

South Asian Association for Regional Cooperation (SAARC) and Economic Cooperation

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Abstract – South Asian Association for Regional Cooperation (SAARC) is unavoidable and significant Organisation in South Asia. SAARC provides a platform for the people of South Asia to work together in spirit of friendship, trust and understanding. The paper deals with the economic cooperation through SAARC among member countries. Further importance of BIMSTEC economic corridor in South Asia is also discussed in the paper. The main Idea behind the establishment of SAARC to promote economic growth, social progress and cultural development in the region and to promote Welfare of the people of South Asia and to improve their quality of life. SAARC can support member states with the design of action plans for sustainable development.

Key words : SAARC, Economic Cooperation, South Asia.

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INTRODUCTION

SAARC is a Regional organisation. Regional organisations have an important role to play in the achievement of the goal. They can support member states with the design of action plans for sustainable development, but also they can play a key role in maintaining the implementation of these commitments.

We see the Impact of this importance of Regional organisation in South Asia in the emergence of SAARC (South Asian Association for Regional Cooperation).

The main Idea behind SAARC formation was the promotion of political, social, cultural, economic development of South Asian region.

ESTABLISHMENT OF SAARC:

The concept of SAARC was adopted by Bangladesh during 1977, under the administration of president Zia-ur-Rehman. The Bangladeshi proposal was accepted by India, Pakistan, Sri Lanka a meeting held in Colombo in 1981. Finally SAARC came to existence in 1985.

The south Asian Association for Regional Cooperation is an organisation of South Asian Nation founded in December 1985 and dedicated to economic, technological social, cultural, development and emphasizing collective self-reliance. Its seven founding members are Bangladesh, Bhutan,

India, Maldives, Nepal, Pakistan, Sri Lanka. Afghanistan joined the organisation in 2005.¹

SAARC is the organisation that is the common platform for all other member countries to work together in a goal to achieve friendship, trust and understanding. All the members countries put forward their problems and try to find out the solutions.

OBJECTIVES OF THE SAARC:

- To promote social, political, economic growth.
- Towards mutual trust, understanding and appreciation of the problems of one another.
- To make the self- Reliance among the Countries Of South- Asia.
- To contribute to an international and Regional organisation with similar aims and purposes.
- To develop active participation and mutual assistance in the economic, social, cultural, technical and scientific fields.

- To make strong cooperation among themselves in international forms in matters of common interest.

SAARC AND ECONOMIC COOPERATION:

SAARC provide a platform to its member, countries for cooperation in many fields. Economic cooperation is necessary for the development of the member countries of the SAARC. Member countries of SAARC also resulted the importance of economic cooperation. They made their efforts for economic development and cooperation.

South Asia free trade area (SAFTA)

SAFTA was envisaged primarily as the first step towards the transition to a South Asian free trade area(SAFTA) leading towards a customs Union, common market and economic Union.

The 10th SAARC Summit (kolombo, 29-31 July 1998) decided to set up a committee of experts (COE) to draft a comprehensive treaty Framework for creating a free trade area within the region, taking into consideration the development within the region and fearing the mind the need fix realistic and achievable targets. The SAFTA agreement was signed on 6th January 2004 during 12th SAARC Summit held in Islamabad, Pakistan. The Agreement entered into force on 1st January 2006, and the trade liberalization program commenced from 1st July 2006.[2]

SAARC members signed the SAFTA which from is the formation of a free trade zone for the whole of South Asia. A new chapter of Corporation involved in South Asia if all the countries in the region allow free trade across the borders. This is the spirit Behind the idea of SAFTA. SAFTA aims at lowering trade tariffs to 20% by 2007.

FINANCIAL CORPORATION:

South Asian countries have identified the area of financial Cooperation for Regional economic cooperation. In this context, the first meeting of SAARC financial ministers approved the establishment of an inter government expert groups on financial issues with a mandate to develop its draft terms of references based on the area outlined by the SAARC leaders at their 13th Summit including development of the roadmap for achieving the South Asian economic Union (SAEU) in a gradual and phased manner.

So far five informal meetings of SAARC finance minister have taken place in different countries on the issues of financial corporation- beside this a SAARC - Asian Development Bank(ADB). Inception workshop for the SAARC studies on trade, economics and Finance was held at the SAARC Secretariat on 23- 24 June 2011 with regard to the

integration and the following recommendations emerged after detailed discussion.

The term," South Asian economic community" may better reflect the stage of regional economic integration of South Asia. The meeting however, suggested that the study should retain the original title which is the" South Asian economic Union" as this was approved in the TOR. But it can be define what is expected as an economic Union.³

Committee on economic cooperation (CEC):

The CEC comprising trade/ commerce secretaries of SAARC was established to overseas and monitor the trade and economic cooperation under the trade and economic cooperation under the framework of SAARC in 1999.

In the 11th SAARC Summit held in Kathmandu on 26- 27 November 2014, the heads of states express their strong determination to deepen regional integration for peace, stability in South Asia by intensifying cooperation in trade, investment, finance, energy and implementary projects, programs and activities in a result -oriented and time- bound manner.

They acknowledged that SAARC member states, particularly the least developed and landlocked member states, face structural constraints and challenges that result in their weak productive capacity affecting their competitiveness in external trade due to, among others, high trade and trains cost. They committed to enhance support to the least developed and landlocked member states in their development efforts with a view to ensuring equitable benefits of face trade arrangement. In this context, they agreed to effect implement the existing preferential facilities under SAFTA and SAIS.

The 18th SAARC Summit welcomed the significant progress towards finalization of the SAARC regional Railways agreement. The leaders emphasised the need for linking South Asia with contagious reasons, including Central Asia, and beyond by all modes of connectivity and directed salvent authorities to initiate National, regional and sub-regional measures and necessary arrangements.

Economic corridor in South Asia (BIMSTEC)

On 6 June 1997, a new sub- regional grouping was formed in Bangkok under the name BIST- EC (Bangladesh, India, Sri Lanka and Thailand economic cooperation). In February 2004, Nepal and Bhutan became full members of it. On 31st July 2004, in the first Summit the grouping was renamed as BIMSTEC ,or the Bay of Bengal initiative for multi- sectoral technical and economic cooperation.

BIMSTEC was established in June 1997 and aims to promote cooperation among the member

countries such as trade, energy, Technology, transport and service as a Bridge between south and Southeast Asia. 4

Main sectors of BIMSTEC for cooperation are:

- Technological cooperation
- Economic cooperation
- Trade and investment
- Transport
- Tourism
- Agriculture
- Poverty elevation

BIMSTEC free trade area Framework agreement:

This agreement has been signed by all member Nations to stimulate trade and investment in the parties, and attract outsiders to trade with and invest in BIMSTEC at a higher level.

Objective of the free trade area Framework agreement of the Bay of Bengal initiative (BIMSTEC) are to strengthen and improve the economic, international trade, and foreign direct investment Corporation.

CONCLUSION:

SAARC is Imaginary National initiative by the South Asian states involved Corporation through multilateral means. South Asian region can be stabilized and cemented if policy initiatives both at the government and non-government levels are taken by South Asian leaders with mutual trust.

In the age of globalisation and liberalization and market, it is important for South Asian country to increase their participation and state in the world economy, in order to become more globalise. Beside this the new changes have created new opportunities for cooperation with the new areas of trade and intra-regional trade.

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