

Strategic Analysis Paper

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The South Asian Association for Regional Co-operation: Will the Smaller Countries Play a Role in Reviving SAARC?

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Key Points

- Bangladeshi Prime Minister Sheikh Hasina has highlighted the need for greater co-operation and a collective strategy towards fighting poverty in South Asia.
- In recent years, India, which has accused Pakistan of being an obstructionist force in the South Asian Association for Regional Co-operation (SAARC), has placed a greater focus on such arrangements as the Bangladesh-Bhutan-India-Nepal (BBIN) initiative and the Bay of Bengal Initiative for Multi-Sectoral and Economic Co-operation (BIMSTEC).
- Nepal has been pushing for the revival of the SAARC process. Pakistan, too, has been urging SAARC members (other than India), to play a role in rejuvenating the grouping.
- India, however, is likely to oppose the revival of SAARC, at least in the near future. Nepal (nudged by Beijing), Sri Lanka and, to some extent, Bangladesh, will favour its revival.

Summary

While speaking at the Indian Economic Summit recently in New Delhi, Prime Minister Sheikh Hasina called for closer co-operation in South Asia and emphasised the dire need for a collective strategy to counter the scourge of [poverty that afflicts the region](#). Hasina argued

that greater connectivity would pave the way for greater co-operation in South Asia. She also pointed to the fact that a number of proposed initiatives have not eventuated due to political differences between South Asian countries. The Bangladeshi PM was clearly referring to SAARC, which has failed to promote regional connectivity, and to the fact that intra-regional trade is estimated at a paltry five per cent. This pales in comparison to other regional blocs like ASEAN.

While the South Asian Free Trade Agreement sought to promote intra-regional trade, it has been unsuccessful, and India has focused on strengthening bilateral trade with SAARC member states.

Analysis

The Bangladesh-Pakistan-India Triangle

It is pertinent to note that Bangladesh, like India, has strained ties with Pakistan in recent years, with Dhaka accusing Pakistan's intelligence agency, the Inter-Services Intelligence (ISI), of fomenting trouble in Bangladesh. In a terror attack on a café in Dhaka in July 2016, the throats of [20 hostages](#) were slit; the victims were of different nationalities and included one Indian. Bangladesh immediately rubbished claims of the Islamic State terror group being behind the attack. Senior officials of the Awami League government stated that the attackers belonged to Jamaat-ul-Mujahideen Bangladesh and were supported by the ISI. When India refused to attend the SAARC Summit to be held in Islamabad in 2016, Bangladesh supported India's decision, causing the Summit to be cancelled.

During her speech at the United Nations General Assembly, Hasina attacked Pakistan. It is perhaps significant, given those instances, to note that the Pakistani Prime Minister, Imran Khan, telephoned Hasina before she left for her visit to India.

Economic Linkages and Connectivity between India and Bangladesh

While there has been deterioration of ties between Pakistan and Bangladesh, Bangladesh-India connectivity (rail, bus and maritime) and economic linkages ([bilateral trade for 2017-18 was estimated at nearly US\\$10 billion](#)), have risen. Strong efforts are being made to further enhance these linkages, as was evident during Hasina's recent [India visit](#). Bangladesh, due to its geographic location, is an important component of India's Act East Policy.

The border markets, or *haats*, between India and Bangladesh, currently exhibit tremendous potential and an [MoU was signed](#) between the two countries in 2017 recognising this. According to the terms of the MoU, it is estimated that nine new *haats* will be set up along the border region in Meghalaya and Tripura states. India also has been looking to expand an LNG pipeline through Bangladesh and increasing gas pipeline capacity to Parbatipur (Bangladesh) is a part of the *Hydrocarbon Vision 2030* for the North-East.

On Sheikh Hasina's recent visit to India, the countries [signed an MoU](#) for setting up a coastal surveillance system radar in Bangladesh. They also signed seven pacts on Standard Operating Procedure on the use of Chattogram and Mongla Ports for the movement of goods, Coastal Surveillance System; withdrawal of water from the Feni River by India; an

Agreement concerning Implementation of Lines of Credit (LoCs); an MoU between the University of Hyderabad and the University of Dhaka and the Renewal of Cultural Exchange Programme.

These MoUs further India's Indo-Pacific agenda with Bangladesh, as a key player in New Delhi's plan.

Why Hasina's Reference to Regional Connectivity is Important

The Bangladeshi Prime Minister's emphasis on regional connectivity within South Asia and understanding diversity is important because Pakistan is trying to revive the SAARC process. The present government and Imran Khan's predecessor, [Shahid Khaqan Abbasi](#), have made attempts to revive SAARC. During Abbasi's visit to Nepal in 2017, for instance, the revival of SAARC was discussed with the Nepalese leadership.

Recently, Foreign Ministers of the SAARC countries met in New York, though the Pakistani Foreign Minister refused to attend the meeting while Indian Foreign Minister was speaking. When Pakistan's Foreign Minister, Shah Mahmood [Qureshi](#), arrived at the meeting, India's Minister for External Affairs, S. Jaishankar, left. The meeting was initiated by Nepal.

India's Focus on Other Initiatives

India has focused on other sub-regional initiatives like the [BBIN corridor](#) (often referred to as "SAARC minus Pakistan"), after Islamabad did not give its approval to the [Motor Vehicle Agreement](#) at the [SAARC Summit of 2014](#). India went ahead and inked a motor vehicle pact with [Bangladesh, Bhutan and Nepal in 2015](#), which sought to promote the free movement of passengers and cargo vehicles among those countries. Bhutan did temporarily withdraw from the pact in [2017](#), due to domestic opposition for [political](#) reasons (there are sections of the Bhutanese community which feel that the country should continue to be cautious in its opening to the external world), and also [environmental](#) and economic concerns.

India appears to have further neglected the SAARC process after the Uri terror attack.

During the BRICS Summit of 2016, New Delhi did not invite all the SAARC countries, but only those that are part of BIMSTEC. As a part of the BRICS outreach, India decided to further its Act East policy by inviting representatives from the BIMSTEC countries. It is also interesting to note that this took place in the same year that all the other SAARC countries boycotted the summit in Islamabad.

At the foreign ministers' meeting in New York, Indian Foreign Minister Jaishankar again stated that Pakistan had played an obstructionist role in SAARC. In June 2019, the Foreign Minister unequivocally stated that, while SAARC is afflicted by serious problems, BIMSTEC is progressing on the right path. He also referred to the invitation to [BIMSTEC](#) leaders to attend Narendra Modi's swearing-in as PM in May 2019 (in 2014, Modi had extended an invitation to the leaders of all the SAARC countries). Said [Jaishankar](#):

'SAARC has certain problems and I think we all know what it is, even if you were to put the terrorism issue aside, there are connectivity and trade

issues. If you look at why BIMSTEC leaders were invited for PM's swearing-in, [it is] because we see energy, mindset and possibility in BIMSTEC.'

It is likely that the smaller countries in the grouping will attempt to revive the SAARC process. Some, like Nepal, which are close to China, may do so under pressure from Beijing (which has already called for the revival of SAARC). Others, like Bangladesh, will do so to play a balancing act in the region and also to push for greater economic development and co-operation in South Asia, while seeking to benefit from their geographical location.

Conclusion

It remains to be seen whether New Delhi changes its approach towards SAARC. That will ultimately hinge on its relationship with Pakistan. A lot will also depend upon the role of other countries in the region as well as Beijing. While New Delhi needs to be pragmatic and flexible, if Islamabad is serious about SAARC it should seek to not just address bilateral issues, (especially concerns pertaining to cross-border terrorism), but also to seriously push regional connectivity and economic integration and stop playing an obstructionist role.

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