institutions of the region would produce a favourable atmosphere for cooperation in other areas. Therefore, by promoting studies, conducting research and dissemination of knowledge on national and regional issues would enhance the process of growth of regionalism. A good aspect of such cooperative activities is that it would hardly be adversely affected by the difference in the levels of development or economic strength of individual countries.

Another important area is energy which can be explored on regional basis. The per capita energy consumption in the region is very low. The SAARC members do not enjoy self-sufficiency in either fluid fuels or hydro-electricity. However, the region has considerable potential for energy sources. The idea of cooperation in such field was first mooted in the historic Bandung Conference of the Afro-Asian countries in 1955 and that has recently been endorsed in the non-aligned conferences.²⁰ Energy source in South Asian countries is primarily conventional. The oil-based energy source is very expensive but despite the prohibitive price of oil they have been compelled to adopt it. To overcome the problem of energy, the South Asian community may undertake a master plan for a common energy grid. This common energy grid can be

based on hydro-electricity produced by Nepal, India, Pakistan and Bangladesh. Such a common grid may cover the whole of South Asia and be of immense benefit to all countries concerned.

It would be advantageous if the South Asian planners undertake the task of assessing the future needs and designing appropriate strategies to attain the desired results. But this field might be influenced by the political considerations because no state would like to place itself at the mercy of its neighbours for fulfilling its energy needs. However, the work of energy planners would be made a constructive contribution towards the implantation of a feeling of inter-dependence in the region.

The other promise source of untapped energy is nuclear. Nevertheless, this field has been unnecessarily politicized. Yet it has great potential for cooperation at regional level. To satisfy the energy need of South Asia, adequate potential exists within the region for exploiting this sector.²¹ However, the major hurdle in the path of exploiting nuclear energy is the security interest of some of the SAARC member states. Obviously, it is because of its development and utilization that linked to its massive destructive

power. A result of this suspicion is that some of the South Asian nations are being hindered in their efforts to meet their power needs through nuclear sources. To dispel it, an unbiased appreciation of the energy needs of region would be made and efforts should be concentrated to arrive at a South Asian non-proliferation treaty. The SAARC could help in this matter by working out an acceptable strategy for exploiting the nuclear energy, while at the same time could help in evolving safeguards for preventing the misuse of the nuclear infrastructure for military purposes.

Meteorology has already been included in the Integrated Programme of Action. However, the efforts are so far concentrated only on mutual exchange of data about weather forecasting and early warning information about cyclones and floods. The SAARC has taken some steps towards organising training of technicians and experts and holding seminars and workshops on regional basis.²² All this, however, remains confined within the scope of weather stations. This field needs to be expanded to include timely dissemination of information and early warning of expected floods and cyclones. It would be helpful for organising disaster relief on regional basis. This would result in more reliable

disaster forecasting and increase the cost effectiveness of the total effort spent in each country by providing immediate, short-notice help to the affected. It would also help in the long run, in establishing closer links of togetherness amongst the people of different countries and encourage the evolution of a brotherly regional stance among the masses.

Transport is an agreed area of cooperation. Developed regional transport system is one of the prerequisites for regional integration. For the promotion of regional cooperation, the transport systems of South Asia would be developed to link the whole region, like the proposed SAARC Highway.²³ The SAARC should develop land and air communications by introducing zonal trains, buses or air routes like the European network of transport routes. A South Asian Bus Service could be introduced. South Asian rail passes and air travel concessions could be introduced. It is important to note that the meeting of the Technical Committee on Transport, held in Male in December 1984, discussed the proposal for linkage of South Asian capitals by airways. The meeting decided to set up a multi-sectoral Regional Training Academy covering all sectors of transport at a suitable place within SAARC countries.²⁴ Better transport facilities would increase

the volume of people's movement throughout the region which is now reached at its lowest ebb. It would contribute for clearing the mist of mistrust.

A large part of the extra-regional trade is conducted by the South Asian nations with the rest of the world, through common sea lanes. Therefore, an extensive regional cooperation in shipping is needed. It should not be difficult to coordinate the schedules of shipping lines registered within the region. A SAARC shipping line might be established. South Asian ports would be developed for providing better facilities. It would ensure maximum utilization of these services for the import and export trade of all countries of the region.

Manpower offers a potential area of cooperation.²⁵ But it remains to be exploited. The South Asia is richly endowed with manpower resources and high rate of population growth (2.2% as against 1.7% of the world as a whole).²⁶ This high population growth rate has neutralizing effect on the increase in the gross national product. The SAARC members would study the scope for coordination of existing manpower utilization. They are competing with each other in the export of manpower to the Middle East. The regional programme of

coordination would include development of human resources, export to Middle East and other regions of the world and providing investment opportunities for remittances in regional projects.

The SAARC members can also cooperate in the field of sports, art and culture, which is already an agreed area of cooperation. The great value of cooperation in art and culture is often underestimated, if not overlooked altogether. The reason is imperception or an inadequate perception of the role of people's participation and people-to-people cooperation at different levels in achieving the goals of peace and development in the region. Active cooperation in art and culture has also direct bearing on the security and stability of the region. Therefore, such cooperation could, indeed, be of great value even in finding a speedy solution to some of the bilateral problems, which continue to influence interstate relations. It would produce spillover effects on the regional politics through building a public pressure for finding the amicable solution of political issues. "The human and spiritual values enshrined in the rich cultural heritage of the region can be a great source of inspiration in this direction, though unfortunately, they remain at present overshadowed by the conventional security concepts".²⁷ It augurs well for the SAARC that undying cultural affinities are still present. These offer to

the SAARC a unique opportunity to reactivate them, if it would like to be a success.

Thus the inclusion of art and culture in SAARC activities in the foreign secretaires conference, held at Islamabad in August 1982, undoubtedly manifested the farsightedness of leaders of the SAARC nations. In its own merit, it was a significant decision. The closer cooperation and activities in specific fields such as films, cultural exchange, fine arts, literature, handicrafts and many other fields of this nature, would promote the common cultural values and attributes. Participation by the people and cultural activities of the SAARC members would contribute in pervading cultural identities of South Asia. It would surely make weak "the forces of obscurantism and reaction which create impediments in the development of its regional identity".²⁸ The active involvement of the conscious and articulate non-governmental sections of the South Asian societies would give a new momentum and impetus to the SAARC process. To this end, the participation of academics scholars, journalists, businessmen, scientists, technicians, cultural organisations and artists would have contributive effect. As powerful lobby and pressure groups, when activated, these would exert pressure on the SAARC governments to remain committed to regional cooperation. It would steer the political factors to the cherished direction but slowly and progressively.

Despite all these potentials and less-contentious areas of cooperation, the primacy of political factors and bilateral disputes can not be ignored. There is also a possibility of cooperation between the SAARC member in a highly sensitive and complex area not included in the current programme. Internal and external security is a major issue in South Asia. It is argued that it is not possible to pursue " cooperation in economic, social and cultural fields beyond a certain limit in the absence of political understanding and harmony in the region".²⁹ But irrespective of their different trends of political systems, the SAARC members are facing nearly similar type of internal disorder and insurgency of one type or the other are some of the problems faced by the member states which they are to combat. To counter them, an atmosphere of confidence and good faith is required.

India and Pakistan are the states which have to play a major role in the construction of regional cooperation. No idea of regional cooperation in this part of the world can really materialize without the active cooperation of the two powerful actors in the South Asian scene.³⁰ Cordiality in political relations between India and Pakistan would create the necessary conditions for the coordination of regional economic policies.³¹ In the absence of a satisfactory resolution

of conflicts between the two states, the mutual distrust and hostility may continue to simmer, even if the SAARC continues functioning. The more optimistic prognosis holds that the fall out effects of SAARC will contribute to the resolution of conflicts. While the pessimists tend to ignore the possibilities of opening up in the emerging cooperative regional framework. It might be more pragmatic to assume that in South Asia the resolution of conflicts would result in the economic and political success of SAARC. But it depends on the commitment of the South Asian nations to the SAARC process.

The South Asian countries share a common interest in many international affairs, especially in the demand of restructuring of the International Economic Order. The slump in commodity prices during the past few years, the excessive debt burden, the decline in net inflow of capital and the protectionist policies of the rich countries have deteriorated the economic and social conditions in South Asia. Adverse effects of the international economic arrangement have forced the SAARC members to contemplate on the issues such as trade liberalization, especially in textiles and agriculture, commodity price stabilization and transfer of technology.³² The SAARC members should

coordinate their position on the multilateral trade negotiations. The competitive nature of South Asian economies, therefore, demands a common trade policy and unified bargaining position on commodity exports must be developed. But it should be done through the SAARC forum. It would definitely contribute for neutralizing the adverse impact of shifts in the international commodity market.

The best option, under the circumstances, open to the SAARC nations, is to increase development activities on a regional basis such as strategy of "development regionalism".³³ This would make available to these nations, the dynamic effects of integration such as economies of scale, specialization and increased economic efficiency through enlarged market. This might also help to make an efficient use of the resources of the region. These factors are considered as relevant to the success with which states within a region move towards mutual understanding.³⁴

South Asian region has great potentials for regional cooperation. But the region is highly politicized. Therefore, the politics of cooperation demands that it should start, at first, in functional areas. It also necessitates that no member would strive for undue

advantage at the expense of others.

Even to initiate cooperation in functional areas, the SAARC members must overcome the negative images of each others. To achieve this end, they must look back toward common historical and cultural affinities. The region's peculiar conditions force that the extensive cultural cooperation would be the best way for the formation of South Asian community sense. The Dhaka Declaration of 1985 has already contemplated promotion of people-to-people contacts at various levels as part of a pledge to accelerate the process of development for strengthening of regional cooperation.³⁵ It is a basic requirement for removing the psychological barriers. The spillover effects of such efforts would gradually turn the region into an area ready for politico-economic and strategic cooperation under the aegis of the SAARC.

NOTES

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9. Bokhari, op. cit., p. 387.
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11. Salahuddin, op. cit., p. 13.
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34. Kizilbash, op. cit., p. 101.
35. See the text of The Dhaka Declaration (Para 8) issued on December 8, 1985.

CONCLUSION

South Asian Association for Regional Cooperation (SAARC) has by now become a reality. It has opened a new horizon of interstate cooperation among the regional countries. It is indeed, a testimony to the farsightedness and statesmanship of the leaders of South Asian countries. It is appreciation of the problems which the South Asian Region confronted with and the resolution to solve them.

National, regional and international forces generated a need for regional cooperation in the South Asia. The late President, Zia-ur-Rahman, of Bangladesh took the initiative of regional cooperation in 1980, which was elaborated in organized and documented form. The idea of regional cooperation took some time for its materialization. The reason behind this delay was the reservations about the idea of two core powers of the region, India and Pakistan. But the powerful plea of the idea forced them to give way. Before signing the Charter of the SAARC on December 8, 1985, different meetings were held at various levels. During this formative phase the South Asian officials agreed on a code of conduct for the discussions and

consultations. It included the principles such as unanimity for all decisions and exclusion of the bilateral disputes from the SAARC agenda.

The Charter institutionalised the regional cooperation. It provided elaborative organisational framework for the Association. The Charter established four main organs of the SAARC, namely, Summit, Council of Ministers, Standing and Technical Committees. It also defined the objectives and principles of the Association, though in general terms. Considering the South Asian regional milieu as conflictual, the formation of SAARC is a good omen. The effects produced, so far, by this forum are also very important. The most beneficial aspect of this forum is that it has provided opportunity for informal discussions on bilateral issues. The regional leaders have used these occasions for establishing personal rapport with each other. The outcome of this informal use of the forum is proving helpful in lessening tensions, thus, contributing to the future peace and stability of the region.

South Asia as region is confronted with various problems. The problems are political, economic and strategic in nature. They are proving stumbling blocks on the way to regional integration. These problems

have the potentials to cause 'spillback' in the process.

Inter-state relations in South Asia have been influenced by the political divisions. These divisions have origin in factors of history, geography and geopolitics. Another factor is disparity in size, resource endowments, and economic and industrial development. But on the top of it there is the proverbial mistrust syndrome which has greatly influenced bilateral relations among the states. In this region of chronic mutual tensions and occasional hostilities, the security perceptions of regional states continue to be divergent. Foreign policies are diverse in orientation, and the fear and apprehension pervad on the role of the pivotal power, India.

India has problems with all its neighbours. It is rather developed country as compared to the other states of South Asia. On the basis of its largeness and military capabilities India has tended to assume for herself a role more than that of big brother. Its regional policies are viewed by its some neighbours with suspicion. Apprehension over political hegemony and economic domination and the like have

contributed to a mutual fear complex between India and its smaller SAARC neighbours. Indo-Pakistan relations continue to pose grave threat to the evolution of regional cooperation.

South Asian economies not only lack complementarity but also are competitive. Intra-regional trade flows are very limited. Intra-regional capital investments are virtually non-existing. Economic stakes are not high which would otherwise contribute to the peace and stability of the South Asia. Private interest groups are very weak. The intra-regional socio-economic forces, with ability to cross over boundaries, are not strong sufficiently. The weakness of these forces support the evidence that the present arrangements are essentially an inter-governmental process.

Absence of strategic consensus, lack of shared perception of threat, India's self-defined regional role, political and economic problems and consciousness of national identity and sentiment are working as negative forces for regional cooperation.

Despite the presence of these problems, there is no reason either to undermine or reject SAARC as a

positive development in South Asia. Generally, regional organisations do not find viable solutions of national and regional problems of its members. They only create conditions that might be conducive for evolving such solutions. Given the constraints the performance of SAARC is not unsatisfactory. There is no reason to believe that it would not play an important role in regional affairs.

However, the hard and ugly realities of the regional politics are still operative. In such a context, not surprisingly regional cooperation would confront problems. Therefore, prospects of SAARC as an effective organisation for regional cooperation should continue to be viewed with scepticism. But there are many fields which hold potentials for cooperation. These potential areas have less political implications.

For various reasons SAARC has adopted a functional approach. The experience of past few years since the launching of SAARC suggests that the functionalist content of the Association is working well. The SAARC excluded from its scheme of cooperation the contentions and politicized fields such as core areas of economy, money and trade. These issues might remain out of the agenda of cooperation, at least for

the time being. Functionalist approach rests on the assumption that cooperation in non-controversial sectors would gradually pave the way for greater cooperation even in more complex areas.

Cooperation is taking roots in various agreed areas although currently with a heavy bias in favour of short-term activities like workshops and seminars. The SAARC Summits have appeared more as events of symbolic value than efforts for concrete cooperation. But many of these activities might appear to have little more than symbolic value with no tangible benefits for the peoples of the region. Nevertheless, the importance of these activities, in term of knowing better each other's problems and paving the way for greater cooperation, can not be underestimated.

For a better future SAARC cooperation should be extended to other areas. Through widening the scope of cooperation beyond functional areas, the SAARC would be able to overcome its present limitations. But the main hinderance in this regard can be found in the psychological barriers which have prevented the community formation in the region.

In given conditions of South Asia the cultural

integration would precede economic and political. It would provide the opportunities to the governments of SAARC countries to evolve a sense of community.

A number of meetings and conferences have taken place after the inauguration. But achievement so far has not matched the concept of SAARC. The Association has remained a governmental-level interaction. It has not caught the imagination of people in South Asia. It has remained practically invisible, buried under bureaucratic rules and old prejudices.

For the success of SAARC, increased peoples' movement across the region by relaxing restrictions on travel and exchange and flow of information within the region are necessary conditions. Increased interaction through media and contact at mass level would contribute to generation of positive and realistic images of each other. This would break the psychological barriers and increase awareness about the potential benefits of cooperation. It would also make favourable impact on public opinions and build pressure for the promotion of greater regional cooperation.

SAARC offers a unique opportunity for meaningful cooperation. The SAARC process would

promote a climate of mutual confidence, trust and understanding. These conditions would be essential to stability and progress in the region. Social and economic conditions in South Asia necessitate shifting of the focus from differences to commonalities. Poverty and underdevelopment demand a change over from unhappy memories to the promises of shared goals, from hostility to accomodation of each others' interests and to mutually beneficial cooperation. Such a constructive, and forward looking approach on the part of the member states would assure success for SAARC and a better future for the region.

TABLES

TABLE -1

INTRA-REGIONAL SOUTH ASIAN TRADE (1987)
(In million of US dollars)

India's South Asian Trade	Exports	Imports
Bangladesh	68	12
Maldives	1	-
Nepal	101	53
Pakistan	11	24
Sri Lanka	75	10
Pakistan's South Asian Trade		
Bangladesh	90.7	49.7
India	21.4	11.8
Maldives	0.3	-
Nepal	1.6	1.1
Sri Lanka	49.7	31.3
Bangladesh's South Asian Trade		
India	11.0	74.4
Nepal	5.1	0.2
Maldives	0.1	-
Pakistan	27.9	37.3
Sri Lanka	0.2	5.0

Contd...

Nepal's South Asian Trade

Bangladesh	0.1	5.5
India	48.3	110.7
Pakistan	1.0	1.7
Sri Lanka	4.1	-

Sri Lanka's South Asian Trade

Bangladesh	7.5	0.2
India	8.8	82.9
Maldives	6.3	4.9
Nepal	0.1	4.5
Pakistan	29.3	45.6

Maldives' South Asian Trade

Bangladesh	-	0.1 (1985)
India	-	0.4
Pakistan	1.2 (1986)	0.3
Sri Lanka	4.3	6.7

Source:- International Monetary Fund, Direction of Trade Statistics: 1988 yearbook, (Washington; IMF Publication Unit, 1988), pp. 224-225, 314-315, 95-96, 289, 365, 271.

TABLE -2

COMPARISON OF SAARC COUNTRIES' REGIONAL AND
INTERNATIONAL TRADE (1987).

Name of country	Exports (in million of US dollars)		Intra-regional Exports as percentage of total	Imports (in million of US dollars)		Intra-regional imports as percentage of total
	Total	Intra-regional		Total	Intra-regional	
India	12430.0	256.0	2.0	20683.0	99.0	0.5
Paksitan	4168.3	163.7	3.9	5818.8	93.9	1.6
Bangladesh	1076.8	44.3	4.1	2730.3	116.9	4.3
Nepal	166.6	53.5	32.1	493.3	117.9	23.9
Sri Lanka	1363.5	52.0	3.8	2123.6	138.1	6.5
Maldives	23.7	5.5	23.2	99.4	7.5	7.5

Source: International Monetary Fund, Direction of trade Statistics: 1988 Yearbook, (Washington; IMF Publication Unit, 1988), pp. 224-225, 314-315, 95-96, 289, 365, 271.

TABLE -3

COMPARISON OF SAARC COUNTRIES' TRADE WITH INDUSTRIAL AND NON-OIL
DEVELOPING STATES (1987)
(In million of US dollars)

Country	Industrial states				Non-oil Developing Countries			
	Export		Percentage		Export		Percentage	
			Export	Import			Export	Import
India	7369.0	12583.0	59.3	60.8	2791.0	6110.0	22.5	29.5
Pakistan	2441.8	3390.3	58.6	58.3	1575	2355.9	37.8	40.5
Bangladesh	708.8	1223.6	65.8	44.8	295.7	957.0	27.5	35.0
Nepal	108.8	248.6	65.3	50.4	57.8	243.8	34.7	49.4
Sri Lanka	866.3	919.0	63.3	43.3	458.4	1068.8	33.6	50.3
Maldives	4.3	25.9	18.1	26.1	19.4	73.5	81.9	73.9

Source: International Monetary Fund, Direction of Trade Statistics; 1988 Yearbook, (Washington; IMF Publication Unit, 1988), pp. 224,226,314,316,95,97,289-290,365-366,271.

TABLE-4

PERCENTAGE OF PAKISTAN'S REGIONAL TRADEImports

Country	1982-83	1983-84	1984-85	1985-86	1986-87
Bangladesh	1.278	1.187	0.968	0.939	0.736
Bhutan	0.009	0.010	0.009	0.015	0.009
Sri Lanka	0.756	0.503	0.655	0.477	0.645
India	0.088	0.192	0.291	0.216	0.180
Maldives	0.005	0.022	0.003	0.001	0.025
Nepal	0.010	0.011	0.010	0.051	0.019
TOTAL	2.146	1.925	1.936	1.699	1.614

Export

Bangladesh	1.610	1.670	1.830	2.150	1.740
Bhutan	-	-	0.002	0.002	0.0007
Sri Lanka	0.350	0.662	0.970	1.770	1.180
India	0.987	0.919	1.310	0.930	0.510
Maldives	0.004	0.026	0.055	0.004	0.004
Nepal	0.005	0.003	0.002	0.012	0.022
TOTAL	2.956	3.280	4.169	4.868	3.457

Source: Pakistan Statistical Year book 1988, (Federal Bureau of Statistics, Statistics Division, Government of Pakistan Islamabad), pp. 555,567-68.

TABLE -5

FINANCIAL CONTRIBUTIONS OF MEMBER STATES TOWARDS SAARC
ACTIVITIES: COMPARED WITH GDP AND DEFENCE SPENDING

(In US dollars)

MEMBER STATES	CONTRIBUTIONS				(in million dollars)	
	1983-84 to 1986-87	1987-88	Secretariat 1987-88	Total	GDP 1984	Defence 1984
Bangladesh	1,128,330	294,350	50,510	1,473,190	12,320	253
Bhutan	489,720	195,890	22,250	707,860	156	-
India	2,873,560	1,231,530	142,840	4,247,930	162,280	5,963
Maldives	49,950	33,290	22,250	150,490	90	-
Nepal	598,090	418,660	50,510	1,067,260	2,290	28
Pakistan	2,096,210	893,470	106,130	3,095,810	27,730	2,046
Sri Lanka	404,150	192,450	50,510	647,110	5,430	79
Total	7,640,010	3,259,640	445,000	11,344,650	210,296	8,369

SOURCE: Dr. Iftekharuzzaman, "The SAARC in Progress: Achievements, Old Problems, New Dimensions,"
Regional Studies, (Islamabad) No.1, 1987/88. p.25.

APPENDICES

CHARTER OF THE
SOUTH ASIAN ASSOCIATION FOR REGIONAL COOPERATION

We, the Heads of State or Government of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka;

1. Desirous of promoting peace, stability, amity and progress in the region through strict adherence to the principles of the UNITED NATIONS CHARTER and NON-ALIGNMENT, particularly respect for the principles of sovereign equality, territorial integrity, national independence, non-use of force and non-interference in the internal affairs of other States and peaceful settlement of all disputes;
2. Conscious that in an increasingly interdependent world, the objectives of peace, freedom, social justice and economic prosperity are best achieved in the SOUTH ASIAN region by fostering mutual understanding, good neighbourly relations and meaningful cooperation among the Member States which are bound by ties of history and culture;
3. Aware of the common problems, interests and aspirations of the peoples of SOUTH ASIA and the need for joint action and enhanced cooperation within their respective political and economic systems and cultural traditions;

4. Convinced that regional cooperation among the countries of SOUTH ASIA is mutually beneficial, desirable and necessary for promoting the welfare and improving the quality of life of the peoples of the region;

5. Convinced further that economic, social and technical cooperation among the countries of SOUTH ASIA would contribute significantly to national and collective self-reliance;

6. Recognising that increased cooperation, contacts and exchanges among the countries of the region will contribute to the promotion of friendship and understanding among their peoples;

7. Recalling the DECLARATION signed by their Foreign Ministers in NEW DELHI on August 2, 1983 and noting the progress achieved in regional cooperation;

8. Reaffirming their determination to promote such cooperation within an institutional framework:

Do hereby agree to establish an organisation to be known as SOUTH ASIAN ASSOCIATION FOR REGIONAL COOPERATION hereinafter referred to as the ASSOCIATION, with the following objectives, principles, institutional and financial arrangements:

ARTICLE I
OBJECTIVES

1. The objectives of the ASSOCIATION shall be:
 - a) to promote the welfare of the peoples of SOUTH ASIA and to improve their quality of life;
 - b) 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 realise their full potentials;
 - c) to promote and strengthen collective self-reliance among the countries of SOUTH ASIA;
 - d) to contribute to mutual trust, understanding and appreciation of one another's problems;
 - e) to promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;
 - f) to strengthen cooperation with other developing countries;
 - g) to strengthen cooperation among themselves in international forums on matters of common interests; and
 - h) to cooperate with international and regional organisations with similar aims and purposes.

ARTICLE II

PRINCIPLES

1. Cooperation within the framework of the ASSOCIATION shall be based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in the internal affairs of other States and mutual benefit.
2. Such cooperation shall not be a substitute for bilateral and multilateral cooperation but shall complement them.
3. Such cooperation shall not be inconsistent with bilateral and multilateral obligations.

ARTICLE III

MEETINGS OF THE HEADS OF STATE OR GOVERNMENT

The Heads of State or Government shall meet once a year or more often as and when considered necessary by the Member States.

ARTICLE IV

COUNCIL OF MINISTERS

1. A Council of Ministers consisting of the Foreign Ministers of the Member States shall be established with the following functions:

- a) formulation of the policies of the ASSOCIATION;
- b) review of the progress of cooperation under the ASSOCIATION;
- c) decision on new areas of cooperation;
- d) establishment of additional mechanism under the ASSOCIATION as deemed necessary;
- e) decision on other matters of general interest to the ASSOCIATION.

2. The Council of Ministers shall meet twice a year. Extraordinary session of the Council may be held by agreement among the Member States.

ARTICLE V

STANDING COMMITTEE

1. The Standing Committee comprising the Foreign Secretaries shall have the following function:

- a) Overall monitoring and coordination of programme of cooperation;
- b) approval of projects and programmes, and the modalities of their financing;
- c) determination of inter-sectoral priorities;
- d) mobilisation of regional and external resources;

- e) identification of new areas of cooperation based on appropriate studies;
- 2. The Standing Committee shall meet as often as deemed necessary.
- 3. The Standing Committee shall submit periodic reports to the Council of Ministers and make reference to it as and when necessary for decisions on policy matters.

ARTICLE VI

TECHNICAL COMMITTEES

- 1. Technical Committees comprising representatives of Member States shall be responsible for the implementation, coordination and monitoring of the programmes in their respective areas of cooperation.
- 2. They shall have the following terms of reference;
 - a) determination of the potential and the scope of regional cooperation in agreed areas;
 - b) formulation of programmes and preparation of projects;
 - c) determination of financial implications of sectoral programmes;
 - d) formulation of recommendations regarding apportionment of costs;

- e) implementation and coordination of sectoral programmes;
 - f) monitoring of progress in implementation.
3. The Technical Committees shall submit periodic reports to the Standing Committee.
4. The Chairmanship of the Technical Committee shall normally rotate among Member States in alphabetical order every two years.
5. The Technical Committees may, inter-alia, use the following mechanisms and modalities, if and when considered necessary:
- a) meetings of head of national technical agencies;
 - b) meetings of experts in specific fields;
 - c) contact amongst recognised centres of excellence in the region.

ARTICLE VII

ACTION COMMITTEES

1. The Standing Committee may set up Action Committees comprising Member States concerned with implementation of projects involving more than two but not all Member States.

ARTICLE VIII

SECRETARIAT

There shall be a Secretariat of the ASSOCIATION.

ARTICLE IX

FINANCIAL ARRANGEMENTS

1. The contribution of each Member State towards financing of the activities of the ASSOCIATION shall be voluntary.
2. Each Technical Committee shall make recommendations for the apportionment of costs of implementing the programmes proposed by it.
3. In case sufficient financial resources cannot be mobilised within the region for funding activities of the ASSOCIATION, external financing from appropriate sources may be mobilised with the approval of or by the Standing Committee.

ARTICLE X

GENERAL PROVISIONS

1. Decisions at all levels shall be taken on the basis of unanimity.
2. Bilateral and contentious issues shall be excluded from the deliberations.

IN FAITH WHEREOF We Have Set Our Hands And Seals
Hereunto.

DONE In DHAKA, BANGLADESH, On This The Eighth Day Of
December Of The Year One Thousand Nine Hundred
Eighty Five.

Hussain Muhammad Ershad
PRESIDENT OF THE
PEOPLES REPUBLIC OF
BANGLADESH

Maumoon Abdul Gayoom
PRESIDENT OF THE
REPUBLIC OF MALDIVES

Jigmesingye Wangchuck
KING OF BHUTAN

Birendra Bir Bikram Shah Dev
KING OF NEPAL.

Rajiv Gandhi
PRIME MINISTER OF THE
REPUBLIC OF INDIA

Mohammad Zia-ul-Haq
PRESIDENT OF THE ISLAMIC
REPUBLIC OF PAKISTAN

Junius Richard Jayewardene
PRESIDENT OF DEMOCRATIC SOCIALIST
REPUBLIC OF SRI LANKA

DHAKA DECLARATION

Dhaka Declaration of the Heads of State or Government of the Member State of South Asian Association for Regional Cooperation issued on 8 December, 1985.

The President of Bangladesh, the King of Bhutan, the Prime Minister of India, the President of Maldives, the King of Nepal, the President of Pakistan and the President of Sri Lanka met in Dhaka on 7 and 8 December 1985.

2. The Heads of State or Government underscored the historic significance of their first ever South Asian Summit meeting. They considered it to be a tangible manifestation of their determination to cooperate regionally, to work together towards finding solutions towards their common problems in a spirit of friendship, trust and mutual understanding and to the creation of an order based on mutual respect, equity and shared benefits.
3. They recognized that periodic meetings at their level were central to the promotion of mutual trust, confidence and cooperation among their countries.
4. The Heads of State or Government reaffirmed that their fundamental goal was to accelerate the process of economic and social development in their respective countries through the optimum utilization of their human and material resources, so as to promote the welfare and prosperity of

their peoples and to improve their quality of life. They were conscious that peace and security was an essential pre-requisite for the realization of this objective.

5. The leaders of the South Asian countries reaffirmed their commitment to the UN Charter and the principles governing sovereign equality of States, peaceful settlement of disputes, non-interference in internal affairs and non-use or threat of use of force against the territorial integrity and political independence of other States. They reiterated that the United Nations constituted the most important forum for the resolution of all issues affecting international peace and security.

6. They also reaffirmed their deep conviction in the continuing validity and relevance of the objectives of the Non-aligned movement as an important force in international relations.

7. The Heads of State or Government acknowledged that the countries of South Asia, who constituted one-fifth of humanity, were faced with the formidable challenges posed by poverty, underdevelopment, low levels of production, unemployment and pressure of population compounded by exploitation of the past and other adverse legacies. They felt that, bound as their countries were by many common values rooted in their social, ethnic, cultural and historical traditions, regional cooperation provided a logical response to these problems. They were

conscious of their individual and regional strengths, their potential as a huge market, their substantial human and natural resources and the complementarities of their economies. They were confident that with effective regional cooperation, they could make optimum use of these capacities for the benefit of their peoples, accelerate the pace of their economic development and enhance their national and collective self-reliance. They were convinced that their countries, which had made important contributions to the enrichment of human civilization, could together play their due role in international relations and influence decisions which affected them.

8. The Heads of State or Government emphasised that strengthening of regional cooperation in South Asia required greater involvement of their peoples. They agreed to increase interaction and further promote people-to-people contacts at various levels among their countries. To this end, they decided to take steps to create awareness and public opinion in the region.

9. The Heads of State or Government welcomed the progress already made in the implementation of the Integrated Programme of Action in the nine mutually agreed areas. They expressed their desire to consolidate and further expand cooperative efforts within an

appropriate institutional framework in a spirit of partnership and equality.

10. The leaders were convinced that they could effectively pursue their individual and collective objectives and improve the quality of life of their peoples only in an atmosphere of peace and security. In this context, they expressed concern at the deteriorating international political situation. They were alarmed at the unprecedented escalation of arms race particularly in its nuclear aspect. They recognized that mankind today was confronted with the threat of self extinction arising from a massive accumulation of the most destructive weapons ever produced. The arms race intensified international tension and violated the principles of the UN Charter. The leaders called upon the nuclear weapons-states for urgent negotiations for a Comprehensive Test Ban Treaty leading to the complete cessation of testing, production and deployment of nuclear weapons. In this connection, they welcomed the recent meeting between President Reagan and General Secretary Gorbachev in Geneva and expressed the hope that the meeting would have a positive effect on international peace and security.

11. The Heads of State or Government expressed deep concern at the continuing crisis in the global economy. They underscored that deteriorating economic and social

conditions had seriously retarded development prospects in South Asia and other developing countries. Sharply falling commodity prices, deterioration in the terms of trade, intensification of protectionist measures, spiralling debt burden and a decline in the flow of external resources, especially concessional assistance, had caused a serious setback to the economic development of the developing countries. These had been compounded by natural disasters and precarious world food security situation affecting developing countries. They also expressed concern over the diminishing capacity of international financial and technical institutions to respond effectively to the needs of the disadvantaged and poorer countries and regretted that the spirit of multilateral cooperation had begun to falter and weaken. This was particularly disturbing in the face of increased inter-dependence of developed and developing countries and the fact that economic revival of North was closely linked to economic progress in South. They believed that development during the past decades had clearly demonstrated the structural imbalances and inequities inherent in the existing international economic system and its inadequacy to deal with problems of development.

12. They strongly urged that determined efforts should be made by the international community towards realization of the goals and targets of the International Development Strategy as well as the Substantial New

Programme of Action for the Least Developed Countries. They called for urgent resumption of the North-South dialogue and early convening of an International Conference on Money and Finance for Development with universal participation.

13. The Heads of State and Government were conscious of the historic importance of the Dhaka Summit and reiterated their conviction that the launching of the South Asian Association for Regional Cooperation (SAARC), which they had established at this meeting, would place regional cooperation on a firm foundation, play an important role in accelerating the pace of economic and social development of their countries, promote the objectives of individual and collective self-reliance and further the cause of peace, progress and stability in their region and the world.

14. The Heads of State or Government of Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka were deeply appreciative of the exemplary Chairmanship of their Meeting by the President of Bangladesh. They expressed their profound gratitude for the warm and gracious hospitality extended to them by the Government and the people of Bangladesh and for the excellent arrangements made for the meeting.

BANGALORE DECLARATION

The Bangalore Declaration of the Heads of State or Government of the member countries of the South Asia Association for Regional Cooperation issued on November 17, 1986.

The President of Bangladesh, the King of Bhutan, the Prime Minister of India, the President of Maldives, the King of Nepal, the Prime Minister of Pakistan and the President of Sri Lanka assembled at the second SAARC Summit in Bangalore on 16 and 17 November, 1986.

2. The Heads of State or Government reiterated their desire of promoting peace, stability, amity and progress in the region through strict adherence to the principles of the United Nations Charter and Non-alignment, particularly respect for the principles of sovereign equality, territorial integrity, national independence, non-use of force and non-interference in the internal affairs of other States and peaceful settlement of disputes.

3. The Heads of State or Government reaffirmed the will of their peoples and Governments to work together in accordance with the SAARC Charter to devise common policies and approaches for finding common solutions to the shared problems that all of them face. They stressed that mutual trust, goodwill and understanding must

animate their cooperative effort under SAARC. Progress and prosperity in each country would redound to the benefit of others. This was what constituted the SAARC spirit.

4. The leaders reaffirmed that the principal goal of SAARC was to promote the welfare of the peoples of South Asia, to improve their quality of life, to accelerate economic growth, social programmes and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potential.

5. The Heads of State or Government recalled that the countries of South Asia had been linked by age-old cultural, social and historical traditions. These had led to enriching interaction of ideas, values, culture and philosophies. These commonalities constituted solid foundations for regional cooperation for addressing more effectively the economic and social problems.

6. The Heads of State or Government recalled that the South Asian Association for Regional Cooperation was the most populous regional grouping in the world. The Countries of the region had large, rich and varied human and natural resources. They expressed their determination to achieve the optimum utilization of these resources by intensifying their cooperation, bearing in mind the immense present and potential complementarities

among their economies. They recognised that this would require increasing exchange among their countries, on the basis of mutual benefit, of ideas, experience and technology as well as goods and services, which utilize and enhance the productive capacity of each of their countries and build their collective self-reliance. They were convinced that the countries of South Asia which had been the cradle of human civilization and culture could, acting together cooperatively and cohesively, once again play their due role in the comity of nations.

7. The Heads of State or Government reiterated the great importance of the increasing involvement of the people for ensuring the success of regional cooperation. They emphasized the need for promoting greater contacts among the peoples of the region through such action as regular and frequent interchange of scholars, academics, artists, authors, professionals and businessmen as well as facilitation of tourism.

8. The Heads of State or Government noted with satisfaction that considerable progress had been achieved in the implementation of the SAARC Integrated Programme of Action. They expressed their firm commitment to consolidate and streamline further the implementation of the IPA. They agreed that a progressive movement towards more concrete and action-oriented projects and programmes was essential to ensure more

tangible benefits from SAARC to the peoples of the region. The Heads of State or Government emphasized the importance of expanding cooperative endeavours under SAARC. They welcomed the establishment of the Technical Committees on Women in Development, and on the Prevention of Drug Trafficking and Drug Abuse.

9. The Heads of State or Government welcomed the signing of the Memorandum of Understanding on the establishment of the SAARC Secretariat by the Council of Ministers and their decision to locate the Secretariat in Kathmandu and appoint Ambassador Abdul Ahsan of Bangladesh as the first Secretary General of SAARC. They were convinced that the establishment of the Secretariat would assist in the coordination of SAARC activities and more fruitful implementation of its programmes and projects.

10. The Heads of State or Government recognised that the meeting of the needs of all children was the principal means of human resources development. Children should therefore, be given the highest priority in national development planning. The Heads of State or Government underlined the importance of enhancing public consciousness and building a national political consensus on the rights of the children. In this context they called

for an early conclusion and adoption of the UN Convention on the Rights of the Child. They subscribed to the goals of universal immunization by 1990, universal primary education, material and child nutrition, provision of safe drinking water and adequate shelter before 2000 A.D. They also believed that it should be possible to ensure at the end of the century, that no child need die or be denied development, for reasons of material poverty in the family. They directed the Standing Committee to undertake annual reviews of the situation of children in the SAARC countries, monitoring of programmes and exchange of experience.

11. The Heads of State or Government agreed that cooperation among SAARC States was vital if terrorism was to be prevented and eliminated from the region. They unequivocally condemned all acts, methods and practices of terrorism as criminal and deplored their impact on life and property, socio-economic development, political stability, regional and international peace and cooperation. They recognized the importance of the principles laid down in UN Resolution 2625 which among others required that each State should refrain from organizing, instigating, assisting or participating in acts of civil strife or terrorist acts in another State or acquiescing in organized activities within its territory directed towards the

commission of such acts.

12. The Heads of State or Government expressed their concern at the crisis facing the United Nations system. They reiterated their deep commitment to the purposes and principles of the United Nations Charter and their support for and faith in the United Nations as the most important international forum for addressing issues of peace, disarmament and development and an essential instrument for bringing about justice and equity in international political and economic relations. They resolved to concert their efforts in all multi-lateral fora within the United Nations system to preserve and strengthen the Organisation and to prevent erosion of its role, functions and principles.

13. The Heads of State or Government reiterated their deep commitment to the principles and objectives of the Non-aligned Movement and underlined the historic role the Movement had been playing in strengthening international peace, promoting development, establishing equitable and just economic relations and strengthening international co-operation in all fields. The success of the Harare Summit of the Non-aligned countries was yet another demonstration of the strength and unity of the Movement and the increasing respect that it had come to command in the international community. They affirmed full support for the decisions adopted at the Summit and called for their early implementation.

14. The leaders of the South Asian countries were convinced that an environment of peace, security and respect for international law was essential for their growth and stability. Unfortunately, this environment had become increasingly adverse for the pursuit of these cherished goals. The international political scene was marred by strife and tension due to Great Power policies and practices of domination and intervention as well as the increased resort to the threat or use of force, aggression, occupation, pressure, economic coercion and interference in flagrant violation of the principles and purposes of the Charter of the United Nations. The arms race, particularly the nuclear arms race, and escalated to a point where it jeopardizes the most fundamental of all human rights - the right to live.

15. The Heads of State or Government noted with deep disappointment that the promise held out by the Reykjavik Summit could not be realized. They, however, noted with satisfaction that the proposals made at the Summit were still on the table. They expressed the earnest hope that the negotiations would be resumed without delay so that a decisive step could be taken towards realizing the ultimate goal of eliminating nuclear weapons altogether. The Heads of State or

Government called for the early conclusion of a Comprehensive Test ban Treaty.

16. The Heads of State or Government were deeply concerned that the world economy continued to be in the throes of crisis, with particularly harsh and severe consequences for the economies and development prospects and aspirations of the developing countries. They endorsed the Declaration of the SAARC Ministerial Meeting on International Economic Issues held in Islamabad and its analysis of the exceptionally adverse external economic environment which retards the development of the South Asian and other developing countries. These negative factors include depressed commodity prices, rising protectionism, global recession, lower export earnings, net outflow of financial resources from developing countries and an aggravated debt crisis.

17. The Heads of State or Government noted that the rates of growth in the developed countries had turned out to be much lower than what was earlier projected and that the projection for future growth in these countries was not all encouraging. They expressed their concern at the implications of these trends for the development prospects of the developing countries. They welcomed the recent recognition by the developed countries that the chronic problems of massive payment

imbalances, high interest rates, unstable exchange rates and high unemployment are structural in nature. in view of global interdependence, the coordination of macro-economic policies, contemplated at the Tokyo Summit of the seven major industrialized countries, cannot be effective in achieving sustained global economic growth unless it encompasses the developing countries.

18. The leaders urged that the recent retreat from multilateralism should be urgently reversed through a revival of the North-South dialogue which is responsive to the changed circumstances in the world economy. This must include a process of reform of monetary and financial system, through an International Conference on Money and Finance for Development, and urgent measures for preserving and strengthening the multilateral trading system. In this search for revival of global growth, priority must be accorded to exploiting the vast potential for expanded production, consumption and trade which exists in the developing countries. In all these endeavours, high priority should be accorded to supporting the development of the least developed countries, in particular, through the full and effective implementation of the Substantial New Programme of Action for the Least Developed Countries for the 1980s.

19. The Heads of State or Government noted with satisfaction that at the SAARC Ministerial Meeting on International Economic Issues a number of priority

objectives of the SAARC countries have been identified. These include: enlarged concessional assistance, the doubling in three years of the financial flows for the development of developing countries, amelioration of official debts, trade liberalization, especially in textiles and agriculture, commodity price stabilization, transfer of technology and special treatment for least developed SAARC countries. The Heads of State or Government agreed that the SAARC members should closely and regularly consult and cooperate in relevant international economic conferences and institutions in order to promote the above mentioned objectives. They recognised that an important opportunity in this context would be provided by UNCTAD VII.

20. The Heads of State or Government were of the view that the forthcoming New Round of Multilateral Trade Negotiations posed a challenge for their countries as well as an opportunity to accelerate their development through the expansion of their exports. They underlined the importance of the effective implementation with immediate effect and continuance until the formal completion of the negotiations, of the commitment to observe a standstill on protectionist measures and to roll these back under multilateral surveillance. They also expected that the principles

of transparency and differential and more favourable treatment for the developing countries would be applied systematically and in concrete terms in the negotiations. They decided to concert their positions in these negotiations with a view to deriving maximum benefits from them in accordance with their national objectives and priorities.

21. The Heads of State or Government expressed their conviction that the Bangalore Summit had helped in consolidating the gains of regional cooperation activities so far undertaken by SAARC while, at the same time, exploring new avenues and possibilities for such cooperation. The Bangalore Summit had made a significant contribution to strengthening and streamlining the institutional basis for such cooperation.

22. The Heads of State or Government reiterated their determination and will to expand and strengthen their cooperation under SAARC. They underlined their belief that SAARC reflected a resurgence of the South Asian consciousness which had inspired the peoples of this region over several millenia. The leaders expressed their deep conviction that South Asian regional cooperation would not only have a salutary effect on bilateral relations between the countries of the region, but also impart strength and stability to these relations.

23. The Heads of State or Government of Bangladesh, Bhutan, Maldives, Nepal, Pakistan and Sri Lanka were deeply appreciative of the exemplary manner in which the Prime Minister of India discharged his responsibilities as Chairman of the Meeting. They expressed their profound gratitude for the warm and gracious hospitality extended to them by the Government and people of India and for the excellent arrangements made for the Meeting.

KATHMANDU DECLARATION

The President of Bangladesh, the King of Bhutan, the Prime Minister of India, the President of Maldives, the King of Nepal, the Prime Minister of Pakistan and the President of Sri Lanka assembled for the Third Summit of the South Asian Association for Regional Cooperation (SAARC) in Kathmandu from 2-4 November, 1987.

2. The Heads of State or Government recalled with pleasure the launching of SAARC which marked the beginning of a new era of regional cooperation for the promotion of peace and progress, mutual trust and goodwill in South Asia and underlined the importance of annual meetings at their level, as a prime mover, in consolidating and accelerating the pace and process of overall social, economic and cultural development in the region. They renewed their commitment to the SAARC Charter. They reiterated their desire of promoting peace, stability, amity and progress in the region through strict adherence to the principles of the United Nations Charter and Non-alignment, particularly respect for the principles of sovereign equality, territorial integrity, national independence, non-use of force and non-interference in the internal affairs of other States and peaceful settlement of disputes.

3. The Heads of State or Government emphasized that a fundamental goal of SAARC was to promote the welfare of the peoples of South Asia and to provide them with the opportunity to live in dignity and realise their full potential. They were conscious of the formidable tasks ahead of eradicating poverty, hunger, disease, illiteracy and unemployment and alleviation of environmental degradation facing South Asia today. They were convinced that the peoples and governments of South Asia could, acting in unison, surmount these challenges,

4. The Heads of State or Government expressed their faith in and commitment to the principles and purposes enshrined in the United Nations Charter. They further believed that the United Nations has an important role to play in promoting universal trust, understanding and concerted actions for the attainment of lasting peace, global development and general disarmament. They reiterated their concern at the crisis facing the United Nations. They expressed their commitment to the multilateral negotiating process and called upon all states to help strengthen the UN system. They reaffirmed their belief that SAARC will reinforce this process by promoting South Asian cooperation.

5. The Heads of State or Government also reaffirmed their deep commitment to the principles and objectives of the Non-Aligned Movement. They underscored the validity of its philosophy and the historic role the Movement has been playing and continues to play in strengthening world peace and harmony as well as in promoting development with justice and equity. They also noted that institutionalization and strengthening of regional cooperation in South Asia had further nurtured the spirit of South-South cooperation on the basis of mutual respect, equity and common benefit. They expressed satisfaction over the result of the Ministerial Conference on Non-aligned Countries held in Pyongyang in June 1987 and urged the Non-aligned and other developing countries to take action to implement effectively the Pyongyang Declaration and Plan of Action on South-South Cooperation.

6. The Heads of State or Government recognised that the external environment had a critical bearing on the development of the economies of the South Asian Region. They noted with deep concern that growth in the world economy had again slowed down with adverse consequences for South Asia and other developing countries, especially for the least developed and landlocked countries. They observed that equitable participation of the developing countries in international trading and economic systems and in arrangements for the coordination

of global macro economic policies was essential for enhancing prospects and performance of the world economy.

7. The South Asian leaders noted that the world economy had long suffered from a structural disequilibrium. The pace of global economic expansion had further slowed down. The downward trend in commodity prices had continued. The net export earnings had fallen aggravating payment imbalances in developing countries. The terms of trade had further deteriorated with enormous losses to developing countries. At the same time, the diminishing financial flows to developing countries remained unchanged with contraction in new lendings and growing burden of debt servicing. In fact there had been a reverse flow of resources from developing to developed countries. The trade conflicts had also sharpened with the rise of protectionism thus further weakening the international trading system and eroding the principle of special and differential treatment in favour of developing countries.

8. The Heads of State or Government reiterated the urgent need for resumption of North-South Dialogue with a view to promoting coordinated action by developed and developing countries to channel trade surpluses for development, revive growth in flagging economies, overcome debt difficulties, expand export access to the developing countries and stabilise commodity prices, regulate capital flows and exchange rates more closely, and provide emergency relief and

assistance to the poorest countries. They called for an early convening of the International Conference on Money and Finance for Development. They also stressed the need for preserving and liberalizing the multilateral trading system with renewed efforts both within and outside the GATT Uruguay Round of Multilateral Trade Negotiations. They also underscored the importance of the developed countries fully respecting the commitments made in Punta del Este on "standstill and rollback" and called for the early and effective implementation of this commitment. The Heads of State or Government also reviewed the outcome of UNCTAD VII. They hoped that UNCTAD would play an increasingly effective role in promoting harmonious and equitable international economic relations.

9. The Head of State or Government reaffirmed the need for special measures in favour of the least developed countries in order to strengthen their resource capabilities and structural transformation and urged the international community, in the light of recent decisions at UNCTAD VII, to speed-up tangible assistance including increased resource flows to these countries within the framework of the Substantial New Programme of Action (SNPA) for the Least Developed Countries for 1980s.

10. The Heads of State or Government expressed concern at the deteriorating international political environment which was due to great power policies and practices of

domination and intervention as well as the increased resort to threat or use of force, aggression, occupation, pressure, economic coercion and interference in violation of the principles and purposes of the Charter of the United Nations. These destabilising measures were creating a climate detrimental to the policies of peace, goodwill, stability, prosperity and respect for each other.

11. The Heads of State or Government believed that the escalation in military expenditure was a major constraint on world development. In this regard they noted that the UN Conference on Disarmament and Development had clearly established a link between disarmament and development and had provided a valuable framework for future action in this vital area.

12. They welcomed the understanding reached between the United States and the Soviet Union on Intermediate Nuclear Forces. This should be a precursor of further accords between them to reduce drastically their strategic nuclear missiles and to refrain from extending the arms race to Outer Space. They called for the early conclusion in the Geneva Conference on Disarmament of a Comprehensive Test Ban Treaty and a Convention to ban Chemical Weapons. They declared their intention to continue their efforts to contribute to the realisation of the objective of halting the nuclear arms race and

eliminating nuclear weapons. They declared their resolve to support every effort to conclude a treaty prohibiting vertical and horizontal proliferation of nuclear weapons.

13. The Heads of State or Government expressed their deep concern at the fast and continuing degradation of the environment, including extensive destruction of forest, in the South Asian region. They also noted that South Asia was afflicted with such natural disaster as floods, droughts, landslides, cyclones, tidal waves which have had a particularly severe impact recently, causing immense human suffering. At the same time they expressed concern over the danger posed by the global sea level rise and its effects on South Asian Countries. These natural disasters and the degradation of environment were severely undermining the development process and prospects of the member countries. They, therefore, decided to intensify regional cooperation with a view to strengthening their disaster management capabilities. They also decided to commission a study for the protection and preservation of the environment and on the causes and consequences of natural disasters in a well-planned comprehensive framework. They entrusted the Secretary General with this task.

14. The Heads of State or Government reaffirmed their conviction that the region being most populous in the world and having age-old socio-cultural links,

rich and varied human and natural resources, offered immense scope and potential for regional cooperation and that the growing interaction among its people had added stimulus towards this end. They reiterated their determination to pursue their individual and collective efforts for the optimal utilisation of the vast human and untapped natural and other material resources.

15. The Heads of State or Government reviewed with satisfaction the progress made so far in the implementation of the SAARC Integrated Programme of Action and emphasised the need to further consolidate and streamline the process. They were conscious of the need to exercise greater discretion in the selection of activities in different sectors. They took note of the criteria and procedures relating to administrative structuring and financing of regional institutions endorsed by the SAARC Council of Ministers. They directed that the establishment of such regional institutions should proceed only after taking into account their viability and benefits to the member countries with due consideration to economy and efficiency.

16. The Heads of State or Government expressed satisfaction at the launching of the SAARC Audio Visual Exchange Programme coinciding with the opening of the Third SAARC Summit in Kathmandu. While taking note of the dates for the institution of the SAARC Chairs,

Fellowships and Scholarships and the commencement of Organised Tourism among SAARC member countries, they directed that the schemes for the SAARC Documentation Centre and the SAARC Youth Volunteer Programme be implemented at the earliest.

17. The Heads of State or Government noted with satisfaction the signing of the Agreement establishing a South Asian Food Security Reserve and expressed confidence that this will provide a much-needed cushion against food shortages and scarcity situations in the region.

18. The Heads of State or Government expressed happiness at the signing of the SAARC Regional Convention on Suppression of Terrorism and considered it a historic step towards the prevention and elimination of terrorism from the region. In this regard, they also reiterated their unequivocal condemnation of all acts, methods and practices of terrorism as criminal and expressed their abhorrence of their impact on life and property, socio-economic development, political stability, regional peace and cooperation.

19. The Heads of State or Government reaffirmed their agreement to expand SAARC activities in other concrete areas of cooperation in order to ensure more tangible benefits from SAARC to the peoples of the

the region. They were convinced that regional cooperation could be consolidated and expanded on the basis of growing regional complementarities and inter-dependence. They believed that the SAARC long-term perspective should, therefore, focus on measures to expand and strengthen such areas of regional complementarities and inter-dependence not only through formulation and implementation of more concrete and action-oriented programmes but also through coordination of national policies and approaches for finding common solutions to their common problems.

20. The Heads of State or Government welcomed the first annual review of the Situation of Children in the SAARC member countries. They reiterated their commitment made in the Bangalore Declaration to accord highest priority to the needs of children in national development planning and emphasised that more intensified action should be taken for the welfare and well-being of children. They further reiterated their call for an early conclusion and adoption of a United Nations Convention on the Rights of the Child.

21. The Heads of State or Government expressed their satisfaction at the establishment of the SAARC Secretariat in Kathmandu, strengthening further the process of regional cooperation in South Asia. They expressed their gratitude to His Majesty King Birendra Bir Bikram Shah Dev for most graciously inaugurating the SAARC Secretariat.

22. The Heads of State or Government were conscious of the aspirations of the peoples of South Asia to communicate and cooperate with each other at the people-to-people level. They recognised that academics, researchers, non-governmental organisations and others have an important role to play in promoting the SAARC spirit and giving impetus to regional programmes and projects. They further observed that the interest and enthusiasm so far demonstrated by the increased interactions and exchange of information at the inter-governmental level should be capitalised and translated into tangible programmes and projects. They recognised the vast potential for the generation of friendship, goodwill and trust through interactions between the peoples which would foster harmonious relations in South Asia.

23. The Heads of State or Government expressed their deep conviction that the Kathmandu Summit has further consolidated the gains of SAARC and given a renewed thrust and direction to the future course of regional cooperation. They were also convinced that the Kathmandu Summit has helped to create an atmosphere conducive to strengthening this process, besides generating further goodwill and friendship among the member countries in the larger interest of the region.

24. The Heads of State or Government were convinced that SAARC should be increasingly oriented to the people's needs and aspirations so that the masses of the region could be drawn to a greater extent into the mainstream of SAARC activities. This, they firmly held, would help bring about a qualitative improvement in the general atmosphere of the region contributing to peace, friendship and cooperation in the area.

25. The Heads of State or Government reiterated their firm commitment to the spirit and objectives with which the South Asian Association for Regional Cooperation was launched and reaffirmed their determination to work, individually and collectively, towards the attainment of these objectives.

26. The Heads of State or Government of Bangladesh, Bhutan, India, Maldives, Pakistan and Sri Lanka were deeply appreciative of the exemplary manner in which His Majesty the King of Nepal discharged his responsibilities as Chairman of the Meeting. They expressed their profound gratitude for the warm and gracious hospitality extended to them by His Majesty's Government and the people of Nepal and for the excellent arrangements made for the Meeting.

ISLAMABAD DECLARATION

The Islamabad Declaration of the Heads or Government of the member countries of the South Asian Association for Regional Co-operation issued on December 31, 1988.

The President of Bangladesh, the King of Bhutan, the Prime Minister of India, the President of Maldives, the King of Nepal, the Prime Minister of Pakistan and the President of Sri Lanka met at the Fourth Summit of the South Asian Association for Regional Co-operation at Islamabad from 29-31 December, 1988.

2. The Heads of State or Government expressed their deep satisfaction at the progress achieved by the Association since the last summit. They reiterated their commitment to the SAARC Charter and renewed their determination to cooperate in promoting the welfare of the peoples of South Asia and to improving their quality of life by eradicating poverty, hunger, disease, illiteracy, unemployment and environmental degradation.

3. They recalled that their countries were linked by cultural, social and historical ties and they had at their disposal substantial human and natural resources.

They recognised that these provided a sound basis as well as immense opportunities for regional co-operation. They therefore expressed their determination to make optimal use of their resources for the benefit of their people by working jointly to pursue their shared objectives. They were aware that by acting in concert they could realise the full potential for regional progress, taking into account complementarities and growing inter-dependence.

4. The leaders endorsed the decision of the Council of Ministers that any country in the region subscribing to the objectives and principles of the SAARC Charter may be admitted as a member of the Association by a unanimous decision of the Heads of State or Government.

5. The Heads of State or Government expressed satisfaction at the progress so far made in the implementation of the SAARC Integrated Programme of Action. They underlined the need for closer co-operation in the activities undertaken under this programme. They took note of the measures to streamline and re-orient various SAARC activities to make them more action-oriented so as to improve the quality of life of their peoples. They directed that the Secretary-General may submit recommendation to the Standing Committee which should

in turn decide how to streamline SAARC activities and make them more effective. They welcomed the establishment of the SAARC Agricultural Information Centre (SAIC), as well as the steps being taken for the establishment of other regional institutions.

6. The Heads of State or Government lauded the smooth functioning of the SAARC Audio Visual Exchange (SAVE) programme which had proved to be a useful medium for promoting a South Asian consciousness amongst the peoples of the region. They decided that SAVE programmes should also emphasise social, economic and technical themes. They also noted with satisfaction the successful launching of the Youth Volunteers Programme and the SAARC Chairs, Fellowships and Scholarships Scheme. They decided that education may be included as an agreed area of co-operation.

7. The Heads of State or Government expressed satisfaction that the South Asian food security reserve had become operational on 12 August, 1988. The preserve would serve as a cushion against food shortages and was a tangible manifestation of the spirit of cooperation in the region.

8. The Heads of State or Government noted with satisfaction that the SAARC Convention on Supression of Terrorism had been ratified and had come into effect on 22 August,

1988, thus reflecting the sincere desire on the part of the member-States to enter into meaningful co-operation to eliminate the scourge of terrorism from the South Asian region. They called for the adoption of enabling measures by member-States to implement the convention at the earliest.

9. The Heads of State or Government expressed grave concern over the growing magnitude and the serious effects of drug abuse, particularly among young people, and drug trafficking. They recognised the need for urgent and effect measures to eradicate this evil and decided to declare the year 1989 as the "SAARC Year for Combating Drug Abuse and Drug Trafficking". They agreed to launch a concerted campaign, as suited to the situation in their respective countries, to significantly augment SAARC efforts to eliminate drug abuse and drug trafficking. These included closer co-operation in creating a greater awareness of the hazards of drug abuse, exchange of expertise, sharing of intelligence information, stringent measures to stop trafficking in drugs and introduction of more effective laws. They directed that the Technical Committee concerned should examine the possibility of a regional convention on drug control.

10. The Heads of State or Government expressed their deep sense of sorrow and profound sympathy at the loss of valuable lives and extensive damage to property suffered

during the year by Bangladesh, India, Nepal and Pakistan as a result of unprecedented floods, cyclones and earthquakes. In this connection, they recalled their earlier decision at Kathmandu in November, 1987, to intensify regional co-operation with a view to strengthening their disaster management capabilities and took note of the recommendations of the meeting of the SAARC Group of Experts on the study on the causes and consequences of natural disasters and the protection and preservation of the environment, that met in Kathmandu in July, 1988. They expressed the conviction that identification of measures and programmes as envisaged by the Group of Experts would supplement national, bilateral, regional and global efforts to deal with the increasingly serious problems being faced by the region as a result of the recurrence of natural disasters and the continuing degradation of the environment. They urged that the study should be completed in the shortest period of time so that it could provide a basis for the member-countries to draw up an action plan for meaningful co-operation amongst the member-States. They decided that a joint study be undertaken on the "greenhouse effect" and its impact on the region.

11. The Heads of State or Government noted with satisfaction that modalities for studies to be carried out for co-operation in the areas of trade, manufactures

and services had been worked out by a Group of Experts, which met in Islamabad recently. They emphasised the need for the completion of the studies within the agreed time schedule. They directed that the fourth meeting of planners should examine the possibility of co-operation in agreed areas of trade, manufactures and services, which would promote the objectives of meeting the basic needs of the people of the region. The report of the planners should be considered at the next Council of Ministers meeting, with a view to making specific recommendations to the next summit.

12. The Heads of State or Government reviewed the progress on the situation of children in SAARC countries. They reiterated their commitment made in the Bangalore Declaration to accord the highest priority to the needs of children in national development planning and stressed that the concept of human resource development should lay particular emphasis on the welfare and wellbeing of children, especially in the literacy and health spheres. They called for the conclusion and adoption of the U.N. Convention on the Rights of the Child in 1989. They decided to declare 1990 as the "SAARC Year of the Girl Child".

13. The Heads of State or Government noted with satisfaction the effective functioning of the SAARC Secretariat and its role in co-ordinating SAARC

activities. They also noted that a headquarters agreement had been signed between Secretariat and the host Government. They thanked His Majesty's Government of Nepal for the assistance and co-operation extended to the Secretariat.

14. The Heads of State or Government noted that the decision to involve regional NGOs or professional bodies in SAARC activities, taken at the 5th session of the Council of Ministers, pursuant to the direction given by the Kathmandu Declaration, was an important step towards the promotion of people-to-people contact which has always been emphasised by the Association.

15. The Heads of State or Government stressed the need for closer and more frequent contacts among the peoples of SAARC. As a beginning, they decided that Supreme Court Judges and Members of the National Parliaments of each member State would be entitled to a special SAARC travel document which would exempt them from visas. They further directed the Council of Ministers to examine what other categories of persons should be given this facility and to submit their recommendations.

They further noted with satisfaction the mandate given to the Secretary General by the Council of Ministers at its 5th Session on the question of contacting organisations with similar aims and purposes.

16. The Heads of State or Government expressed their determination to give concrete shape to the objectives of SAARC. IN this context they emphasised the need to progressively carry out SAARC activities within a broad framework of a long-term perspective and to harmonize their efforts to ensure tangible benefits to the peoples of South Asia as a whole. They were conscious of the fact that all South Asian countries faced problems in varying degrees in areas such as food, clothing, shelter, education, primary health care, population planning and environmental protection. Towards this end they were of the view that all member states should identify areas of core interest in their national perspective plans or prepare such plans and consolidate them into a regional plan to be called "SAARC-2000-A Basic Needs Perspective", with specific targets to be met by the end of the century.

17. They recognised that Human Resources Development is one of the means of realising these objectives. In this context they welcomed the offer of the Government of Pakistan to host a Centre for Human Resource Development and directed the Secretary-General to set up a Group of Experts from member states to examine the proposal on the basis of a paper to be prepared by the Government of Pakistan and to submit its recommendations to the Standing Committee.

18. The Heads of State or Government reaffirmed their abiding commitment to the purposes and principles enshrined in the UN Charter, particularly those enjoining respect for the sovereign equality, territorial integrity and national independence, non-use or threat of use of force, non-interference in the internal affairs of other states and peaceful settlement of all disputes. They reiterated their faith in the United Nations as the most important forum for the maintenance of international peace and security and for the promotion of international co-operation aimed at the progress and prosperity of mankind.

19. The Heads of State or Government noted with satisfaction the relaxation of global tensions through intensified Superpower dialogue on a broad range of international issues and welcomed the progress towards the resolution of protracted regional disputes and conflicts. They agreed that these developments had enhanced the prospects for disarmament, security, peace and progress for all peoples of the world. They appreciated the important role played by the United Nations in bringing about these positive changes in the international political environment. They also called upon all States to strengthen the capacity of the U.N. system in all respects to achieve the purposes of the U.N. Charter.

20. The Heads of State or Government reiterated their deep commitment to the principles and objectives of the Non-Aligned Movement as an important force for strengthening world peace and harmony as well as for promoting development with justice and equity. In this context they expressed satisfaction over the results of the Ministerial Conference of the Non-Aligned Movement held in Cyprus in September 1988 and expressed the hope that the decisions of the Conference would contribute to the reduction of tensions and to the promotion of development. They hoped that the current discussions on the improvement in the methodology of the Non-Aligned Movement would result in strengthening the movement and enable it to play its role with greater effectiveness.

21. The Heads of State or Government believed that the escalation in military expenditure was a major constraint on world development. In this regard they noted that the U.N. Conference on Disarmament and Development had clearly established a link between disarmament and development and had provided a valuable framework for future action in this vital area. They urged that resources saved through disarmament measures should be diverted in particular to developing countries for development.

22. They welcomed the agreement between the United

States and the Soviet Union on Intermediate Nuclear Forces. They hoped this would be a precursor to further accords to reduce strategic nuclear arsenals drastically and to prevent an arms race in Outer Space. They called for the early conclusion in the Geneva Conference on Disarmament of a Comprehensive Test Ban Treaty and a Convention to Ban Chemical Weapons. They declared their intention to continue their efforts to contribute to the realisation of the objective of halting the nuclear arms race and eliminating nuclear weapons. They declared their resolve to support every effort to conclude a treaty prohibiting vertical and horizontal proliferation of nuclear weapons.

23. The Heads of State or Government noted with deep concern the continued structural disequilibrium from which the world economy had long suffered. This had resulted in slower growth in the developing countries, downward trends in commodity prices, decline in the net export earnings of the developing countries and deterioration in their terms of trade. These developments combined with the overwhelming debt burdens, the reverse financial flows from the developing to the developed countries and the sharp rise of protectionism in the developed world had further aggravated the economic difficulties of the developing countries.

24. The Heads of State or Government emphasised the

the interdependent character of the economies of the developed and the developing countries. They called for the resumption of the North-South dialogue with a view to restructuring the international economic system and to establishing the New International Economic Order based on justice and equity. They called for co-ordinated actions by the developed and the developing countries to increase the net flow of developmental assistance, overcome debt difficulties, expand the access of the developing countries to the markets in developed countries, arrest the deterioration in terms of trade of the developing countries and stabilize commodity prices.

25. The Heads of State or Government reiterated the need for preserving and liberalising the multilateral trading system with renewed efforts both within and outside the Uruguay Round of Multilateral Trade Negotiations. They also underscored the importance of the developed countries fully respecting and implementing the commitments made in Punta del Este on "standstill and rollback" arrangements. They expressed concern that on account of differences between major trading entities on the question of agricultural subsidies, the Montreal Meeting on the mid-term review of the Uruguay round was inconclusive. They particularly regretted that there was no progress in the negotiations on issues of major interest to developing countries such as trade

in textiles and a Safeguard System. They were disappointed that on some of the issues of internal to developing countries on which there was agreement, particularly tropical products, it would not be possible even to implement the decisions taken from the beginning of 1989 as envisaged. They emphasised that the development dimension must be taken into account in the negotiations on new issues, particularly services and intellectual property rights. They agreed to take concerted action to this end in the forthcoming negotiations.

26. The Heads of State or Government fully supported the call for the initiation of a comprehensive process for the preparation of an International Development Strategy for the Fourth United Nations Development Decade as well as the proposal of the Group of 77 for convening a Special Session of the General Assembly in 1990 to revive growth and development in the developing countries.

27. The Heads of State or Government reemphasised the need for increased resources flows and special measures in favour of the least developed countries within the framework of the Substantial New Programme of Action (SNPA) for these countries. They supported the convening of a high level United Nations Conference on the least developed countries in 1990 to review progress and formulate national and international policies and measures

for accelerating the development process in the least developed countries during the 1990s, especially in order to help them achieve their long term socio-economic objectives.

28. The Heads of State or Government of Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka expressed their deep appreciation for the exemplary manner in which the Prime Minister of Pakistan chaired the meeting. They expressed their profound gratitude for the excellent arrangements made for the meeting and for the warm and generous hospitality extended to them by the Government and the people of Pakistan.

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