



Integrating South Asia

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If leaders are serious about moving towards closer South Asian integration, they must meet more frequently

"Trade can more than double if appropriate regional agreements on roads, rail, air and shipping are put in place enabling seamless movement" said Praful Patel, the World Bank's Vice-president for South Asia before the 14th SAARC Summit.

He compared trade in the South Asian region to a low hanging fruit which easily can be picked. If barriers were reduced, there would be a potential for \$20 billion trade by 2010 (the same as between India and China today).

The World Bank statement stated that South Asia is the least integrated region in the world; intra-regional trade is less than 2% of GDP, compared to more than 20% for East Asia.

Why? Simply because Pakistan considers the 'K' factor the 'core issue' and business and cooperation will come only after the 'K' issue is settled! This was repeated by Shaukat Aziz, the Pakistan PM when he visited Delhi to attend the SAARC Summit. Pakistan's attitude is the main hurdle to fast growing cooperation in the region today.

Take the example of the most successful (and oldest) case of regional integration, the European Community, which celebrated 50 Years of the Treaty of Rome instituting a Common Market on March 25. When the fathers of Europe Monnet, Schuman or Adenauer decided to set up

a supranational High Authority to pool their national resources after World War II (the experiment was called the European Coal and Steel Community), a similar situation cropped up.

After Schuman's announcement of the scheme (known as the Schuman Plan) on May 9, 1950, questions were raised: should the fiercely independent British be invited to join? Monnet and his colleagues made the attempt for a few weeks, but understood that if they budged to the British demands for more discussions, new conferences, etc., the momentum would be gone and the project would collapse.

Interestingly, the US Secretary of State, Dean Acheson immediately cabled his embassies: *"US welcomes Schuman proposal as imaginative and constructive initiative in field of Eur[ope] economic and political relations."*

He added a very telling comment: *"Also believe possible that situation will develop in which strong US influence should be exerted to avoid watering down of proposal by one participant (British for instance) or to assure retention of favorable economic elements outlined in original Schuman announcement."*

The British were left sitting on the bench. With the US blessing and the determination of the German and French negotiators, the Treaty establishing the Coal and Steel Community was signed on April 18, 1951. Had the French and Germans waited for the British to be ready, there would be no Europe. Today Pakistan constantly dragging its feet and brandishing the 'K' issue, playing a similar role in South Asia. Monnet had told his first five European partners: "Let us just do it, keep the British informed. Whenever they are ready, we will welcome them whole-heartedly."

If the SAARC is to survive as a relevant entity and not as an insignificant body with 8 Head of States giving grand-sounding (and often discordant) annual speeches (the Association has had only 14 Summits in 22 years of existence), India and other neighbours have to tell Pakistan: "Either you participate fully or we go ahead without you, you will always be welcome on board whenever you are ready."

To take again the old European example: on 14 June 1985 an agreement was signed by five European countries (Belgium, France, Germany, Luxembourg, and The Netherlands) near Schengen, a small town in Luxembourg on the border with France and Germany. The *Schengen Agreement* allows for the abolition of systematic border controls between the participating countries. It includes a common policy on the temporary entry of persons (known as the Schengen Visa), the harmonisation of external border controls and cross-border police cooperation.

Again the British and several other nations were not ready. The first five went ahead and today a total of 30 countries – including all European Union states and three non-EU members Iceland, Norway, and Switzerland have signed the agreement, though only 15 have implemented it.

This multi-speed arrangement is even applied inside one agreement: for the Schengen, the United Kingdom participates in police cooperation but not in the common border control and visa provisions. Why can't an à la carte approach be used by the SAARC? Or a new Association should be created with willing partners.

The consensus system is indeed obsolete, just like some 57 years ago in Europe with UK or with Pakistan today in South Asia, it has become synonymous with black mail.

Another serious issue is the ad-hocism of some declarations made by Members-States such the one made by the Sri Lankan President Rajapakse during the Summit. He correctly stated: "while countries, particularly in Europe, have formed regional blocs despite major differences in language, culture, religion and income levels, SAARC has not realized its potential". He went on to propose a single currency "to enhance the productivity of the region and improve trade without barriers".

Apart from the fact that his declaration created an uproar at home, this sort of hurriedly-made statement is pointless. In the case of Europe, it took 41 years after the setting up of the Common Market to begin a Euro Zone. On January 1, 1999, the Euro was launched as the common currency for eleven EU member-states only (today 13 only). Once again the UK was not part of the system. To create a common currency for South Asia will take decades, strong determination from the leaders and a lot of home work.

The Indian PM declared that he wanted the SAARC to move "from a declaratory phase to action and implementation." Well, this is good, but very few, realize the amount of hard work and the constant compromises which are involved in reaching an objective of the magnitude of the one proposed by the Sri Lankan President.

A friend working for the European Commission recently showed me an amusing picture taken during a meeting in Brussels. In the early hours of the morning after an intense night of parleys, two negotiators were sleeping on the carpet, while their colleagues were dozing at a nearby table. These late night marathon discussions are quite well known amongst European bureaucrats.

Are the Joint Secretaries of SAARC nations ready to sleep on the carpet to remove all hurdles towards a closer integration of the

SAARC? Do their political masters have the will to force them to do so?
Doubtful!

The fact that India will allow zero duty access in the country before the end of this year for LDC (least developed countries) neighbours and reduce the sensitive list for these countries is a minuscule step forward, though these "symmetrical responsibilities without insisting on reciprocity" are welcome if followed by concrete goodwill from India's South Asian neighbours.

A positive feature of the concrete South Asian cooperation, without speaking of integration, could be an active rotating presidency for a period of 6 months during which the presidency would call for at least 2 summit meetings and work hard to leave its 'national' imprint on the integration process.

It is certain that if South Asian leaders are serious to advance towards a closer South Asian integration, more meetings will be required. But the main issue facing the subcontinent is that unless the 'original sin' of the partition is, in one way or another, made irrelevant, the SAARC or a new limited avatar will not go very far. The journey towards South Asian integration will be long and arduous, but it has to start one day!