

SAARC: Origin, Growth, Potential and Achievements

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Introduction

The world today is at a turning point. The changes that we are undergoing are global in scope, revolutionary, fundamental and structural in content. As we have entered the 21st century a sense of optimism prevails for attaining peace and prosperity through effective role-play of regional as well as global organizations.

Many view Asia as having a variety of characteristics in common with Europe of the nineteenth century: underdeveloped international institutions, mixed domestic orders, rising nationalism, high but differential growth rates, and bitter, emotional rivalries between insecure neighbours.

The success of states in today's world is not so much measured in terms of capacity for defending borders or creating uniquely national institutions, but in terms of ability to adapt to regional and global trends, promote exports, attract investments, and skilled labour, provide a beneficial environment for transnational companies, build attractive institutions of research and higher learning, wield political influence on the regional and global scene, and also brand the nation culturally in the international market-place.¹

Consequently, regional associations are fast becoming an important and effective new scene for political and economic interaction in the world. In this new environment the importance of regional community and functional groupings has been heightened. Regional, political and religious

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1 Stein Tonnesson, "Globalising National States", *Nations and Nationalism*, No.10, 2004, p.180.

blocs of nations now provide platforms for a number of countries to exercise influence in global affairs.

Interest in greater regional economic integration, fuelled partly by the achievement of an economic union and a single currency in Europe, has grown in different parts of the world. This includes South Asia and the regional organization known as South Asian Association for Regional Cooperation (SAARC), which has announced the goal of attaining an economic union and expressed the desire for a common currency.

SAARC is a fairly recent association, established in 1985 by the seven member states of Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka. These seven countries differ greatly in land area, GDP, and population, although they have similar levels of human and economic development. They also share the unusual feature of having a common border with one another member country.

The objective of this paper is to present some preliminary information relevant to the pattern and process of regional economic integration in the member states under SAARC in the region.

Today world is divided into two major categories. The states whose influence goes beyond a particular region — the world powers — and those whose influence is confined to a particular region — the regional powers.

Globalism

Globalism is defined as a borderless world programme that implies a tendency towards a global social system. Its historical origins reached a new stage in the post-Second World War era since the sense of geographical distance has dramatically changed; some even speak of “the end of geography”. The world is now considered as one global village. Globalization is a new phenomenon. There is an intricate relationship between regionalization and globalization. Compared to regionalism with an impressive theoretical tradition behind it, globalism is a more recent concept in social sciences. Whether its consequences are seen as catastrophic or as the ultimate unification of the world, the concept of globalisation is often used in a rather loose and ideological sense. However, there are also many definitions of regionalism. For the critics, the regionalist trend constitutes a threat to the multilateral system, on the other hand, for the enthusiasts the regionalism could form the basis for an improved multilateral system.

The effectiveness of regional governance arrangements has been recognized since the end of the Second World War. Now regionalism has emerged as one of the dominant themes of World politics in the post-Cold

War era. In this world of globalization, the nature of competition presses towards the formation of larger units, both for economic efficiency and to ensure the political power necessary to bargain effectively over the rules and institutions that govern the world economy. European Union, NAFTA, ASEAN are the examples of state-driven integration policies which are effectively responding to the challenges of international competition. Economic integration that encompasses broad areas of socio-political, economic and cultural links with nations joining together in a forum generally belongs to one or several regions.² The Association of South East Asian Nations (ASEAN), European Union (EU), North American Free Trade Area (NAFTA) are few examples of such integration. The degree of economic integration ranges from preferential trade arrangements (PTA) to free trade area (FTA), customs union (CU), common market (CM) and economic union (EU).³ The study of regionalism lies in the problem of how conflict can be avoided and how cooperation and stability can be maintained.

Regionalism

Regions in international politics are described as ‘a limited number of states linked by a geographical relationship and by a degree of mutual independence’ and could be differentiated according to the level and scope of exchange, formal organizations, and political interdependence.⁴ It involves formal and informal agreements marked by “explicit and implicit principles, norms, rules and decision-making procedures around which actors’ expectations converge in a given area of international relations.”⁵

Regionalization does not come about unless the states in a particular region want it. It may come about through political regime, economic policy or security but often triggers from political events that set the process in motion. The foreign policy and political events identify this change in a state as an actor in regional integration process. Region as a geographical unit is delimited by more or less through natural physical barriers and is marked by ecological characteristics that as social system imply trans-local relations between human groups. Region is organized for cooperation in the cultural, economic, and political and security fields. Region in civil society takes shape when the organizational framework

2 Moazzen Hussain, Iyanlur Islam, Reza Kibra, *South Asian Economic Development: Transformation, Opportunities and Challenges* (London, New York: Routledge, 1999), p.145.

3 *Ibid.*, p.146.

4 J.S. Nye, ed., *Inter Regionalism: Readings* (Boston: Little Brown, 1969), p.viii.

5 Karl W. Deutsch, *The Analysis of Inter Regionalism* (New Delhi: Prentice, 1988).

facilitates and promotes social communication and convergence of values throughout the region. Region has a distinct identity, a legitimate structure of decision-making and actor capability. Crucial areas for regional integration lead to conflict resolution within the member states and help creation of welfare, social security and regional balance. This process is similar to state formation and nation building, and the ultimate outcome is a voluntary evolution of a group of sovereign national, political units into a supranational security community, where sovereignty is pooled for the best of all.

For Deutsch, integration is a relationship among units, which makes them interdependent, and those units produce such properties within the system that they would lack in separate cases.⁶ Cohesion of an integrated system can be measured by its capacity to withstand stress and strain, support disequilibria, and resist disruptions. Thus, strain-survival capacity of an integrated system is directly proportional to its cohesion.⁷

Regional integration was traditionally seen as a harmonization of trade policies leading to deeper economic integration, with political integration as a possible future result. The concept of regionalism refers to a transformation of a particular region from relative heterogeneity to increased homogeneity with regard to a number of dimensions, the most important being culture, security, economic policies and political regimes. The convergence along these four dimensions may be a natural process or a politically steered one or, most likely, a mixture of the two. A certain level of sameness is necessary but not a sufficient condition. Furthermore, all regions are hardly equal in their potential for institutional formation and success. Not only do they vary in their homogeneity by the above criteria, but they also vary immensely in the resources they can bring to bear on the problems of their member states. Changes in political regimes today typically mean democratization and changes in economic policies nowadays normally go in the direction of economic openness. The dynamics of regionalization thus constitute the interaction between these dimensions found at different levels in the world society. On the global level, the changing structure of the world system provides autonomy for the regional actors, as the process of regionalization in itself constitutes a structural change towards multipolarity and globalization. On the level of interregional relations the behaviour of one region affects the behaviour of other regions. European regionalism is, for instance, the trigger of global regionalization, at least in two different ways: one positive, in promoting

6 *Ibid.*, p.212.

7 *Ibid.*, p.213.

regionalism by providing a model, the other negative, in provoking regionalism by constituting a protectionist threat. Thus regions themselves constitute arenas for sometimes competing and sometimes converging national interests for emerging as an effective regional actor.

Origin and Evolution of SAARC

After the analysis of theories of globalism and regionalism, it becomes imperative to find out the rationale for regional cooperation in South Asia. Besides, it is desirable to look at the evolutionary process of regional cooperation in South Asia to assess the pace of regionalism in reaching at its present destination as SAARC. The evolution passed through four phases that include: Conception (1977-80) The Meeting of Foreign Secretaries (1981-83), The Meeting of Foreign Ministers (1983-85), and The Summits (1985-2004).

The first concrete proposal for establishing a framework for regional cooperation in South Asia was made by the late president of Bangladesh, Ziaur Rahman, on May 2, 1980. Prior to this, the idea of regional cooperation in South Asia was discussed in at least three conferences: the Asian Relations Conference in New Delhi in April 1947, the Baguio Conference in the Philippines in May 1950, and the Colombo Powers Conference in April 1954.⁸ Since 1977, the Bangladesh president seemed to have been working on the idea of an ASEAN-like organization in South Asia.⁹ During his visit to India in December 1977, Ziaur Rahman discussed the issue of regional cooperation with the new Indian Prime Minister, Morarji Desai. In the inaugural speech to the Colombo Plan Consultative Committee which met in Kathmandu in December 1977, King Birendra of Nepal gave a call for close regional cooperation among South Asian countries in sharing river waters. President Ziaur Rahman welcomed the King's call during the former's visit to Bangladesh in January 1978. President Ziaur Rahman had also informally discussed the idea of regional cooperation with the leaders of South Asian countries during the Commonwealth Summit in Lusaka (1979) and the Non-Aligned Summit in Havana (1979). However, the Bangladesh president seems to have given a concrete shape to the proposal after his visit to Sri Lanka and discussion with the Sri Lankan president, J.R. Jayawardene, in November 1979. Several factors seem to have influenced President Ziaur Rahman's thinking about establishing a regional organization in South Asia during 1975-1979:

8 Hafeez Malik, ed., *Dilemmas of National Security and Cooperation in India and Pakistan*, (New York: St. Martin's Press, 1993), p.276.

9 Bangladesh launched serious initiatives for regional cooperation in South Asia after its approach to ASEAN for membership was turned down.

(1) change in the political leadership in South Asian countries and demonstration of accommodative diplomacy by the new leaders; (2) Ziaur Rahman's need for Indian support to legitimize his coup d'état regime; (3) an acute balance of payment crisis of almost all South Asian countries which was further aggravated by the second oil crisis in 1979; (4) failure of the North-South dialogues, and increasing protectionism by the developed countries;¹⁰ publication of an extremely useful background report by the Committee on Studies for Cooperation in Development in South Asia (CSCD), identifying many feasible areas of cooperation;¹¹ assurance of economic assistance for multilateral cooperative projects on sharing water resources of the Ganga and Brahmaputra by United States President Jimmy Carter and British Prime Minister James Callaghan during their visit to India, Pakistan and Bangladesh in January 1978; and the Soviet military intervention in Afghanistan in late December 1979 and the resulting rapid deterioration of South Asian security situation. During this critical period, President Ziaur Rahman's initiative for establishing a regional organization which would give the leaders of South Asian countries an opportunity to improve their understanding of one another's problems and to deal with conflicts before they turned into crisis, became much more appealing.

While the Bangladesh proposal was promptly endorsed by Nepal, Sri Lanka, the Maldives and Bhutan, India and Pakistan were sceptical initially. India's main concern was the proposal's reference to the security matters in South Asia. Indian policy-makers also feared that Ziaur Rahman's proposal for a regional organization might provide an opportunity for new smaller neighbours to regionalize all bilateral issues and to join with each other to gang up against India. Pakistan assumed that it might be an Indian strategy to organize the other South Asian countries against Pakistan and ensure a regional market for Indian products, thereby consolidating and further strengthening India's economic dominance in the region. However, after a series of quiet diplomatic consultations between South Asian foreign ministers at the UN headquarters in New York from August to September 1980, it was agreed that Bangladesh would prepare the draft of a working paper for discussion among the foreign secretaries of South Asian countries. The new Bangladesh draft paper, sensitive to India's and Pakistan's concerns, dropped all references to security matters and suggested only non-political and non-controversial areas for

10 See detailed discussion of these events in Muni Anuradha and S.D. Muni, *Regional Cooperation in South Asia* (New Delhi: National Publishing House, 1984), pp.29-31.

11 See Thomas Perry Thornton, "Regional Organization in Conflict Management," *The Annals of the American Academy of Political and Social Science*, Vol.518 (November 1991), p.136.

cooperation. Between 1980 and 1983, four meetings at the foreign secretary level (April 21-23, 1981, Colombo; November 2-4, 1981, Kathmandu; August 7-8, 1982, Islamabad; March 28-30, 1983, Dhaka) took place to establish the principles of organization and identify areas for cooperation. After three years of preparatory discussions at the official level, the focus of discussion shifted to the political level in 1983. The first South Asian foreign ministers' conference was held in New Delhi from August 1-3, 1983, where the Integrated Programme of Action (IPA) on mutually agreed areas of cooperation (i.e., agriculture, rural development, telecommunications, meteorology, health and population control, transport, sports, arts and culture, postal services and scientific and technical cooperation) was launched. The foreign ministers at this conference also adopted a Declaration on Regional Cooperation, formally beginning an organization known as South Asian Regional Cooperation (SARC). Following the New Delhi meeting, three more meetings of the foreign ministers were held at Male (July 10-11, 1984), Thimpu (May 13-14, 1985), and Dhaka (December 5, 1985) to finalize details and determine a date and place for the first meeting of South Asian heads of state. At the Dhaka foreign ministers' meeting, a decision was taken to change the name of the organization from South Asian Regional Cooperation (SARC) to South Asian Association for Regional Cooperation (SAARC). The change in the acronym was based on the thinking that while SARC refers to the process of South Asian Regional Cooperation, SAARC marks the establishment of an association (organization) to promote and develop such cooperation. Finally, the first summit meeting of the heads of state or government of South Asian countries was held at Dhaka from December 7-8, 1985.

Aims and Objectives of SAARC

The South Asian Association for Regional Cooperation (SAARC) comprising Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka is a dynamic institutionalized regional cooperation in South Asia, basically perceived as an economic grouping to work together for accelerating the pace of socio-economic and cultural development.¹²

The objectives of the association as defined in the SAARC Charter are:

- To promote and strengthen collective self-reliance among the countries of South Asia;

12 Verinder Grover, ed., *Encyclopaedia of SAARC (South Asian Association of Regional Cooperation) Nations*, New Delhi, 1997.

- To contribute to develop mutual trust, understanding and appreciation of one another's problem;
- To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;
- To strengthen cooperation with other developing countries;
- To strengthen cooperation among themselves in international forums on matters of common interest; and
- To cooperate with international and regional organizations with similar aims and purposes.

Cooperation in the SAARC is based on respect for the principles of sovereign equality, territorial integrity, political independence, non-interference in internal affairs of the member states and mutual benefit. Regional cooperation is seen as a complement to the bilateral and multilateral relations of SAARC members. Decisions are taken on the basis of unanimity. Bilateral and contentious issues are excluded from the deliberations of SAARC.

Though economic cooperation among South Asian nations was not a new phenomenon yet the quest for economic integration remained inhibited by the colonial heritage of these countries.¹³ Since 1985, SAARC has evolved slowly but continuously both in terms of institutions and programmes. However, it is true that most of the programmes and achievements of SAARC exist on paper. The much talked about SAARC Food Security Reserve could not be utilized to meet the needs of Bangladesh during its worst natural disaster in 1991. It is also true that most SAARC activities are confined to the holding of seminars, workshops, and short training programmes. These activities may be useful, but they do not address priority areas and lack visibility and regional focus so essential for evolving a South Asian identity. Most importantly, SAARC suffers from an acute resource crunch. Unless the organization is successful in mobilizing funds and technical know-how from outside sources, most of its projects cannot be implemented and, thus, its relevance will remain limited.

Salient Features of the Organization Secretariat

The SAARC Secretariat is based in Kathmandu. It coordinates and monitors implementation of activities, prepares for and services meetings,

13 Rehman Sobhan, "Regional Economic Cooperation in South Asia," Pradeep K. Ghosh, ed., *Developing South Asia: A Modernisation Perspective* (Westport, Connecticut, Greenwood Press), p.268.

and serves as a channel of communication between the Association and its member states as well as other regional organizations.

The Secretary General, who is appointed by the Council of Ministers from member countries in alphabetical order for a three-year term, heads the Secretariat. Mr. Q.A.M.A. Rahim from Bangladesh is the current Secretary General. The previous Secretaries General were from Bangladesh, India, Maldives, Nepal, Pakistan and Sri Lanka. The next Secretary General is to be from Bhutan. Seven Directors on deputation from member states assist the Secretary General. The SAARC Secretariat and member states observe 8 December as the SAARC Charter Day.

SAARC Regional Centres

Regional Centres covering Agriculture, Tuberculosis, Documentation, Meteorological Research, and Human Resource Development have been established in different SAARC capitals: SAIC (Dhaka, 1998) STC (Katmandu, 1992) SDC (New Delhi, 1994) SMRC (Dhaka, 1995) SHRDC (Islamabad, 1999) SCC (Kandy, 2004) SCZMC (Malé, 2004) and SIC (Katmandu, 2004). In addition, three new regional centres covering Culture, Coastal Zones Management, and Information are being established.

Summits

Summits which are the highest authority in SAARC, are supposed to be held annually. The country hosting the Summit also holds the Chair of the Association. Bangladesh hosted the Thirteenth Summit in November 2005 at Dhaka as the Chairperson of the Association. India will host the Fourteenth SAARC Summit in 2007 as its Chairman.

South Asia's regional cooperation, international political and economic environment, poverty alleviation, advancing economic cooperation, funding mechanisms, security of small states, combating terrorism, social, natural disasters and environmental challenges as an agenda for third decade of SAARC was also discussed in the Thirteenth Summit. Enhancing people-to-people contact and cultural cooperation, political cooperation and external linkages of SAARC was also discussed.

SAARC member states welcomed the request by the Islamic Republic of Afghanistan for membership and invited Afghanistan as a member, subject to the completion of formalities. SAARC member states also agreed in principle with the desire of the People's Republic of China and Japan to be associated as observers.

The Agreement on Mutual Administrative Assistance in Customs Matters Establishment of SAARC Arbitration Council, and the Limited

Agreement on Avoidance of Double Taxation and Mutual Administrative Assistance in Tax Matters were signed during the thirteenth SAARC Summit

The Council of Ministers comprising Foreign Ministers, meets at least twice a year. Its functions include formulating policy, reviewing progress of regional cooperation, identifying new areas of cooperation and establishing additional mechanisms that may be necessary.

The Standing Committee comprising Foreign Secretaries, monitors and coordinates SAARC programmes of cooperation, approves projects including their financing and mobilizes regional and external resources. It meets as often as necessary and reports to the Council of Ministers.

The Association also convenes meetings at Ministerial Level on specialized themes. The Committee on Economic Cooperation consisting of Secretaries of Commerce oversees regional cooperation in the economic field. During the Twelfth Summit in Islamabad, the SAARC Social Charter was signed in order to address social issues such as population stabilization, empowerment of women, youth mobilization, human resource development, promotion of health and nutrition, and protection of children, which are keys to the welfare and well-being of all South Asians.

South Asian States have adopted Conventions on the Suppression of Terrorism (including Additional Protocol signed in January 2004 in Islamabad), Narcotic Drugs and Psychotropic Substances, Trafficking in Women and Children, and Child Welfare in South Asia. An Agreement on Food Security Reserve is also in place.

During the 12th SAARC summit held in Islamabad the leaders of South Asia reiterated their commitment to form South Asian Economic Union (SAEU). If formed, it will pave the way for more ambitious — but entirely achievable — goals such as a Free Trade Area, an Economic Union, open borders, and a common currency for the region. As President Pervez Musharraf said, “we must expand SAARC charter to discuss bilateral issues at the regional level. There can be no development in the absence of peace. There can be no peace, so long as political issues and disputes continue to fester.”¹⁴

The Twelfth Summit renewed the urgency to deal with poverty in the region. For this purpose, the Summit directed the Independent South Asian Commission on Poverty Alleviation (ISACPA) to submit to the next Summit a comprehensive and realistic blueprint setting out SAARC

14 President Pervez Musharraf’s statement reported by M. Aftab, “Can Safta lead to South Asian Economic Union?” *The News*, 19 January, 2004.

Development Goals for the next five years in the areas of poverty alleviation, education, health and environment.

The Governors of the Central Banks of member states under the auspices of SAARCFINANCE meet regularly to consider cooperation in financial matters. For strengthening cooperation in information and media related activities of the Association, the Heads of National Television and Radio Organizations of member countries meet annually. Similarly, the SAARC Audio-Visual Exchange (SAVE) Committee disseminates information both on SAARC and its Member States through regular Radio and TV Programmes. In the field of education, the Member States cooperate through the forums of SACODiL (SAARC Consortium on Open and Distance Learning) and Heads of Universities Grants Commission/Equivalent Bodies.

Memoranda of Understanding have been signed to promote collaboration with UNCTAD (United Nations Conference on Trade and Development), UNICEF (United Nations Children's Fund), UNDP (United Nations Development Programme), UNESCAP (United Nations Economic and Social Commission for Asia and Pacific), UNDCP (United Nations Drug Control Programme), ITU (International Telecommunications Union), APT (Asia Pacific Telecommunity), WHO (World Health Organization), UNIFEM (United Nations Fund for Women), CIDA (Canadian International Development Agency), EC (European Commission), PTB (German Metrology Institute), WB (World Bank), ADB (Asian Development Bank), UNAIDS (Joint United Nations Programme on HIV/AIDS) and SACEP (South Asia Cooperative Environment Programme).

Regular dialogues with other Regional Organizations such as ASEAN (Association of South-East Asian Nations), ECO (Economic Cooperation Organization) and PIFS (Pacific Islands Forum Secretariat) are held with a view to promoting cooperation among sub-regional organizations.

The Association promotes interaction on multilateral issues of common concern to its members and has identified areas in which collective positions could be projected at international forums. These include trade, finance, environment, agriculture, women and children, information and telecommunications.

Beyond official linkages, SAARC also encourages and facilitates cooperation in private sector through the SAARC Chamber of Commerce and Industry (SCCI), which is a SAARC Apex Body. Other such bodies are SAARCLAW and South Asian Federation of Accountants (SAFA). In addition, the status of SAARC Recognized Bodies has been accorded to professional groups in South Asia including Architects, Management

Development Institutions, University Women, Town Planners, Cardiologists, Dermatologists, Teachers, Writers, Insurance Organizations, Diploma Engineers, Radiological and Surgical Care Societies. The Association of Speakers and Parliamentarians enjoy special recognition by the Heads of State or Government.

Achievements

Several factors such as political, economic, security and potentiality of mutual economic benefit through regionalism seem to have influenced President Ziaur Rahman's thinking about establishing a regional organization in South Asia.¹⁵ SAARC's existence, however, has enabled South Asian political leaders to meet regularly and carry on informal discussions to address their mutual problems. This is no mean achievement given South Asia's past history and low level of interaction among South Asian countries since their independence. Informal talks among the leaders at regularly held SAARC meetings have led to inter-elite reconciliation on many sensitive issues, producing some noteworthy results in South Asia. The informal talks between the Indian and Pakistani Prime Ministers at the second SAARC Summit meeting at Bangalore in November 1986 led to the diffusion of tension between the two countries on the issue of India's military exercise, Operation Brasstacks, on the Indo-Pakistan border, and the India-Sri Lanka talks at the 1987 SAARC foreign ministers' meeting led to their accord on the Tamil problem. As a result of an informal meeting and discussion between Prime Minister of India and Pakistan, Narasimha Rao and Nawaz Sharif, at Davos (Switzerland), in 1992, the Pakistani government took action to prevent the move of the Jammu and Kashmir Liberation Front (JKLF) to cross the ceasefire line in Kashmir later that year. The Davos meeting was possible because of an earlier informal agreement between the two leaders at the sixth SAARC Summit meeting at Colombo in December 1991. Given this utility of SAARC, can the organization grow or expand its role in the coming decades?

The Heads of State or Government during the Ninth SAARC Summit agreed for the first time that a process of informal political

15 Kishore C. Dash, "The Political Economy of Regional Cooperation in South Asia," *Pacific Affairs*, Vol.69, No.2, Summer 1996, p.186.

consultations would prove useful in promoting peace, stability, amity and accelerated socio-economic cooperation in the region. The leaders reiterated this intent during their Tenth and Eleventh Summits in Colombo and Kathmandu respectively also.

The Agreement on SAARC Preferential Trading Arrangement (SAPTA) was signed in 1993 and four rounds of trade negotiations have been concluded. With the objective of moving towards a South Asian Economic Union (SAEU), the Agreement on South Asian Free Trade Area (SAFTA) was signed during the Twelfth Summit in Islamabad in January 2004. SAFTA may enter into force by the end of the year 2006. The Association has carried out Regional Studies on trade, manufactures and services, environment and poverty alleviation, SAFTA and Customs matters.

Since its inception in 1984 there have also been serious differences among member countries over the aims and functioning of SAARC.¹⁶ Such differences have been pronounced in verbal bickerings in several SAARC meetings. This is in the face of the fact that closer social, economic and cultural ties (the espoused ideals of SAARC) are considered the one and only hope for building regional cooperation efforts in South Asia in the coming years. Indeed, increasing rationalization of world trade and the fluidity of the emerging global system has increased trade within each trade bloc and those countries that do not belong to any trade blocs are likely to be the losers.¹⁷ This also provides a strong rationale for sustaining the SAARC vis-à-vis future trade prospects of South Asia.

The assumption that peace can be achieved through SAARC without addressing the political problems of the region has neither been able to cultivate peace nor to invigorate the SAARC process successfully. Though since its very inception it has been regularly able to hold Summit meetings yet there have been interruptions in

16 The main point of debate hinges on the Charter of SAARC which does not allow bilateral issues to be discussed at the regional level summit diplomacy.

17 B.S. Shreekantardhya, "Globalisation of Indian Economy: Strategies and Constraints," S. Murty, *The Changing Indian Economic Order* (New Delhi: Indus Publications, 1993), p.151.

between owing mainly to intrastate conflicts between the member countries.¹⁸

Conclusion

Though the formation of SAARC is a landmark step taken by the leaders of the region, the main rationale behind its establishment is to develop a congenial environment through summit diplomacy where all nations may interact peacefully with each other, cultivate sustainable peace and promote mutual economic well being by harnessing available resources in the region through the peaceful process of economic integration. Nevertheless, after 21 years of establishment, neither South Asian nations have been able to push the process of integration into full swing nor the organization itself has become viable enough to promote peace, harmony and economic integration or prevent conflicts in the region.

The political tensions and conflicts surrounding the countries of a South Asia pose a question of uncertainty and challenge to the formation of South Asian Union at par with European Union that would allow free movement of people; common currency and common foreign and economic policies which ultimately will sow the seeds of peace. In order to achieve the objectives the SAARC would have to evolve into a full-fledged 'regional entity' that can cultivate peace in the region. The realization of durable peace and the future of economic integration through SAARC depend upon the ability and interest of South Asian leaders to resolve domestic as well as long-standing differences through peaceful deliberations.

18 The 11th Summit was interrupted because of military coup in Pakistan, hijacking of Indian airlines plane from Kathmandu and attack on the Indian parliament in 2002 by Islamic militants, for which India accused Pakistan.