

## **Revitalizing Sub-Regional Cooperation in South Asia**

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### **Introduction**

There is no alternative to sub-regional cooperation in order to achieve sustainable development. South Asia, as a whole, has a lot to work on integrating all its economies under one roof. In order to understand the aspects of sub-regional cooperation, it is essential to have a glimpse of regional cooperation. As a regional bloc, South Asian Association for Regional Cooperation (SAARC) has not been able to fulfill the expectations in terms of boosting trade, investment, and cooperation through development projects. Furthermore, the sub-regional groupings South Asia Growth Quadrangle (SAGQ), South Asia Sub-Regional Economic Cooperation (SASEC), Bangladesh, Bhutan, India, Nepal (BBIN) Initiative, and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) came into being due to certain considerations of them being viable alternatives. This commentary will assess how the sub-regional blocs in South Asia have a lot to offer in terms of making their mark in potential areas of cooperation.

### **Assessing the Present Scenario of Sub-Regional Cooperation in South Asia**

Although sub-regional cooperation is a relatively nascent term in South Asia, it presents wide-ranging possibilities. Such cooperation aims to introduce a suitable framework that will enhance the aspects concerned with development in crucial sectors such as trade, economy, people-to-people connectivity, etc. South Asian states have shown greater political will along with putting in more dedicated efforts with the passage of time. The region is facing key challenges such as disputes between states, competition for regional leadership, policy implementation issues, but it still has the potential to make a global mark.

The South Asia Growth Quadrangle (SAGQ) was initiated in April 1997 by the Foreign Ministers of Bangladesh, Bhutan, India, and Nepal. The Ninth SAARC Summit held in the capital of Maldives endorsed SAGQ as a sub-regional grouping under SAARC. The goals of this organisation are linked to fast-track economic growth, overcoming infrastructural impediments, making optimum use of complementarities and facilitating cooperation on the policy framework and project implementation. SAGQ lost its momentum with the passage of time, and it resurfaced in the form of the Bangladesh, Bhutan, India, and Nepal (BBIN) Motor Vehicles Agreement.

The South Asia Sub-Regional Economic Cooperation (SASEC) was formed in 2001 with the inclusion of Bangladesh, Bhutan, India, Maldives, Myanmar, Nepal, and Sri Lanka. The purpose was to create a project-based partnership in order to acquire regional prosperity, create more economic opportunities and build better lives for the populace of the sub-region. The operational plan of SASEC has four key priority areas: transport, trade facilitation, energy, and economic corridor development. SASEC has helped the member countries to sign and implement 61 investment projects financed by the Asian Development Bank (ADB). The net worth of these projects is approximately \$ 13.58 billion. As of 2020, SASEC member countries have also gone through reforms in order to improve the ease of doing business

index. SASEC needs to continue the good work on a larger scale in order to revitalize sub-regional cooperation.

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a regional organisation comprising of seven member states: Bangladesh, India, Sri Lanka, Thailand, Myanmar, Bhutan, and Nepal. BIMSTEC cooperation will be based on the following sectors: trade, investment, and development; environment and climate change; security; agriculture and food security; people-to-people contact, science, technology, and innovation; and connectivity. BIMSTEC maintains communication at four levels: The Summit consists of the Heads of State, the Ministerial Meeting, The Senior Officials' Meeting, and The BIMSTEC Permanent Working Committee (BPCW).

After the failure of the SAARC Motor Vehicles Agreement in November 2014, the Bangladesh, Bhutan, India, and Nepal (BBIN) Motor Vehicles Agreement came to the surface. The primary motive behind the agreement was to enhance connectivity. BBIN has helped to take a big leap in the process of regional integration. It operates through Joint Working Groups (JWGs) in order to ensure formal representation from each member state. The member states have their say in order to formulate, implement and review quadrilateral agreements. However, it has a lot more to offer for facilitating sub-regional cooperation. It currently works on the following areas: trade, investment, communication, tourism, energy, and natural resources development. BBIN needs to extend its mandate and work on the following sectors: cyberspace, green technology, space applications, digital inclusion, and other crucial sectors. Such a noteworthy step will aid the region's capacity to keep up with the hypercompetitive world.

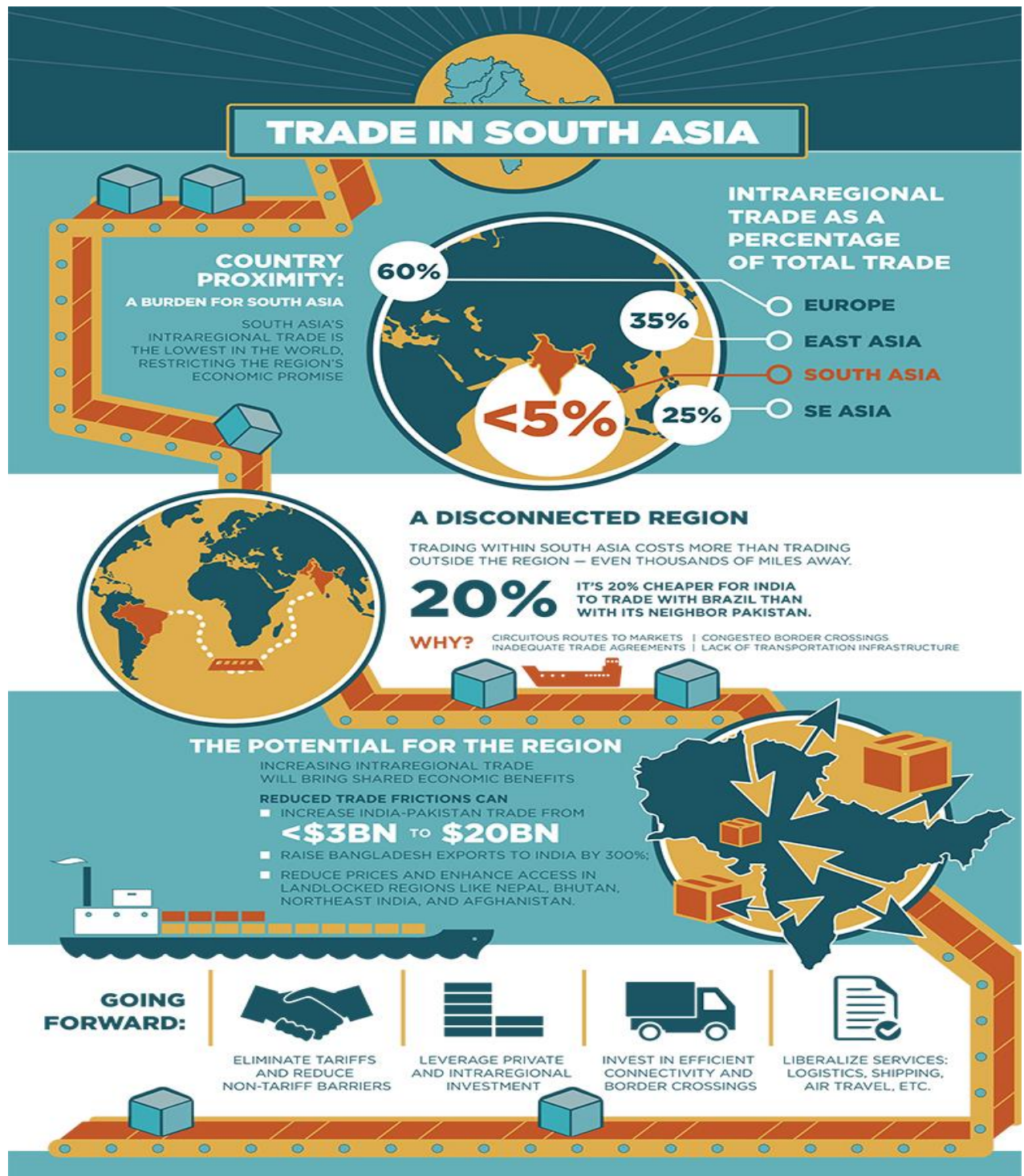
### **The Potential Areas of Cooperation**

The first sector of cooperation is concerned with managing water resources. Comprehensive river agreements are substantial in order to ensure the availability of water resources to all parts of South Asia. The region has a network of rivers and streams, making it pertinent to share water between states. The livelihoods of almost 50% of the population in the region are reliant on water resources, and there should be an integrated sub-regional approach in order to manage such precious water resources.

The second area of cooperation deals with the energy sector. South Asia is home to countries that specialise in natural gas, coal, and hydropower resources. The region needs to work in the following sectors: establish a regional power market, improve the availability of energy supply, enhance the energy trade infrastructure and harmonise legal and regulatory mechanisms.

The third area of cooperation is concerned with facilitating intraregional trade. South Asia's intraregional trade is one of the lowest in the world, which hampers the region's economic potential. The current value of intraregional trade within South Asia is \$23 billion accounting for only 5% of the region's total trade, which has the potential to reach approximately \$67 billion. The South Asian Free Trade Agreement (SAFTA) was formed in 2006, but it could not provide the desired results due to the "sensitive list." The sensitive list refers to the list of items that are not free from tariffs. On average, 35% of the value of imports in the region is subjected to tariffs, and it undermines the whole proposition of creating a free trade area. More work also needs to be done on non-tariff barriers. For instance, asymmetric information

on trade within the region makes it difficult to increase the volume of trade. Most notably, trade within South Asia is more costly than in the outer region. The lack of adequate transportation infrastructures also has a key role to play in terms of limiting trade. Sub-regional cooperation can be the answer to increasing the volume of intraregional trade and bringing economic gains for the region.



### **Figure 1: Trade in South Asia (Source: World Bank)**

Another significant area of cooperation is the tourism industry. South Asia hosts approximately 20% of the world's population; hence it has a huge potential to attract tourists. The number of tourists who arrived in South Asia in 2017 was equivalent to 22.84 million. The COVID-19 pandemic has already impacted 47.7 million travel and tourism jobs in the region. The region is expected to suffer from losses equal to \$50 billion. Regional integration activities are crucial in order to improve the tourism sector. The following actions can be taken in order to facilitate access: removing visa restrictions, improving access to infrastructure, aviation deregulation, and easing border crossing facilities. The second series of actions should be centered on improving quality: improving the business environment; attracting investment; developing service and quality standards; nature and wildlife conservation; codes of conduct; workforce development; and labour mobility. The final phase will deal with communicating to consumers and policymakers: branding, marketing, and promotion; crisis management; statistics and research; advocacy; stakeholder coordination; and increased awareness of destination communities. There is no alternative to sub-regional cooperation in order to revamp the tourism sector.

Although South Asian economies are incorporating digital innovations into their policies, a regional approach has become substantial. South Asian economies already have the required traits: high economic growth rates, large markets, youth population, decent ICT industry, and improved conditions for Foreign Direct Investment (FDI). As the countries move towards the fourth industrial revolution, digitalization has the answer to the pertinent questions. Adopting digital technologies will also increase the region's international competitiveness as a whole. Therefore, regional cooperation on digital fronts will carve ways for prosperity.

South Asia is one of the most climate-vulnerable regions globally, and it has to strengthen regional cooperation to combat the adverse impacts of climate change. Almost 50% of the populace in South Asia has experienced a climate-induced disaster in the past ten years. Natural hazards have already caused damages worth \$149.27 billion between 2000 and 2017. Climate change will impact 800 million people in South Asia and it can further push 62 million South Asians below the poverty line. SAARC Action Plan on Climate Change has already been forgotten and the case for regional climate cooperation is stronger than ever.

### **Conclusion**

The regional and sub-regional blocs will need to revive their efforts in order to take South Asia to greater heights. The region needs to gear up its concerted efforts in order to promote sub-regional cooperation on all the necessary fronts which will also have beneficial footprints for the globe. As the region is a significant geostrategic space, it is a must to revitalize sub-regional cooperation to build a prosperous future.

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