

Challenges to Multilateralism in South Asia

Asanga Abeyagoonasekera

Standing in the way of realizing the vision of a “South Asian Union” at present is largely the rift between India and Pakistan. According to India’s Foreign Secretary S. Jaishankar, the South Asian Association for Regional Cooperation (SAARC) “is an organization which has been made ineffective due to insecurity of one member.” Yet, one cannot imagine multilateralism without the presence of Pakistan, a large player in the South Asian arena. Unfortunately multilateralism in the South Asian Association for Regional Cooperation has failed due to this weak regional political leadership, and its inability to work towards resolution mechanisms when disputes are triggered. Poverty, weak governance with high levels of corruption and inconsistent policies have further diseased the region, curbing the establishment of a “rules-based order” within South Asia. The Indian hegemon, with overspilling nationalism, will make the task of promoting multilateralism even more difficult.

The European Union (EU), with a very different geopolitical context, has managed to resolve disputes between Germany and France. This was a key milestone for the development of a multilateral order; ripening the fruits of multilateral integration for many nations in the region who sought to adopt the “rules-based order.” Although it is not valid to compare South Asia directly with the EU due to historical and geopolitical differences, the key weaknesses of the region that is hindering it from prospering economically should be identified and clearly understood. South Asia’s intra-regional foreign direct investment (FDI) is only 3 percent, compared to the Association of South East Asian Nations’ (ASEAN), which is 25 percent.

Even after nearly 70 years of independence many South Asian nations are still engaged in internal conflicts within the periphery, which many governments have failed to find sustainable solutions for. Although the colonial past

has some lingering effect it cannot be blamed for the entirety of the past, since sufficient time has passed for the individual nations to find political solutions to create a better rules-based order, and thus a harmonious region.

MULTILATERALISM IN SOUTH ASIA: A POSSIBILITY?

Insecurity in South Asia has threatened economic cooperation and contributed to the failure to recognize the benefits of multilateralism. For one to understand the limitations and difficulty in implementing multilateral cooperation it is important to understand the region, the regional power dynamics and the internal issues the nations are grappling with from the past to the present day.

A sustained regional integration with multilateralism in economic and security cooperation could transform South Asia into a major economic growth zone. With the largest youth bulge in the world, as well as the largest population concentration in the world, there are enough opportunities and resources for economic growth. Unfortunately the region is engulfed with half of the world's poverty, political rifts, border disputes, natural calamities, and ethnic and religious disturbances.

POVERTY AND EDUCATION

South Asian politics has failed miserably after colonial independence in terms of economic development and eradicating poverty. Out of 1.8 billion people in South Asia, close to 256 million live in poverty. According to the Poverty and Equity Data Bank,¹ the percentage of people living on between US\$1.90 and US\$3.10 a day in Pakistan is about 43.6 percent. In India and Bangladesh it is over 50 percent. Sri Lanka, which celebrated its 70th independence day this year, has a 27 percent poverty rate. Poverty is thus the common enemy of the region and for this very reason, the Sri Lankan president rightly declared 2017 as the year of eradicating poverty in Sri Lanka.

Over the past decade, South Asia has focused on improving the overall health and primary education levels and upgrading infrastructure. As the lat-

¹ World Bank, "Poverty and Equity Data Portal Pakistan," <http://povertydata.worldbank.org/poverty/country/PAK>.

est World Economic Forum Global competitiveness Index report² notes, there are only two economies in South Asia that have moved from the factor-driven stage to the efficiency-driven stage: Sri Lanka and Bhutan, both of which have got stable scores compared to the other nations. Education remains Sri Lanka's main strength, according to the report, comparatively with other regional countries. To eradicate poverty, education plays a key and sustainable role in terms of allowing social mobility and enhancing standards of living. The region should focus on advancing the steps that have already been taken in this venture in overpowering our common enemy, poverty.

LIMITATIONS IN THE FACE OF PROMOTING MULTILATERALISM

South Asia occupies 3 percent of the world's land surface. It shares 1 percent of the world's trade, yet intra-regional FDI is 3 percent, compared to ASEAN's 25 percent.

Additionally, South Asian regional trade is dismally low at 4 percent as compared with the regional trade of the European Union at 67 percent, the North American Free Trade Agreement (NAFTA) at 62 percent, ASEAN at 26%, the Common Market for Eastern and Southern Africa at 22%, Gulf Cooperation Council at 8%, and Latin America and Caribbean at 22%.³ Regional trade among the SAARC countries was US\$5 billion, out of which India's share was 76 percent (US\$3.8 billion).⁴ India, as the regional hegemon with its large population of over a billion people and with its huge geographical land mass, is the key player to bring the South Asian nations together to move towards regional integration. If India displays the necessary leadership, regional multilateralism can be achieved and this will create many exciting opportunities for new synergies based on comparative advantages, ranging from investments in cross-border infrastructure projects to coordinated programmes and addressing challenges in areas such as governance, security, environment, social development, and other fields that stretch over national boundaries.

² "The Global Competitiveness Report 2017-2018," <http://www3.weforum.org/docs/GCR2017-2018/05FullReport/TheGlobalCompetitivenessReport2017%E2%80%932018.pdf>.

³ World Bank, "South Asia: Growth and Regional Integration," Washington D.C.

⁴ World Bank, "South Asia Growth and Regional Integration Report," <http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/223546-1192413140459/4281804-1192413178157/4281806-1265938468438/BeyondSAFTAFeb2010Chapter14.pdf>.

The hostility and tension between India and Pakistan over border disputes have unfortunately affected regional multilateralism and SAARC, the only regional integration with all nations of South Asia involved, is now at a standstill. Since there is no dispute resolution mechanism built into the SAARC charter, it is difficult to envisage how the SAARC process can be restarted. This is a major limitation and due to the absence of SAARC, the regional nations are divided into groups led by India and Pakistan; this is a very unfavourable situation to promote multilateralism in.

Another factor is the extreme asymmetry of power among the South Asian countries. While India accounts for 75% of the SAARC's population and about 80% of GDP, the second and third largest member states account for only about 10% and 7% respectively.⁵

The military power asymmetry between India and the rest of the nations is another factor limiting multilateralism. India's Monroe Doctrine mentality to take action against extra regional powers getting closer to India's neighbouring nations is a major geopolitical variable in play. The Chinese submarine visit to Sri Lanka became a political and security concern to New Delhi. Bangladesh's acquisition of Chinese submarines was also a huge security concern to India, as was Nepal allowing China to build the Lhasa-Kathmandu road; the latter was interpreted by India as Nepal's acquiescence to China's presence and involvement in South Asia and a serious threat to India's security. There is furthermore no multilateral security agreement or discussion forum among South Asian nations to address the security concerns of the region.

At the regional level, India has resisted inviting Pakistan to join the Indian Ocean Rim Association (IORA) or allowing China to become a full member of the Indian Ocean Naval Symposium (IONS). On the other hand, India is building a massive naval fleet, with 48 warships under construction, including one aircraft carrier, one nuclear and six conventional submarines and a variety of destroyers, frigates and corvettes. By 2027, the capacity will be expanded to hold 198 warships. The need for a security discussion forum in the Indian Ocean region is clearly evident. The Indian Ocean Rim Association for Regional Cooperation is for economic cooperation and not for security. The Galle dialogue, a popular Sri Lankan initiative, and the IONS, an Indian initiative, bring together the naval chiefs of a large number of littoral countries

⁵ V. V. Desai, "The Political Economy of Regional Integration," Asian Development Bank, July 2010.

for a discussion of security challenges in the Indian Ocean. Unlike Southeast Asia, which hosts the ASEAN Regional Forum (ARF), in the Indian Ocean region, a ministerial level forum that explicitly addresses maritime security issues and involves both regional countries and extra-regional major powers is lacking. Without such a discussion forum in place multilateral security agreements will be unachievable.

Another factor is the geography and the geographical dependency of most South Asian nations on India. Distrust, hostility and apprehension as seen among the SAARC members from the initial stage could be analyzed as a geographical factor. Probably seeing this factor, India joined SAARC with the condition that security issues would be kept outside the purview of SAARC. India shares borders with a majority of the South Asian states. When examining the Indian border, it can be noted that except for Pakistan, no other member state shares a border with any SAARC country other than India. Bhutan and Nepal are land-locked between India and China and depend on the former. Bangladesh has direct access to international seas on one side but is surrounded by India on all other sides and remains dependent on West Bengal, which continues to be part of India. These factors have caused India to be perceived as a threat by certain countries in South Asia. A close examination of the river basin of India, Nepal and Bangladesh will illustrate clearly why regional integration should happen. According to Dr. Uttam Sinha, "India's hydrological experience with Nepal and Bangladesh in sharing the waters and the benefits of the Ganga has been a positive experience providing opportunities for closer regional integration but also provide an outcome to help resolve political issues. The Ganga, thus, becomes a catalyst for transforming bilateral friction to tangible gains."⁶

Apart from the geographical dependency between India and its neighbouring nations, a common external security threat to the region is missing. The European Union had a common threat to galvanise the creation of an alliance among the western European nations. The growing power of the Soviet Union in eastern Europe and the emergence of the United States after World War Two were two major considerations pushing western Europe towards increased integration. In east Asia, the increased power and influence of China and communist regimes caused the smaller Southeast Asian nations to come

⁶ Sinha Uttam, *Riverine Neighbourhood: Hydropolitics in South Asia* (New Delhi: Pentagon Press, 2016).

together to form ASEAN.⁷ The absence of a common security threat to the South Asia region could be limiting the interest among regional nations to promote multilateralism.

TIME BEFORE SAARC

Many South Asian nations came out of the clutches of the British imperial rule and gained independence somewhat around the same period. The divide and rule policy by the colonial empire was clearly visible in the region. The tension between the periphery and the centre (government) was evident in almost all the nations of South Asia. These could be due to ethnic concerns, religious issues or federalist power-sharing struggles. For instance, in Sri Lanka the quarter-century war after independence, the Indian intervention to resolve the war through a power-sharing agreement, and the 13th Amendment to the constitution, which was to devolve power so as to ease tension between the centre and the periphery, are discussed even in the present day. A 13+ Amendment with more devolution of power was promised by subsequent governments that came to power after 2005, but failed to be delivered due to the political instability that could arise from the majority Sinhalese Buddhists, who were suspicious of and feared the terrorist group LTTE's primary goal of a separate state, the Tamil Eelam. Furthermore, Sri Lanka had always been viewed as the land of the Sinhala Buddhist minority, given the records of the dominance of this ethnic group for over 2500 years in history. Many of the South Asian nations are unstable due to such internal political challenges that were unresolved after independence. The colonial past cannot be blamed for this malaise as the governments have had sufficient time to resolve internal political issues and bring economic prosperity to the respective countries.

In the post-independence period before SAARC was created as a permanent institution and the discussion forum for multilateralism, there were many regional conferences. Therefore regional multilateralism is not alien to South Asia and the region can look back at several attempts at regional cooperation, both small and large scale (see Table 1). There were eight pan-

⁷ P. Kher, "Political Economy of Regional Integration in South Asia," UNCTAD, http://unctad.org/en/PublicationsLibrary/ecidc2013misc1_bp5.pdf.

Asian regional conferences that eventually determined India's austere position *vis-à-vis* regional multilateralism.⁸

Table 1: Regional Asian conferences and meetings from 1949-61.⁹

	Name of Conference	Year
1	New Delhi Conference on Indonesia (<i>India</i>)	January 1949
2	Baguio Conference (<i>Philippines</i>)	May 1950
3	Conference of Southeast Asian Prime Ministers, Colombo (Colombo Powers Conference) (<i>Sri Lanka</i>)	April 1954
4	Bogor Conference (Conference of Southeast Asian Prime Ministers) (<i>Indonesia</i>)	December 1954
5	Bandung Asian-African Conference (<i>Indonesia</i>)	April 1955
6	Shimla Conference (<i>India</i>)	May 1955
7	Brioni Conference (<i>Italy</i>)	July 1956
8	Belgrade Conference (NAM Summit) (<i>Yugoslavia</i>)	September 1961

SAARC

Given the absence of a permanent institution for multilateralism, especially in the sphere of economic cooperation among the regional countries, SAARC was initiated through a proposal by former President of Bangladesh Ziaur Rahman in May 1980. This was endorsed by Nepal, Sri Lanka, the Maldives and Bhutan, with a view to achieving stability, security and peace in the region. The charter of SAARC was accepted by all the seven founding members in mid-1985. SAARC became the main vehicle for moving towards greater integration, and for building trust in the region.

The Indian-Pakistan border dispute, however, has put an end to the SAARC process, which has not met for the last three years. In addition, its institutional ineffectiveness, vulnerability to regional politics, and inadequate capacities were other main undermining reasons. Despite many attempts to restart the SAARC process by regional countries, it has failed to reconvene. Even Prime Minister Modi's initial approach to promote SAARC through the symbolic gesture of launching a SAARC satellite to be shared by all member states, as a means of recognizing the importance of regional multilateralism, was articulated but in practice has failed miserably as of the present day.

As a consequence, the multilateral platform is fading away from regional policy makers' attention since internal challenges in the realms of ethnicity,

⁸ Arndt Michael, *Regional Multilateralism in South Asia* (2013).

⁹ Ibid.

religion, terrorism, corruption and poor economic conditions have become the top priority on the policy agenda. The absence of a multilateralism platform has allowed new avenues of bilateralism to be promoted. For example, bilateral ties between Pakistan and Sri Lanka in the form of a Pakistan-Sri Lanka Free Trade Agreement (PSFTA) came into force in 2005. Since then, total trade between Sri Lanka and Pakistan has tripled to US\$462 million in 2013 from 2005's US\$158 million. Bilateral trade will soon reach US\$1 billion between the two nations. This further aggravates challenges to regional unity as each nation is working closely with other powers in the region and beyond, thus further threatening the regional hegemon India. Pakistan and Sri Lanka's strategic relationship with China, as evidenced by the Gwada and Hambantota ports recently built by China, has been seen as a security threat by some Indian scholars.

Even the creation of "regional economies" (geographical units such as Hong Kong and Southern China, Silicon Valley and Bay Area, and growth triangle of Singapore and Johor, Malaysia)¹⁰ at the sub-regional level has been overshadowed by the inward-looking policies of the South Asian nations. For the nation states and their leaders, the primary issue remains protection of territory, resources, jobs, industries, and even ideology. The in large parts protectionist policies in South Asia have pulled the entire region away from creating regional integration. According to Kenichi Ohmae, "region states welcome foreign investment. They welcome foreign ownership. They welcome foreign products. In fact, they welcome whatever will help employ their people productively, improve their quality of life, and give them access to the best and cheapest products from anywhere in the world. And they have learned that such access is often best and easiest when the products are not produced at home. Singapore, for example enjoys better and cheaper agricultural products than do the Japanese although Singapore has no farmers and no farms of its own."¹¹ In South Asia, the creation of such regional harmony between states, especially within two nations, is near impossible given the political tensions and insecurity present. The creation of zones of regional economies, such as between Nepal and India or between Bangladesh and India, continues to be difficult due to the protectionist measures adopted by their respective governments.

¹⁰ Ohmae Kenichi, *The End of the Nation State: The Rise of Regional Economies* (1995), 80.

¹¹ *Ibid.*, 89.

The East Asian miracle and the strong regional integration achieved through ASEAN has allowed Southeast Asian states to move away from the national states mentality to creating region states that are integrated in the global economy. For example, trade between ASEAN and China has exceeded US\$1 trillion. In ASEAN, a series of multilateral agreements for trade, services and investment have been concluded, including the “Agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area (CEPT-AFTA) signed in 1992, the ASEAN Framework on Services (AFAS) signed in 1995, the Basic Agreement on the ASEAN Industrial Cooperation Scheme signed in 1996 and the Framework Agreement on the ASEAN Investment Area (AIA) signed in 1998.”¹² Such multilateral agreements will shift existing bilateral issues to a regional level and bind signatory countries to a timetable for implementation. For greater integration in the South Asian region, similar levels of institutional support and initiative will be required. The key success factor of ASEAN, when comparing it to SAARC, is the ability of its member states to set aside their political differences and focus on economic prosperity. South Asian nations unfortunately have a greater trust deficiency among its member countries due to political differences and India’s suspicions, which has led it to try to isolate the region from extra regional powers working around India’s vicinity. Until this hostility among the South Asian nations subside, a strong regional integration will not materialize.

CONCLUSION

It should be understood in conclusion that free trade agreements in the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), between India-Sri Lanka, India-Nepal, India-Bhutan, Bangladesh-Pakistan, and India-Bangladesh, alone will not help to establish regional multilateralism. It can in fact potentially create a chaotic situation if not properly coordinated by the member countries. Other regional blocs such as ASEAN have made significant progress in promoting multilateralism while South Asia has no similar platform due to the political differences, border disputes and internal issues that have created further instability in the region. The absence of SAARC has a profound impact on the South Asia region. To bring back regionalism to the South Asian agenda, a significant structural

¹² P. Kher, “Political Economy of Regional Integration in South Asia.”

transformation in terms of capacity building at the political level is required. To bring back multilateralism to the national agenda of every South Asian nation and to build competitive strength through regional integration at an accelerated pace, the internal issues have to be resolved. Ethnic, religious, and political tensions have fully occupied the agenda and at present there is little space to discuss regional integration. This space has to be created in order to re-energize organizations such as SAARC. The EU and ASEAN are great examples of regional integration, the former for its long-term oriented agenda and the latter for its member states putting aside political differences. If the South Asian countries learn from these examples, the vision for South Asian regional integration can be achieved.

Prof. Asanga Abeyagoonasekera is the Director General of the National Security Think Tank, Institute of National Security Studies Sri Lanka (INSSSL) under the Ministry of Defence. He is a visiting professor for Geopolitics (Northern Kentucky University), International Security (University of Colombo) and International Political Economy (University of London RIC). Asanga is a columnist for IPCS and the *South Asia Journal*. He contributes articles on geopolitics and regional security. He has authored many academic journal articles and presented in defence, foreign policy think tanks, universities and government ministries, including Quai d'Orsay in Paris, LKY School of Public Policy in Singapore, and Jesus College Cambridge University. His major field of interest is geopolitics of South Asia, Indian Ocean Region and regional security in South Asia. He was recognized as a Young Global Leader (YGL) for the World Economic Forum in 2012. His recently published book *Towards a Better World Order* focused on the geopolitics of the region and the importance of preserving Sri Lanka's democratic institutions. In 2016, he authored a chapter for *The Modi Doctrine: New Paradigms in India's Foreign Policy*.