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GLOBAL ECONOMICS REVIEW



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SAARC: An Evaluation of liberal economic Order in South Asia

Pages: 189 – 200

Vol. VII, No. II (Spring 2022)

DOI: 10.31703/ger.2022(VII-II).17

p-ISSN: 2521-2974

e-ISSN: 2707-0093

L-ISSN: 2521-2974

Contents

- [History and Introduction of SAARC](#)
- [SAARC Origins and Objectives](#)
- [Significance of SAARC](#)
- [Regionalism](#)
- [Policies and Recommendation](#)
- [Conclusion](#)
- [References](#)

Abstract: SAARC was established in 1985 in the aim to cooperation and economic growth among South Asian countries. The term economic liberal order is greatly proficient in regional trading partnerships than the global level. In South Asia, it was introduced through SAARC, because it is one of the main goals to promote trade among south Asian countries especially between India and Pakistan. This study will evaluate the efficiency of SAARC and Pakistan-India trade relations under the SAFTA regime. It will also highlight the trade liberalization procedure in the South Asia. Without trade liberalization, Regional integration is impossible where SAARC is working on the program of financial combination. This study shows that power asymmetries in SAARC have slowed down the trade liberalization process. India needs to rethink its role in SAARC as it has often complicated the trade process on the SAARC platform by creating hard and soft power. Though, this study deals to understanding the relationship among regional mixing and the liberal economic order under SAARC in South Asia.

Key Words: South Asia, SAARC, Economic Liberal Order, SAAFTA, India, Pakistan

JEL Classification:

History and Introduction of SAARC

The historical background of SAARC is rich with the major accomplishments of arts, architect, music, and traditions. Buddhism and Hinduism, two of the world's two largest religions, both have their origins in the wealthy and historically prosperous Subcontinent. In terms of origin, Hinduism surpasses Buddhism and has prevailed in the area from the dawn of civilization. The earliest term for South Asia is the Indian Subcontinent, which has since been

renamed to reflect its current position (Muzaffar, Jathol & Yaseen, 2017).) There are three distinct periods that makeup South Asia's old chronological and historical background. The first phase runs from the period of the Indo-Aryans in 2000 BC with the Islamic arrival. The second phase is the appearance of Muslim authority and rule up until the seventeenth period. The territory was divided under several kingdoms, and they grew throughout the region in accordance

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with their might and militia, occupying readily manageable princely states. South Asia was never unified under a single absolute authority (Hussain, [1996](#)).

Regional cooperation grew through a series of consultation meetings held at the level of the foreign secretary. Sri Lanka set the basis for further discussions by articulating a strategy for regional cooperation during the opening meetings in Colombo in April 1981. A series of subsequent conferences held in Khatmandu (November 1981), Islamabad (August 1982), Dhaka (March 1983), and Delhi (July 1983) served as a firm foundation for developing the theoretical underpinnings of regional cooperation. (Das, [1992](#)).

Five years after the official process started, there was enough political momentum "for the heads of the seven South Asian countries to convene for a summit conference in order to further regional cooperation". (Dash, [2008](#))

South Asia's internal and foreign problems might endanger the security of the whole region; building it dynamic for these interconnected countries to work in organized manners for improving regional stability and order in south Asia <https://calhoun.nps.edu/handle/10945/48545>

The "fundamental purpose" of it is to hasten the social, cultural, and economic development of the South Asian states by cooperative achievement in favorable authorized zones. Over a dozen summits have already been conducted, and while carefully upholding its core goals, it has encouraged regional collaboration through cooperation and affiliation in the fields of social, economic, cultural, and scientific research. However, efforts should be taken at all levels to settle numerous trilateral and bilateral difficulties that impede regional collaboration in a number of sectors in order to increase SAARC's effectiveness.

<http://southasiajournal.net/development-is-the-spirit-of-saarc/> retrieved from March 30, [2018](#).

SAARC Origins and Objectives

The emphasis of President Zia-Ur-Rehman was on addressing a number of challenges that South Asian countries had been dealing with, such as unemployment, inflation, and poverty. A summit conference was finally planned for, and he produced a report titled Regional Collaboration in South Asia that outlined eleven potential areas for regional cooperation. Another view holds that the tiny states need for equivalent and independent regional representation and their need for safety assurances against the escalating Indian hegemonic design were the driving forces behind the creation of SAARC. Except for Pakistan and India, each of the seven nations expressed support for regional collaboration (Yaseen, Jathol & Muzaffar, [2016](#)). In contrast to India, which was concerned about the potential danger from the tiny South Asian governments' collective collaboration, Pakistan believed that regional cooperation in South Asia would reinforce the predominance of India. But the seven nations came together in Colombo in 1981 for the inaugural meeting of foreign secretaries as the SAARC organization was being formed and approached the social, cultural, and economic realms of existence. in 1982 , Following a second meeting in Islamabad and the first gathering of South Asian foreign ministers in New Delhi in 1983: where they outlined their goals and guiding principles, they reconnected in Katmandu the following year in an effort to advance regional development. Following several meetings in New Delhi and Male, the Foreign Ministers of South Asian states finally summoned Dhaka Summit in 1985 and announced their support for regional cooperation through SAARC under a defined and mutually agreed-upon charter by the seven countries India, Pakistan, Bangladesh, Nepal, Bhutan, Sri Lanka, and the Maldives (Javaid, [2013](#)).

In order to foster collaboration in South Asia, the SAARC Charter categorizes a variety of perspectives as follows:

- The improvement of the quality of life and promotion of the welfare of South Asians.

- Accelerate the growth of South Asia's economy, society, and culture while giving people the chance to "live in dignity and reach their full potential."
- Strengthening of member nations' shared reliance on one another.
- Efforts to comprehend, respect, and acknowledge one another's difficulties.
- Dynamic cooperation and respect between parties in the fields of economics, society, culture, technology, and science.
- Strengthening of aid to other developing nations.
- Collaborate with regional and international groups with comparable aims.
- Promote and deepen South Asian state cooperation on issues of mutual interest in international forums.

The charter was emphasized that mutual cooperation should be based on respect for the standard of sovereign equality, territorial reliability, political freedom, non-interference in any states' internal affairs and mutual benefits for all states: The Charter bounded two significant principles of collaboration in the association that all resolutions will not measure on bilateral and antagonistic issues and The Charter also continues that regional cooperation should not be viewed as a substitute to bilateral or multilateral interaction and cooperation. "These three approaches, bilateral, regional, and multilateral, supplement each other to promote peace harmony and stability". (Rizvi, [2006](#))

The main aims and objectives of SAARC are to support collective self-reliance, economic growth, and a high standard of living in the region. In addition, they promote information sharing among SAARC members, interpersonal encounters, and active collaboration in the social, cultural, technological, and scientific domains. The core framework and organisation of SAARC encompass all the elements required for regional cooperation. Self-government, equality, regional integrity, political liberation, non-interference in the internal affairs of other members' states, and reciprocal benefits are

some of its essential principles, which disperse all the ties required for mutual understanding (siddiqi, [2006](#)).

Significance of SAARC

Pakistan dominated the other "South Asian States in terms of strategic location due to its bridging location between the South Western States and the Central Asian States" (Alam, [2006](#)) interest of major powers towards south Asia had been very prominent region especially during and after Cold War or War on Terror to encounter China due to the emerging economic giant (Javaid, [2013](#)).

All the countries of South Asia and also recently added Afghanistan had before it the suggestion to include the People's Republic of China, sit at the junction of the "attention of Northeast Asia's industrial, technological and military power, the Indian sub-continent, its population region, and the Middle East, Australia and Southeast Pacific's oil reserves....Pacific".(Qadri, [2008](#)).

If the people and members of the nations in the region develop the greatest level of acceptance for the issues that are essential for growth, the south Asian region may become a conflict-free zone. A higher degree of support and collaboration is necessary for South Asia's attainments, progress, and security(Jathol & Rehman, 2016) Largely depends on the attitudes and behaviors that the SAARC members have toward South Asia as well as the plans that have been announced to enhance the amount of aid in the region. In order to keep the area peaceful and quiet, major efforts must be made to promote a strong sense of understanding and brotherhood among south Asians (Ahmar, [1982](#)).

Regionalism

The South Asian experience has been devastating in this regard. In South Asia, regionalism was first introduced through the SAARC organisation more than 30 years ago, but efforts to further regional cooperation, economic integration, and the creation of a security community have largely stopped.

Regionalism in South Asia has faced a number of serious challenges since the creation of SAARC in 1985, and some of the governing classes of the nations have not completely embraced it. Getting the region's elites to endorse regionalism must be addressed as the first political problem (Pattanaik, [2011](#)).

A major "pillar of development" collaboration and integration in many regions of the world has been regionalism, furthered by its strategic, geopolitical, and foreign policy components (Rizal, [2012](#)).

The early activities of the SAARC mostly addressed issues related to people, the health system, climate change, cultural, communications, and sports, among other things. An important growth in this area was made during its summit, which took place in Islamabad in December 1988. The SAARC charter's core necessity that trade industries be included in actual, result-based operations was highlighted. In addition, during the sixth summit, held in Colombo in 1991, heads of all states committed to liberalizing trade and commerce in the region adopting a step-by-step plan to ensure that governments in the area fairly shared the gains from economic progress (Hassan, [2001](#)).

Organizational structure of SAARC

The SAARC formula, which was formed following an extensive debate among South Asian political leaders, called for avoiding security issues and leaving them to be resolved at the country level by bilateral or multilateral collaboration through other means. The goals of SAARC were established to improve non-military cooperation in the areas of economics and other. It was believed that fostering more low-intensity political and economic collaboration would eventually result in regional stability, growth, and peace (Obino, 2009).

In order to foster economic growth, SAARC's member nations originally intended to cooperate in the following areas: agricultural and rural development, telecommunications, meteorology, population and health, postal services, transportation, research, technology, sports, as well as arts

and culture. Later, other components were added, such as the support of women and the eradication of drug trafficking. The head of the states also discussed a number of subjects like loosening visa requirements among states, regional food security, security reserves, regional development funds, counterterrorism measures, open economic cooperation, and regional universities for higher studies. The SAARC's potential can only be realized if the group moves toward reciprocal economic cooperation in accordance with its stated objectives and guiding principles after resolving its interstate political issues. This will raise the likelihood of the following:

- Competitiveness is achieved via optimal resource use.
- In order to maximize well-being.
- An effective procedure for allocating resources.
- In regional joint ventures, competitive advantage and better trading conditions.
- In an integrated monetary and fiscal system.
- In advancing shared regional interests.
- In a region where harmony, safety, and tranquilly are highly valued.
- In a shared security system.

The strategic necessity and significance of SAARC are without dispute, but rather than serving as an establishing authority, it seemed to be only a topic of conversation among the member nations. Although it had explored many complex topics, a pragmatic approach was unable to fulfill its aspirations. Its successes are solely founded on the member states' true comprehension of one another, dispelling their false perceptions, integrating the political spheres, and instilling their national interests inside the regional integration phenomenon (Saha, [2005](#)).

Struggle for Trade and Economic Cooperation

India has claimed many times that it was not a predatory country but it certainly not succeeded in build up trust among the SAARC countries. The late SAARC was an answer to the real adverse political setup in the region

where, Bangladesh desired SAARC as a security guarantee and for the economic progression for the regional states. (Javaid, [2013](#))

Sri Lanka's hopes for SAARC failed since it never helped to maintain the region's power balance or put an end to any active conflicts. It also envisioned SAARC as a mechanism to give India more economic clout or as a method for India to exert "indirect hegemony" on Sri Lanka through its market. Sri Lanka made it plain during the Male Foreign Secretaries Conference in 1985 that meaningful collaboration among the SAARC nations could only be reached in the presence of mutual trust and confidence. President Jayewardene has highlighted that nations must understand that internal difficulties have exterior dimensions and that these bilateral conflicts can have an impact on the whole region and member states (Dash, [2008](#))

- The 1st SAARC summit was held in Dhaka in December of 1985 that carried out the main issues and challenges faced by the seven states on which regional cooperation in South Asia was considered completely desirable and need for the time. All the Heads of States or Government admired that cooperation. Possibly, the highest achievement of the 1st Summit was the opening for the leaders a platform to meet SAARC heads and a forum to discuss their problems and challenges to reach out some kind of agreements (Dash, [2008](#))
- At the 2nd SAARC Summit meeting at Bangalore Summit (1986), the member countries agreed on a formula according to which each member country is required to contribute a minimum of 3 percent toward the annual budget expenditure of the Secretariat. "The minimum 3 percent payment indicates equality among the seven member states. Besides, the 3 percent payment, each country makes an additional contribution assessed on the basis of its per capita income and the economic capability".
- In Second summit of SAARC India's stance, was in favor of economic cooperation only: they confined the proposal to economic, scientific, technical and cultural fields only,

avoiding all the political spheres. As Prime Minister Rajiv Gandhi said in his speech at the Second Summit in Bangalore, "Regional cooperation cannot merely emerge from the fiat of leaders. It has grown from contacts between professionals at all levels. It is also through building a network of contacts at all levels among professionals among many disciplines, that we can start giving real content to regional cooperation" (Sharma, [2001](#)). The SAARC covers 21 per cent of the world's total population and 3-5 per cent of the area but it accounts for only 0.25 per cent of the world's Gross National Product (Sharma, [2001](#)). However, economic disparity persists and a small number of upper economic classes rule the majority. The present economic trend is widening the gap between the rich and the poor.

- The 3rd Summit meeting of South Asian Heads of States or Government was held at Kathmandu during November 2-4, 1987. There were clearly two agendas discussed in this Summit, the private agenda, which dealt with such hard issues as the security of South Asian countries, border issues, membership of Afghanistan in SAARC, South Asia as a nuclear-free zone, and bilateral problems between the South Asian countries and the official agenda, which discussed the soft, apparently non-controversial, issues that resulted in a common declaration. (*The Hindustan Times* November 4, 1987).
- The 4th Summit at Islamabad was held as scheduled in 1988 in a changed regional environment. In 1988, President ZiaulHaq died in a plane crash. After 11 years of militarist rule under Zia, Pakistan had a democratic election in 1988, and Benazir Bhutto, winning the election with a comfortable margin, became the new prime minister. Indian Prime Minister Rajiv Gandhi's visit to Islamabad to attend the SAARC Summit meeting was considered significant, as he was the first Indian prime minister to pay an official visit to Pakistan in 28 years.
- 5th Summit in 1989, SAARC movement suffered a setback, as Colombo refused to host the of New Delhi's failure to completely

withdraw the IPKF from the north eastern part of Sri Lanka. When the last batch of IPKF left on March 25, 1990, Sri Lanka offered to host the fifth SAARC Summit. It was, however, agreed at the Islamabad meeting that Colombo would host the fifth Summit in 1989.

- Maldives would be given the special honor of hosting the 6th Summit in 1990; to coincide with the latter's twenty-fifth anniversary of independence from Britain. A diplomatic confrontation ensued between Maldives and Sri Lanka. The successful completion of Male Summit did not mark the end of SAARC Summit crisis. The sixth SAARC Summit, which was scheduled to be held at Colombo.
 - an informal meeting and discussion between the prime ministers of India (NarasimhaRao) and Pakistan (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 CFL 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.
 - The decision to operationalize SAPTA is by far the most important achievement of the Delhi summit in 1995.
 - two summit meetings at Male (1997) and Colombo (1998), where Indian and Pakistani prime ministers showed considerable warmth toward each other and resolved to take concrete initiatives to address their bilateral problems. Holding informal discussions on the sidelines of the SAARC Summit meeting at Male in 1997, Indian Prime Minister I.K. Gujral and Pakistani Prime Minister Nawaz Sharif agreed to follow up the Shimla Agreement principles to resolve their outstanding issues. This initiative was significant because the two countries came together for the first time to work toward jointly satisfactory results for Shimla Agreement.
 - Another informal meeting was held at Colombo that seemed to have broken the ice between the two leaders and started a process that culminated in the Lahore bus journey in 1999 to renew the peace efforts between India and Pakistan. However, this optimism of a greater momentum for SAARC plummeted after the Kargil war in 1999 and the military coup in Pakistan in the same year. From 1999 to 2002, no SAARC annual summits were held because of India's refusal to attend the summit meetings.
 - Although India later agreed to attend the summit meeting in Kathmandu in 2002 – where the “famous handshake” between President Musharraf and Prime Minister Vajpayee was widely perceived as a peace overture between the two countries – it refused to attend the summit in 2003 scheduled to be held at Islamabad. Indian leaders' distrust toward Pakistani military regime, Pakistan's insistence on Kashmir as a core issue, and Pakistan's refusal to reciprocate the most-favored nation (MFN) status with India were some of the main reasons for India's refusal to attend the Islamabad summit meeting. Confronted with the arguments that New Delhi's stance was causing damage to the regional grouping, Indian Prime Minister Vajpayee decided to attend the delayed Islamabad summit in 2004.
 - At the Islamabad summit in 2004, leaders decided to establish Poverty Alleviation Funds with the contributions of its member states. The major reasons for the inability to effectively implement programs were a resource crunch, a lack of intersectional coordination, and ineffective performance on adopted activities. SAARC has not been able to solve these issues properly; however, awareness and identification of areas on which to focus have helped to align national and regional resources in alleviating poverty.
 - All the south Asian states were agreed for regularizing finance ministers meeting immediately after every summit to explore and strengthen avenues of financial cooperation in South Asia (Dhaka Declaration November 13, 2005).
- Two important agreements were signed. One was a SAFTA, providing a broad frame-work

for economic cooperation among South Asian states. The SAFTA framework is an improvement over the existing SAPTA, which was signed on April 11, 1993, and came into force in December 1995. Although SAPTA has run into troubles because of Indo-Pakistani disagreements over the lists of tradable items with reduced tariffs, it is fair to say that there have been some advances in the process of trade negotiation under SAPTA to further trade liberalization in the region. The other important agreement signed at this summit was an Additional Protocol to SAARC Convention on Suppression of Terrorism, outlining various measures to combat terrorism in South Asia. The success of this protocol, however, depends primarily on the level of cooperation between Indian and Pakistani leaders. At this summit, India also agreed with other leaders to grant observer status to China along with Japan. While Pakistan and Bangladesh supported China's candidature to join SAARC in the past, India was more reluctant about the prospect of Chinese membership. Indian willingness to accept China's observer status at SAARC reflects the growing positive relationship between the two giants in Asia.

- At the 14th Summit, which was held in New Delhi, India, on April 3–4, 2007, Afghanistan was admitted as the Association's eighth member. For the region, which had recently emerged from the shadow of a lengthy colonial past and the ensuing regional turmoil, the formation of the SAARC represented a turning point for regional cooperation on the Indian subcontinent. Because it was the first organized effort by South Asian countries to settle their differences and foster multilateral collaboration, the formation of the SAARC was thus hailed as a historic event.
- When the 16th SAARC summit was held in Bhutan in April 2010, it was the country's first time hosting the event. This year, SAARC celebrated its silver anniversary since it was established in Bangladesh in December 1985.
- During the 17th SAARC summit in Maldives on June 15, 2015, four countries—Bangladesh, Bhutan, India, and Nepal—signed the Motor Vehicle Agreement (BBIN-MVA) for the Regulation of Passenger, Personal, and Cargo Vehicular Traffic. India and these three countries already have bilateral links in the areas of rail, roads, power, and transportation. ADB began promoting the South Asia Sub-regional Economic Cooperation (SASEC) initiative in 1996, and it gained more support during the 1997 SAARC Summit in Malé. Furthermore, Sri Lanka and the Maldives moved quickly to join this partnership, which at the very least could inspire investors to invest in the regional progress.
- “18th SAARC Summit that was recently held in Kathmandu, Nepal, in November 2014. In the inaugural session of the Summit, Indian Prime Minister Narendra Modi emphasized the urgent need for collective efforts and reconciliation in South Asia”. (Dash, 2008)
- The 19th SAARC summit was held in Pakistan on November 15 and 16, 2016. India, Bhutan, Bangladesh, Sri Lanka, the Maldives, and Afghanistan did not participate in the SAARC summit as a result of the 2016 Uri incident. Pakistan delayed the SAARC conference and said it will soon announce new dates for the SAARC Summit. https://en.wikipedia.org/wiki/List_of_SAARC_summits.

The SAARC nations have put in place "programmes of economic liberalization" in order to address and manage their economic issues. The extension of regional cooperation can be based on economic liberalization, according to the lessons learnt from regional cooperation efforts in Southeast Asia (ASEAN) and Latin America (MERCOSUR) (Devi, 2015).

The expansion of regional commercial cooperation among South Asian nations was one of the key factors in the founding of SAARC; nevertheless, until the 1990s, no significant initiatives were done to accomplish this goal. The SAARC Secretariat commissioned a research on commerce, manufacturing, and services in 1990 as the first step toward achieving this objective. In July

1991, the SAARC Council of Ministers approved the study's results and resolved to form a high-level CEC to look into trade-related potential in South Asia. The CEC proposed a model SAPTA agreement after a year of discussion. At the Colombo Summit in December 1991, the Heads of State agreed the formation of the Inter-Governmental Group (IGG) to review the institutional structure for SAPTA in accordance with the CEC's proposal. The Council of Ministers struck an agreement to establish SAPTA in April 1993, and it went into operation in December 1995 based on proposals made by the IGG. Three rounds of "preferential tariff reductions" have been exchanged since the introduction of SAPTA in 1995: SAPTA-First in 1995, SAPTA-Second in 1997, and SAPTA-Third in 1998. Although a fourth round of SAPTA discussions (SAPTA-4) was begun in 1999, member countries were unable to approve it due to the postponing of the SAARC summit. Due to the lengthy commodity-by-commodity talks under the SAPTA rounds, the SAPTA-4 was subsequently replaced by the SAFTA agreement. Despite the concessions to what seems to be a sizable number of commodities, the development of preferential trade under SAPTA has been restricted. One of the most important SAPTA limiting factors has been the real preferential imports by member countries relative to the overall volume of their imports. According to Mukherji (2004), just 15% of all imports into SAARC member nations were made possible via SAPTA concessions. According to a World Bank analysis on South Asian trade, only 8.4% of tariff lines for imports from non-LDCs and 6.2 percent for imports from LDCs are generally covered by SAPTA (World Bank 2005).

These projections provide credence to the idea that SAPTA will not significantly alter the low trade patterns that now exist in South Asia. The minimal product penetration under SAPTA can be attributed to at least three factors. First, SAPTA talks have often been carried out on a product-by-product basis, which is very time-consuming. Second, the planned tariff reductions made possible by SAPTA are not profound enough to significantly affect trade volume (Mukherji,

2004).

"Although the momentum of progress of SAARC in the second decade has not picked up as expected, SAARC summit meetings, nonetheless, have produced some important agreements. At the twelfth summit in Islamabad" (2004), two important agreements were signed. One of these was the South Asian Free Trade Area (SAFTA), "which provided a thorough framework for economic cooperation among South Asian states. The SAFTA framework has taken the role of the SAPTA framework, which was signed on April, 1993 and put into force in December 1995. Even though SAPTA has run into problems because of Indo-Pakistani disputes over the lists of tradable goods with reduced tariffs, it is reasonable to infer that certain developments have occurred in the trade negotiation process under SAPTA to improve trade liberalization in the region". The second key agreement reached at this meeting was the Additional Protocol to the SAARC Convention on Suppression of Terrorism, which describes several strategies to combat terrorism in South Asia. The success of this treaty will, however, primarily depend on how well the leaders of Pakistan and India cooperate (Dash, 2008).

The majority of the goods for which concessions were granted are not commonly traded in the area; hence SAARC member nations have relatively limited trade value. The signing of the SAFTA during the 12th SAARC Summit in Islamabad in January 2004 marked a significant breakthrough in South Asia's desire for greater economic cooperation in the area, especially given the sluggish pace of SAPTA. The SAFTA agreement was signed in 2004 and gave regional commercial cooperation a boost. As a result, South Asia's once-impossible goals of a free trade area started to look more and more feasible. SAFTA has made relatively little progress since it was signed, which has led some to question its value as a mechanism for "liberalising regional commerce." In the literature on the potential of SAFTA, there are two main points of view. The proponents of SAFTA contend that the presence of SAFTA will significantly benefit South Asian countries, small economies in

particular (Pigato *et al.* [1997](#)).

SAFTA was put into place by SAARC to encourage commerce among its member nations. The SAARC Council of Ministers convened in New Delhi in December 1995 and emphasized the importance of member communication in order to understand SAFTA. The "Framework Agreement" was signed during the 12th Summit in Islamabad. Due to the Indian government's ratification of the SAFTA in December 2005, the SAFTA was formally started on January 1st, 2006. The goal was to get all of the member countries' tariffs cut by 2016. Openness to trade and investment, in particular, would spur growth and reduce poverty and backwardness. According to a number of empirical studies, SAFTA would significantly benefit the region's tiny nations and make unilateral trade liberalization in South Asia easier, notwithstanding the possibility of trade diversion. Srinivasan [1998](#); Srinivasan and Canonero, [1995](#). A recent empirical research by the Research and Information Systems Institute in New Delhi predicts that the total abolition of tariffs under SAFTA is projected to enhance inter - regional trade by 1.6 times. (Kemal [2004](#): 16). "Contrary to these findings, SAFTA skeptics assert that the agreement is barely beneficial for its members and would primarily result in trade divergence and a slower rate of unilateral trade liberalization in South Asia." (Panagariya [1999](#); Dash, [2008](#)).

The Charter focuses on the idealistic foundation for the cooperative organisation at the regional level rather than the internal requirements of regional political cohesiveness. The required integrating elements, such as a strong political structure with shared ideologies or nationalism, nor a unified external threat, were never encountered during the process of South Asian integration. SAARC, according to General Zia-ur-Rehman, is a security guarantee against Indian hegemony, showing a regional threat rather than an external threat. The lack of political consideration, divergent defense and foreign policies, big-power interests, a variety of ideologies, socio-economic inequalities, and fewer opportunities for

interregional trade as a result of similar production environments and goods are just a few of the other factors that have been identified as hindering regional cooperation. The aforementioned progressive non-linear reduction strategy may reduce average tariffs while accounting for the various rates of economic development in South Asian countries, but it has certain drawbacks. Important to note is that the SAARC Chamber of Commerce and Industry's suggestions align slightly more closely with this manner of tariff reduction than do those offered in the GEP report (Mukherji, [2004](#)).

According to SAFTA's experience, convergence is always achieved more effectively if all nations drop their tariffs to the same maximum level before moving forward (Kelegama [2004](#)). All SAARC members would have benefited more from a similar plan of convergence tariff reduction followed by non-linear tariff reduction in la SAFTA.

SAARC and WTO

In many developing countries, "one of the main goals of economic and trade liberalization programs is to attract more foreign technology and investment. The effectiveness of these policies depends on regional stability, which would raise the region's attractiveness to foreign investors by reducing geopolitical concerns. Many policymakers in developing countries believe that agreements for regional cooperation can help them achieve these goals". Emerging nations seek to minimize population and instability spillovers while simultaneously promoting the stability and development of their neighbours through regional cooperation. "Regionalism appears to be more feasible and realistic than global collaboration. A small group of partners can more easily balance competing interests and coordinate policy than a large number of WTO members on a worldwide level. Developing nations also think that regional cooperation might improve current neighborly ties in terms of security, the economy, or even culture" (Schiff & Winters, [2003](#): 9).

Additionally, a general provision is made that states each Member State's national standards bodies must adhere to the Code of "Good Practice for preparation, development, adoption, and application of standards as provided in Annex 3 of the WTO Agreement on TBT." These broad principles appear to have a tendency toward international standards given the particular mention of the WTO Agreement on TBT (Maria, [2012](#)).

Policies and Recommendation

Growth and overall development must be the top goal for each member. In order to achieve this challenge, they require a stable and collaborative security system. After years of fruitless debates, careful consideration, and challenging decisions, all parties would need to be committed to resolving their disagreements in order to progress the peace, economic growth, and cooperation processes. It is necessary to establish a suitable atmosphere of trust and respect in order to potentially resolve the complicated challenges (Jathol, [2019](#)). The sad fact is that the SAARC process had appeared to come to an abrupt end despite a highly promising beginning and some significant accomplishments in the initial years. Political differences that were a significant barrier to economic collaboration left the business community with little hope. Ignoring our political disagreements is essential for the region's growth since only when economic gains are clear can political support be assured.

Conclusion

These findings suggest that elites in South Asia have little emotional support for the expansion

of regional cooperation. Only a tiny percentage of South Asian elites identify as South Asians and are prepared to make personal sacrifices to support another SAARC member state that is going through economic hardships. Although such opinions among elites from South Asian nations with poorer economies are comprehensible, Indian and Pakistani elites displaying similar attitudes continue to pose a barrier for the expansion of SAARC.

These findings have significant ramifications for gauging SAARC's development. First, it is clear that South Asia lacks a public legitimacy for SAARC institutions that is based on a strong emotive attachment. The lack of strong emotional feeling does nothing to encourage South Asian authorities to advocate for stronger regional cooperation initiatives. Second, the low degree of emotional attachment among South Asian elites reveals their strong national political allegiances and absence of formation of any transnational identity and allegiances. The development of regional institutions is scarcely possible in such a setting.

There shouldn't be any skepticism regarding the fact that the establishment of SAARC was a much wanted measure to enhance "regional cooperation among the member nations". A concerted effort to combine regular and human resources to meet better expectations for daily comforts for many people who would otherwise be doomed to a life of misery and poverty was also justified by the general conditions, the global environment, the topography of the region, history, and culture.

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