

# SAARC

## Achievements and Challenges

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### **Abstract**

[Despite progress made by SAARC in recent years, a number of challenges continue to confront the organization. To play an effective role as a regional grouping, challenges such as poverty alleviation, the energy crisis, combating terrorism, and effects of globalization, among others, should be tackled jointly. SAARC countries, in general, need assistance in all these fields owing mainly to their weaker economies. Observers, having closer relationship with SAARC members, may be instrumental in meeting these challenges. – Eds.]

In the past 26 years, owing to joint efforts of member countries, SAARC has made some progress, and a commendable achievement in reducing widespread poverty, strengthening energy cooperation, food security, promoting trade, improving social welfare, providing educational opportunities, increasing personnel exchanges, and fighting against terrorism. It should be said that SAARC has made necessary efforts for improving one of the world's most impoverished areas. Such efforts have been recognized and praised by the governments and the people of South Asian countries, which have also been recognized and supported by a number of countries in the world.

SAARC has traversed more than a quarter-century history. Over the past 26 years, SAARC Summit has held a total of 16 sessions. The reason why the summit mechanism continued just shows that the organization has strong vitality. The number of observer countries of SAARC is now nine, including Japan, South Korea, the United States, China, European Union, Iran, Mauritius, Australia and Burma, which means that it has attracted widespread international attention. Although the progress of SAARC is still far from satisfactory, there are optimists who appreciate its development and advancement. It is a glass half full of water and it is hoped that water in the glass will increase. Especially in the first decade of the new century, the will of all parties to cooperate has been significantly strengthened, and the pace of cooperation has been enlarged. As the neighboring country of SAARC, China is very glad to see it.

### **Highlights of SAARC Cooperation**

Based on the understandings mentioned above, one might look at highlights in the development and progress of SAARC in recent years.

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First, substantive cooperation increased significantly. SAARC was established in 1985, with a purpose is to improve the welfare of people in the region, elevate the living standards, promote regional economic growth, social progress and cultural development, promote collaboration and mutual assistance in economy, social welfare, culture and science and technology and other fields among SAARC member states, and strengthen cooperation with the rest of the developing countries and regions in the world. However, due to various subjective and objective conditions, the initial results of SAARC cooperation were not significant. Compared to ASEAN, the EU and the "Shanghai Cooperation Organization" founded later, its progress seemed more slow. Under the environment that other regional organizations continued to mature and deepen, the SAARC member countries generally have a very strong sense of urgency to accelerate the pace of cooperation and progress, and they advocate to revive SAARC, and make a transfer from oral declaration to practical action, so as to turn SAARC into an effective mechanism for regional development, which will change their fate of "poorest of the poor" and "weakest of the weak". This recognition speeded up the pace of SAARC cooperation. Specific speaking, the results include the establishment of development funds, the establishment of food bank, the South Asian University, telemedicine network and the agreement of judicial cooperation on counter-terrorism and extradition procedures.

Second, many years of discussions established the necessary foundation. To take trade for an example, in the 1990s, SAARC made preferential trading arrangement among member countries, which developed into free trade agreement. According to the Agreement on South Asian Free Trade Area (SAFTA) that all SAARC countries adopted, the tariff reduction plan of SAARC had been carried out in two phases since 2006, that is, India and Pakistan put tariffs on all goods down to 20% in two years, while other countries to 30% within three years; and in the second stage, India and Pakistan put the tariff rate down to 0-5% within five years, while other countries within seven years. Although the implementation of free trade agreement encountered many difficulties, it should be highly praised.

SAARC member countries have also reached a consensus on climate change and environmental protection. It should be particularly noted that SAARC also spoke highly of Bhutan's concept, the 'Gross National Happiness' and believed that this concept had a unique meaning in promoting social progress, maintaining traditional values, protecting natural environment and advancing good governance of the governments. This concept is not only instructive for South Asian countries, but also has a high value for China and for all mankind.

Third, external support injected greater vitality. Right now, SAARC has 8 member States, of which five are listed as the world's least developed countries by the United Nations. SAARC can not meet the basic needs of regional development itself in the capital,

technology, resources, markets, education and other related elements, so it welcomes outside countries, especially the stronger countries, to invest in financial intermediation, resource integration, technology transfer, market development, and educational support. In recent sessions of the SAARC summit, the leaders reached a consensus to cooperate with countries outside the region in the hope that all observers would give cooperation in trade, counter-terrorism, society and economy. And as observers, Japan, the United States, South Korea, China, Iran, the EU and other countries are willing to give help to some extent. For example, Japan made it clear that it is willing to strengthen relations with SAARC through the way of aiding disaster prevention and social infrastructure construction. Another example, China said it would support the priority areas of SAARC, and based on the principles of equality, mutual trust, mutual benefit and win-win approach, China was willing to implement and expand pragmatic cooperation, and promote regional peace and development, which is founded on the respect of wishes of SAARC countries. China also expressed willingness to donate money to the South Asian Development Fund, and has been making continuous efforts to run the South Asian Commodity Fair and China-South Asia Business Forum. Despite that all the observer states hold different starting points towards the South Asia and their attitudes are also different, their willingness to play a catalytic role undoubtedly provide favorable external environment and good opportunities for the close cooperation within SAARC.

### **New Challenges for SAARC**

At present, all countries are facing global challenges. For South Asia, the challenges and difficulties it faces are particularly severe.

First, it is a long way to reach the target of poverty alleviation. As one of the poorest regions in the world, it is a huge task. The total population of eight countries in South Asia (Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka) is over 1.6 billion, more than 40% of which are living under absolute poverty line, with illiteracy rate being more than 50%. According to data from previous years, the per capita GDP of South Asia is even lower than the world's poorest sub-Saharan Africa's. In recent years, although some countries made significant progress in economic growth, the influence is still limited. Overall, the living standard in South Asia is still low, and living conditions of many people there are still poor, with access to nutrition, drinking water, health services, and educational standard far below normal line. For a single country, the Sri Lanka civil war just ended, and the war in Afghanistan has been going on for 10 years, while Pakistan is trapped into extreme natural and man-made difficulties. We must admit that the cooperation of SAARC in anti-poverty issues has not been successful in reducing poverty phenomenon.

Second, the economic and trade cooperation is very difficult. Seen from their economic scale and development levels, there is a considerable complementarity among the South Asian countries. However, most countries bear heavy burden of external debts, their foreign exchange reserves are under pressure. Development funds are scarce and countries are required to obtain assistance and loans each year from the World Bank, International Monetary Fund as well as some developed countries. Economic cooperation, especially cooperation in the fields of industry and finance encounters great difficulties. Intra-regional trade of South Asia has grown slowly due to a number of factors.

Third, bilateral relations constrain cooperation. According to the SAARC Charter, SAARC does not discuss bilateral and contentious issues. Needless to say, due to historical and geopolitical reasons, there are many bilateral disputes among South Asian countries, which are difficult to resolve. The dynamics of disputes often involve vital interests of the countries concerned, and both sides would not easily give up their claim, which poses a serious impact on the expansion of regional cooperation. Addressing ethnic, religious, water and other cross-border issues requires time.

Fourth, despite South Asia being a hot spot regarding terrorism. How to eradicate terrorism, wipe out the threats it poses and reduce the harm it may cause by terrorism remains a serious challenge in front of SAARC having serious repercussions for stability.

### **New thoughts on China-SAARC Cooperation**

China and many countries in South Asia are joined by common mountains and rivers, which has unique geopolitical, geo-economic and geo-cultural links. China and SAARC countries sharing common interests and common concern in many respects should cooperate extensively and deeply. Not only in terms of economic, social, cultural, scientific and technological respects, but also in anti-terrorism, environmental protection and disaster prevention and mitigation, they have great potential for cooperation. Both sides should make all efforts to vigorously develop this potential, so as to make it a valuable asset for all peoples of the region.

Taking the topic of this conference into account, I would like to focus on the significance of further strengthening the cultural cooperation. Cultural exchanges have a unique role in "creating values, wealth and harmony". China and SAARC should search experiences for other cooperation, find a way to break the stagnation, pave the way for the establishment of mutual trust and lay the foundation for comprehensive cooperation on the basis of reality and long-term perspective. Specific ideas might include the following content: to establish the mechanism of regular exchanges among academic and research institutions, taking into consideration the establishment of

rotational annual exchange forum; to establish joint research projects, encouraging scholars to conduct the in-depth discussion of certain topics; accelerate the cooperation in the field of human resource development, particularly special or professional training; to strengthen cooperation and exchange between the media, making every effort to create favorable public opinion environment; to promote multilateral tourism vigorously, trying to develop a number of multilateral tourism routes; to set up the exchange programs for youth to promote the enthusiasm and vitality of the young people towards the cooperation between China and SAARC; and so on.

In addition, I would like to further clarify the definition of the status and the role of observers. Observers are the countries with a more close relationship with SAARC, who are interested in the development of SAARC and bearing certain obligations. Observers are not the spectators watching the fun, and not the geopolitical competitors either, but they should be the stakeholders of making actual contribution to development of SAARC. As a close neighbor of SAARC, China has been paying special attention to development of SAARC in the hope of obtaining a win-win result through the interaction with SAARC. China is willing to establish a good relationship with SAARC and all SAARC member states in the hope of exploring some necessary mechanisms to make due contributions for the development of SAARC.