Special Seminar on
SAARC at 30: Achievements, Potentials and Challenges
Proceedings
Tuesday, 08 December 2015

Organised by
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Bangladesh Institute of International and Strategic Studies (BIISS) organised a Special Seminar on “SAARC at 30: Achievements, Potentials and Challenges”. The Seminar took place at the BIISS Auditorium on 08 December 2015. Mr. Md Shahriar Alam, MP, Honourable State Minister, Ministry of Foreign Affairs, Government of Bangladesh graced the Inaugural Session of the Seminar as the Chief Guest. Major General AKM Abdur Rahman, ndc, psc, Director General of BISS delivered his Welcome Address at the outset of the Seminar. The Chair of the Inaugural Session was Ambassador Munshi Faiz Ahmad, Chairman, Board of Governors, BISS. The Chair summed up the Inaugural Session. The Seminar continued with a Working Session. The Working Session comprised of three presentations delivered by Mr Syed Manzur Elahi, Chairman, Apex Footwear Ltd., Professor Dr Delwar Hossain, Department of International Relations, Dhaka University, and Ambassador Munshi Faiz Ahmad, Chairman, Board of Governors, BISS, and an open discussion. Scholars, members of academia, policy makers, former and current government officials, members of diplomatic corps as well as representatives from development partner organisations participated in the open discussion session. They highlighted various aspects related to SAARC. The Chair of the Working Session was Ambassador Farooq Sobhan, President, Bangladesh Enterprise Institute (BEI).
This seminar is to commemorate the 30th anniversary of SAARC Charter. SAARC started its journey in the Southern region of Asia with an ever cherished hope of transforming South Asia to a dreamy area of affluence, which will be free from poverty, hunger, malnutrition, unemployment, and so on. SAARC is an economic and geopolitical organisation comprising of eight countries to have regional, political and economic cooperation in South Asia. SAARC policies aim to promote welfare economics, collective self-reliance among the countries of South Asia, and to accelerate socio-cultural development in the region. SAARC has developed external relations by establishing permanent diplomatic relations with the European Union, the United Nations (as an observer), and other multilateral entities. General Rahman stated that with SAARC in its thirtieth year, this is the time to conduct a fresh assessment of its performance over the years, and foresee its future challenges and opportunities. The potentials of SAARC are believed to be remarkable. The nations of SAARC are rich in social capital and have good demographic dividends. However, they are also exposed to different challenges like terrorism, poverty, unemployment, drug trafficking, etc. On the other hand, South Asia is also one of the least economically integrated regions, which means that the potential of the region remains unexploited to certain extent. Drawing lessons from the past and moving ahead in the spirit of partnership should be the key to take the SAARC forward. Referring to tension between some member states, many tend to be pessimistic about the future of SAARC. General Rahman was rather optimistic of SAARC’s future and strongly believes that members of SAARC, sooner or later, will overcome the weaknesses, and work on the region’s commonalities and strengths to make inroads for shared prosperity and transform SAARC into a successful organisation of friendly neighbours. This can be done by extending mutual cooperation by member states of SAARC to strengthen trade and investment through SAFTA, promote greater market access and free movement of goods and people across the region. Finally, he said that it is a befitting occasion for SAARC to celebrate the achievements made so far and invest energy for building a strong, prosperous and cohesive South Asia.
Address by the Chief Guest

Mr Md Shahriar Alam, MP
Honourable State Minister
Ministry of Foreign Affairs
Government of Bangladesh

Since independence, Bangladesh has always played a proactive role to build trust and friendship among the neighbouring countries. Our great leader, Father of the Nation Bangabandhu Sheikh Mujibur Rahman mooted the idea of regional cooperation in South Asia as early as 1972, which was eventually materialised institutionally in 1985, when SAARC was established. Bangladesh is one of the most active member states within the SAARC process. The present Government of Bangladesh under the leadership of Honourable Prime Minister Sheikh Hasina has put special emphasis on promoting regional cooperation after assuming office for the second consecutive term in January 2014. One of the imperatives behind the emphasis was to make regionalism meaningful and productive to attain socio-economic development for the people of the region. Mr. Alam then recalled some of the important achievements within SAARC in last two years that have been instrumental in promoting benefits for the people of South Asia:

(a) Signing of SAARC Framework Agreement on Energy Cooperation (Electricity) to pave the way for electricity trade/exchange within the region;

(b) Establishing South Asian Regional Standards Organisation (SARSO) Secretariat to significantly contribute towards enhanced trade under SAFTA through harmonisation of standards;

(c) Signing Headquarters Agreement for the SARSO Secretariat on 01 November 2015;

(d) Strengthening SAARC Agriculture Centre (SAC) to undertake various collaborative research programmes to ensure agricultural development and food security for the region;

(e) Inclusion of important issues like migration, blue economy and Post-Development Agenda in the SAARC process;

(f) Completion of an important ADB study on Regional Economic Integration (REI), with the ultimate goal of achieving South Asian Economic Union (SAEU).

SAARC countries need to do lot more to make regional cooperation in South Asia a success. It is worth noting that by 2050 Asia-Pacific region will account for 50 per cent of global economic output. Despite the global economic slowdown in last couple of years, the economies of South Asia have experienced a long period of impressive economic growth and it has also been one of the fastest-growing regions of the world. Growth is projected to steadily increase through maintaining strong consumption and increased investment. The strength of SAARC in economic potentials is further consolidated by the fact that South Asia is the home of world’s largest working-age
population and one-fourth of the world’s middle-class consumers. The success of SAARC members in achieving the MDG target to reduce poverty by 50 per cent within 2015 for South Asia is another solid block for further development of the region. However, challenges are also formidable. These include presence of the highest number of poor and undernourished in the world; vulnerable to emerging global challenges like terrorism, radicalisation and violent extremism; climate change and natural disasters; remaining one of the least integrated regions of the world; etc. These require a massive infrastructure build-up to promote rapid economic growth in the region.

Global value chain is increasingly gaining importance where Asia-Pacific region is going to be the gravity of centre of global economy and trade. In South Asia, we cannot afford to be left outside the integrated Asian production and supply chain. In the global context of unprecedented changes — particularly within business and trade dynamics, we need to work relentlessly to enhance regional connectivity; collectively overcome emerging challenges; ensure sustainable supply of food, fuel and finance; increase trade, investment and employment to fuel economic growth; and ensure social safety net for the marginalised. After three decades of its existence, SAARC now needs to efficiently recast its role in the context of changing realities; be more effective and visible; engaged in result-oriented projects, programmes and activities; and contribute substantially to the development of the peoples of South Asia. Today, Bangladesh reiterates its firm commitment and political will to take the SAARC agenda forward. It is essential to urge all member states of SAARC to rise above differences and to reaffirm adequate political will to make SAARC a people-centric organisation, and to translate 30 years’ of acquired knowledge, expertise and institutional mechanism into meaningful benefits for the South Asian people. Mr. Alam at the end of his remarks said that SAARC will be able to meet expectations in terms of future course of actions to ensure better life and livelihood for the people of South Asia.
While SAARC has chalked up some useful achievements, the general feeling is one of disappointment at not having achieved more and at the slow progress in implementation of various initiatives under SAARC. It is no secret that SAARC has been a hostage of difficulties in Indo-Pak bilateral relations that has consequently inhibited progress in many SAARC initiatives. SAFTA, in many ways the biggest achievement of SAARC, is yet to become fully operational. Currently, the total intra-SAARC trade stands only at US$ 28 billion. Business potentials remain largely underutilised. Political volatility and instability keep haunting SAARC members. Security concerns also keep them bogged down blocking greater cooperation. Mistrust, misperceptions and blame games continue to take heavy tolls on efforts to create viable security architecture which in turn, is holding the region back, compromising its development efforts and hindering cooperation. Ambassador Ahmad opined that challenges also create scope for new opportunities, new ideas and ways for getting past the challenges. That is where SAARC members should focus attention to the future, taking lessons from the past. If SAARC states look deep and learn from the experiences of the EU and ASEAN, they could also hope to move forward faster in furthering regional cooperation in South Asia for the benefits of people. SAARC countries have vast potentials. It is a huge market of about 1.7 billion people, has a considerable and fast growing middle class, thanks to sustained above average economic growth over many years, substantial reserves of natural resources, large coastline and geographical proximity with some of the biggest economies of the globe. World powers are showing increasing interest in this region. There are proposals for reviving the ancient Silk Route and establishing a modern maritime Silk Road connectivity. These will promote the concept of blue economy and SAARC has good prospects given its access to the blue water. Increasing efforts are being directed at linking the region with other parts of Asia namely Central, South-eastern and Eastern Asia. Through Central Asia, there is also possibility of linking with Europe. Yet, differences among members, less effective relations, lack of trust and cooperation are barring SAARC from moving ahead. Individual countries have some achievements but not so much as a group. In this globalised world, where all nations are seeking avenues to improve relations and cooperation for ensuring greater development, SAARC should not remain a pessimistic exception. Finally, it is heartening to note signs of urgency among SAARC countries seeking increased cooperation.
There are several initiatives which have been undertaken by SAARC in order to increase trade, investment and economic cooperation in South Asia. He opined that the list of sensitive items in SAFTA (where no preferential market access is given for various reasons) is rather long. For a number of products, the rules of origin for trade under SAFTA are also not very helpful for member countries. Revenue compensation mechanism is not put into practice and technical assistance to LDCs also leaves much to desire. These keep many tradable goods out of preferential access.

SAFTA’s potential has remained largely underutilised, leading to low intra-regional trade, owing to several reasons like long negative list, NTBs, sanitary-phytosanitary measure on agri-goods, lack of lab facilities, standardisation of goods and harmonisation of customs procedures, anti-dumping and countervailing duties, weak trade facilitation at the border, lack of connectivity, lack of flow of intra-regional investment, etc. On the other hand, competitive
edge of SAARC exporters is undermined because of high cost of transport. There are several ways to make SAFTA effective:

- Accelerating the reduction of sensitive list;
- Addressing NTBs by taking advantage of South Asian Regional Standards Organisation (SARSO), through standardisation and harmonisation of customs procedures and by developing SAARC standards;
- Signing of Mutual Recognition Agreements (MRAs) pertaining to standards;
- Putting Dispute Settlement Mechanism (DSM) in place to deal with NTBs related disputes;
- Improving trade facilitation at the border through proper infrastructure, accelerating seamless connectivity, digitisation, harmonised customs procedures, speeding up of customs clearance, electronic data exchange and establishment of single windows;
- Mobilising needed funds for building trade facilitation and road connectivity;
- Implementing SAARC Agreement on Trade in Services (SATIS);
- Facilitating cooperation in banking, insurance and other services among member countries;
- Removing supply-side constraints and having conducive fiscal-monetary policies;
- Increasing intra-regional FDI;
- Simplifying investment procedure, e.g. simplification of procedures to apply for investment and approval process, simplification of cross-border customs regulations, dissemination of information on investment related rules and regulations among the member countries, developing harmonised manual of guidelines for investment in specific sectors within regional countries, etc.
- Facilitating the movement of people through intra-SAARC passenger transportation and easing visa procedure;
- Setting up of standard operating protocols for movement of goods across border, finalising routes, various charges and surcharges for goods crossing borders.

Strategies should be thought of to go beyond FTA, into Comprehensive Economic Partnership Agreement (CEPA) and further down to set up SAARC customs union, common currency, towards economic union. For that all, political support at the top is must and implementation-al difficulties are to be addressed.
How has the SAARC contributed to create a social South Asia? Mainly on four aspects: functional and neo-functional approach of SAARC, areas of cooperation, prominence of social development agenda since its inception, and continuity of social development thrust. The major initiatives undertaken by SAARC are poverty alleviation, social development, people-to-people contact, health, education, human resource development and youth mobilisation, culture, population stabilisation, promotion of the status of women, promotion of the rights and well-being of the child, drug de-addiction, rehabilitation and reintegration, etc. How have the initiatives contributed to the social development of South Asian region? SAARC introduced Social Charter, Charter of Democracy, declarations of SAARC decades and years, various agreements and conventions, and it constituted SAARC Development Fund. However, non-state process of SAARC comprises of basically civil society engagement in SAARC.

Developmental and social perspectives continue to remain the major thrust of SAARC. SAARC initiatives on different socio-development issues like unemployment, social exclusion, academic exchanges, etc. need to be undertaken at multiple level and at the same time SAARC needs to be aware of implementation gaps. What is also required is diverse multilateral cooperation processes to give emphasis on national mechanisms and state-led policy guidelines. Undertaking social policy at regional level and meeting resource gaps are equally essential.

There are some major challenges for SAARC that include: institutional limitations, narrow focus in action agenda, political divergence and confrontational relationships, absence of civil society, conflict of visions, problem with regional leadership, weak secretariat, and managing overlapping multilateral cooperation processes. At the end of his presentation, This is going to be the Asian century and Asia is a dominating player of the global economy. Here dominance of politico-strategic considerations is crucial and paradox of becoming global powerhouse with least cooperation is a hurdle for strengthening regionalism. Therefore, developing strong support for regional cooperation at state and non-state levels is essential. In such milieu, what is required is to have strong social policy by SAARC, amending SAARC Social Charter, and strengthening SAARC Secretariat.
Although there dissatisfactions, SAARC has made some progress. SAFTA is one of the examples, under which it is possible to do better in trade, commerce and investment. It would also help moving faster towards regional integration in South Asia. However, it is the mistrust and lack of confidence among the members that hinder the progress of SAARC. Ambassador Ahmad stated that there are some regional groups, e.g., the EU, ASEAN, etc. who have succeeded in spite of difficulties in inter-state/bilateral relations. Marshall Plan (of the EU), having a common goal and cooperation are some of the factors helped the groups to be successful. These are the lessons SAARC could take into consideration for its advancement.

Many of SAARC initiatives did not see much progress because of inter-state conflicts. What is essential is to deepen inter-state relations building more confidence to each other even after having bilateral problems and be committed to the principles of different charters. Not only the firm commitment of SAARC leaders (and peoples’ participation) but also their better understanding of what benefits corporation can bring in would help flourish SAARC and promote regionalism in South Asia. There are two fundamental aspects of regionalism. One is optimum exploitation of comparative advantages. Another one is adapting common and mutually beneficial bargaining positions for interacting with different blocks, countries and international negotiating forums like WTO, COP, etc. SAARC requires exercising these two aspects well.

SAARC can better move forward if the largest country and dominant power of South Asia, India, with great leadership takes it beneficial for its development. However, leadership does not come with one way benefit, it comes with responsibilities. And with this leadership, all the countries must flourish, prosper and develop together and hope to have real good progress in South Asian regional cooperation.
Scholars, members of academia, policy makers, former and current government officials, members of diplomatic corps as well as representatives from development partner organisations participated in the open discussion session.

Lieutenant General (Retd) M Harun-Ar-Rashid, Former Army Chief of Bangladesh, stated that SAARC, at the political level, is a good platform for the countries of South Asia. Although achievements in trade and economic aspects are insignificant, better inter-state relations can facilitate to intra-SAARC trade and investment. Therefore, conflict between India and Pakistan as well as the recent hitch between the latter and Bangladesh are to be addressed diplomatically.

Professor Dr Syed Anwar Husain, Department of History, University of Dhaka, opined that the establishment of SAARC is a good initiative. The biggest achievement of the organisation is its survival for three decades. However, non-development of required mechanisms and lack of political will are crucial barriers of SAARC’s better advancement. Therefore, collective leadership for the SAARC countries is essential and it is to be institutional.

Mr Mohammad Abdul Hye, Visiting Professor, East West University and Freedom Fighter, said that mental block has been a serious concern for SAARC. On the other hand, inter-state conflict, instead of cooperation, is hampering different initiatives undertaken by SAARC. Even after that, Mr. Hye was hopeful about SAARC’s prosperous future.
M S Siddiqui, Legal Economist and Professor (Part Time), Daffodil International University opined that while India and China are sometimes rivals of each other in geostrategic and political aspects, they are continuing and flourishing their bilateral trade and investment relations. In that way, though Bangladesh and Pakistan have some historical political problems and as the latter is an important investor of the former, outstanding issues between the two should be resolved diplomatically and trade and investment relations should continue.

Ambassador Nasim Ferdous said that each organisation like the EU, ASEAN or SAARC has its own objectives to be established and developed. While the EU and ASEAN were established with an objective of forming economic union, instead of political union, within their own region, SAARC was primarily established to have peaceful relations among its member countries. Therefore, advancement and achievements of different organisations cannot be generalised and easily compared. For SAARC to gain economic benefits, increasing people-to-people contact, among other initiatives, is crucial.

Ambassador Shahed Akhtar stated that every region has a forum and the forum advances with challenges and prospects simultaneously. SAARC is a good initiative for the betterment of the peoples of South Asia. One of the major achievements of SAARC is that it has developed in so many dimensions creating several opportunities for socio-economic aspects. Another good move is that the dominant member of SAARC, India, is now-a-days in an effort to improve relations with its neighbouring countries in South Asia. Therefore, what is required is to ease the visa procedures and increase peoples’ movement in the region. These two steps would help create new potentials and face some of the existing challenges within SAARC.

Lieutenant Colonel (Retd) Md Shahadat Hossain opined that one of the new initiatives SAARC could take is forming SAARC-Club or Peoples-Club and it would be composed of several stakeholders like academia, business community, media, etc. They will try to influence initiatives and decisions undertaken by SAARC. Bangladesh, as a founding member, may take the initiative of forming SAARC-Club or Peoples-Club.

Dr M Jashim Uddin, Senior Research Fellow, BIISS noted that the region South Asia has lot of potentials but the problem lies in the absence of regionalism. Until there is interdependence, the regional institutions will not properly work. On the other hand, India has to play necessary leadership role. Furthermore, he emphasised on the role of SAARC observers; they can play crucial role by providing necessary financial and technical assistance.

Shahedul Islam, representative from New Age, said that since the inception of SAARC, Indo-Pak political relations have been serious concern for the development of the organisation. Recently, Bangladesh-Pakistan relations are facing difficulties as well. Therefore, what would be the future of SAARC? And how long political barriers would insecure the economic advancement of the organisation?
Dr Mahfuz Kabir, Senior Research Fellow, BIISS said that the outreach of SAARC is the major challenge. Citizens of the South Asian countries are not overwhelmingly celebrating the thirty years’ anniversary of SAARC. The leaders of this region should understand the heartbeat of the peoples and spread the notion of SAARC. Many still do not know when SAARC was formed and what the purpose behind its establishment was. Therefore, people-to-people contact in South Asia has to be increased. In other words, SAARC has to reach more to the general people.

Nurul Islam Hasib, representative from BDnews.24, raised a question: how do you see the future of SAARC given the presence of other organisations like BCIM-EC, BIMSTEC and BBIN?

Responses by the Speakers

In response to the comments and queries, Mr Syed Manzur Elahi said that it is essential to create vested interest of all, particularly of India, in SAARC in case of trade and investment. It is also essential to create business sense in SAARC. Though it will take lot of time, as suspicion and mistrust prevails. He then emphasised on developing a common South Asian identity which is important for regional integration. The role of young generation in this regard is vital as they can put necessary pressure on state or regional initiatives.

Professor Dr Delwar Hossain responded that there is a need to understand the historical context and uniqueness of South Asia as a region. He said that “we do not need to compare SAARC with other organisations; we need to compare common processes of the organisations, not their outcomes; we need to own SAARC, if we want outcomes; we need to see SAARC in a positive way”. One should expect from SAARC by a South Asian citizen. The bottom line should be to strengthen SAARC to achieve the social goals of South Asia. There are both external and internal challenges. Internal challenges include weak SAARC Charter, limited resources and weak SAARC Secretariat. The external challenges include problems with regional leadership, political divergence and confrontational relationships. Not only the challenges are to be addressed well, but also inter-state relations are to be gradually resolved. He mentioned that SAARC Charter has some self-imposed anomalies. It has the provision of not discussing the contentious and bilateral disputes. On the other hand, it asks for increased cooperation and exchanges but avoids negotiations on bilateral disputes. Strengthening institutional arrangements, mobilization of resources, having amendments in some clauses of the SAARC Charter and creating SAARC Peoples-Club are crucial to reinvigorate SAARC. At the end of his response, Dr. Hossain emphasised on being optimistic and the need to contribute from one’s own position to develop SAARC.

While responding to the comments, Ambassador Munshi Faiz Ahmad suggested four recommendations to strengthen SAARC: (a) to be aware of internal concerns of an individual country while negotiating inter-state conflicting issues (b) building trust among the neighbours where India could play more trustworthy and accommodating role (c) reducing inter-state disputes, particularly between India and Pakistan (noteworthy that there is a ray of hope as Sushma Swaraj is undertaking a visit to Pakistan recently), and (d) generating necessary leadership, here also the role of India is vital, to encourage cooperation within and beyond South Asia.
We have already invested 30 years in SAARC. These years should not be seen as wastage of time. We have to see it as stepping stone for better days in the future. It is essential to create strong vested interest in economic cooperation and particularly in the areas of trade and investment. Here, private sectors have to play a strong role. One project could make a huge difference is the gas pipeline, TAPI, which starts from Turkmenistan and goes all the way across South Asia to Myanmar. Recently, Bangladesh has formally applied to become a member of the project. Perhaps, this project could be one concrete example of cooperation. Looking back to the experience of SAARC, we need to accept the fact that we need to strengthen SAARC Secretariat, we need to strengthen the hands of Secretary General, and we need to give him more personnel with more budget. Other initiatives would be increasing the role of observers, borrowing the model of ASEAN, having diverse dialogue partners, allowing countries and organisations (e.g. ADB, WB, IFC, AIIB, etc.) keen to assist regional integration, e.g., in supporting infrastructure, in South Asia.

South Asia is one of the regions that is most affected by global climate change and environmental insecurity. These are the two areas where SAARC countries can strengthen their cooperation together. Creating a new security structure is also essential for South Asia focusing on other non-traditional security issues like human security, food security, water security, energy security, terrorism, arms and drug trafficking, etc. Strengthening South Asia’s capacity is crucial to counter threats of terrorism. We may create a South Asian Regional Forum like ASEAN Regional Forum to deal with bilateral differences, where we can address the differences including sensitive issues. Increasing people-to-people contact is a must and for that easing visa process is important. Media and think-tanks have vital role to play in this regard. We have achieved something which we can build on, but lots of hard works are needed to be done in the years ahead.
Bangladesh Institute of International and Strategic Studies (BISS) is a statutory institution established on 25 June, 1978 by the Government of Bangladesh. It undertakes and promotes research and deliberation on international affairs, security and developmental issues. It also advances knowledge and understanding of contemporary international, strategic and developmental issues in national and regional perspectives.

The special seminar titled “SAARC at 30: Achievements, Potentials and Challenges” was organised by BISS on 08 December 2015 to commemorate the 30th anniversary of South Asian Association for Regional Cooperation (SAARC).

The seminar was divided into two sessions including inaugural session and working session. The inaugural session provided an overview and described the background of the special seminar. Mr Md Shahriar Alam, MP, Honourable State Minister, Ministry of Foreign Affairs, Government of Bangladesh graced the Inaugural Session as the Chief Guest. Major General AKM Abdur Rahman, ndc, psc, Director General of BISS delivered his Welcome Address at the outset of the Seminar. The Chair of the Inaugural Session was Ambassador Munshi Faiz Ahmad, Chairman, Board of Governors, BISS

The Working Session comprised of three presentations delivered by Mr Syed Manzur Elahi, Chairman, Apex Footwear Ltd., Professor Dr Delwar Hossain, Department of International Relations, University of Dkaka, and Ambassador Munshi Faiz Ahmad, Chairman, Board of Governors, BISS. The Chair of the Working Session was Ambassador Farooq Sobhan, President, Bangladesh Enterprise Institute (BEI).

A wide range of guests were present and took active part in the seminar including scholars, members of academia, policy makers, former and current government officials, members of diplomatic corps, representatives from development partner organisations and media professionals.