

CONSORTIUM OF SOUTH ASIAN THINK TANKS (COSATT)

The Consortium of South Asian Think Tanks (COSATT), is an informal organization of leading think tanks in SAARC. Since 2008, the COSATT has undertaken three regional dialogues on connectivity, countering terrorism and energy and environmental security.

The COSATT facilitates cooperation among policy institutions in South Asia to address common peace and security issues in the region. The Consortium organizes a series of dialogues at the regional level every year on selected themes; results of these discussions are published as a book, along with a summary of policy recommendations to the SAARC.

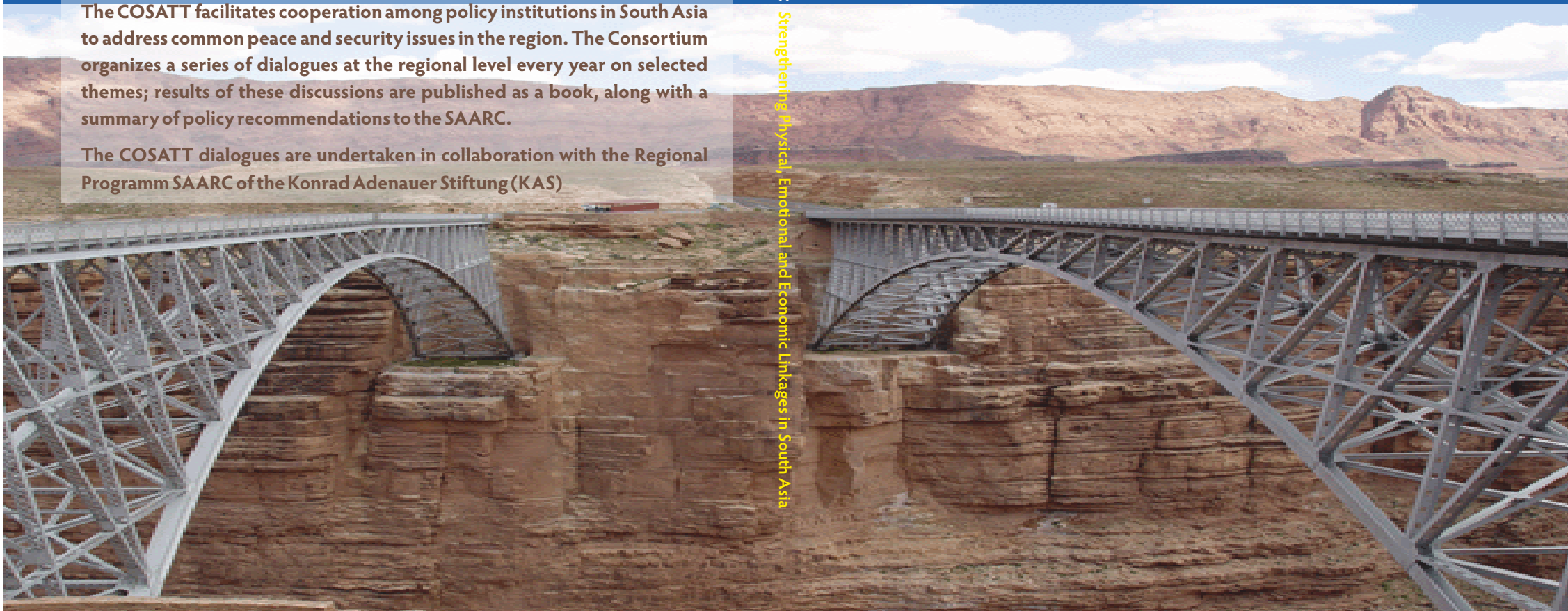
The COSATT dialogues are undertaken in collaboration with the Regional Programm SAARC of the Konrad Adenauer Stiftung (KAS)

BUILDING BRIDGES

Strengthening Physical, Emotional and Economic Linkages in South Asia

BUILDING BRIDGES:

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Edited by
D. Suba Chandran

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IPCS
INSTITUTE OF PEACE AND CONFLICT STUDIES



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COSATT

BRIDGING POLICY RESEARCH IN SOUTH ASIA



**Konrad
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Preface

The Consortium of South Asian Think Tanks (COSATT) identified economic, physical, educational and cultural connectivities in South Asia as the focus for 2011-2012. Coordinated by the Institute of Peace and Conflict Studies (IPCS) New Delhi and in collaboration with the SAARC Regional Office of the KAS, the COSATT met twice in Kathmandu (Nepal) and Thimpu (Bhutan) during 2012 to discuss multiple issues relating to the above subject.

An important highlight of this annual project of the COSATT has been the participations of scholars and practitioners from Europe and Southeast Asia to share the experiences of regional integration in the EU and ASEAN. The presence of participants from these two regions enhanced the regional inputs in a comparative perspective.

Various think tanks and research institutes from South Asia took part in this endeavour enthusiastically by sending their leading researchers to take part in the exercises. Directors of leading think tanks and research institutes, who are a part of the COSATT also took part in the deliberations in Kathmandu and later in Thimpu.

This report – a collection of essays looks into various aspects of connectivity. The chapter on economic integration is a critique what has happened and what has not within the SAARC, along with recommendations, while two other chapters explore tourism as a strategy to bring South Asia together. Especially the chapter titled Namgay initiative proposes a visa regime for South Asia on the models of the Schengen in Europe. The chapter on education as a weld in the region, looks beyond South Asian University in terms of what could be achieved. The essay on think tanks and researcher institutes is a self critique in terms of what role could they play in brining the region together. The last two

essays focuses in physical connectivity of the region, in terms of what could be done in linking the regions within and beyond.

The COSATT today has become a process and is at a crucial stage. Shortly, this initiative should have its own online presence, with not only bringing the heads of think tanks and research institutes together, but also the researchers, and thereby the research and its outputs in the region. This process is supported by the SAARC regional office of the Konrad Adenauer Stiftung (KAS) in New Delhi.

D. Suba Chandran

May 2013

Chapter 1

Enhancing Economic Connectivity in South Asia: Alternative Approaches

Ashani Abayasekara

1. Introduction

South Asia¹ has emerged as one of the fastest growing regions of the world with an average real GDP growth rate of 8 per cent sustained over the past five years. Moreover, the region has experienced rising shares in global trade and foreign direct investment (FDI) flows. However, the region faces a plethora of development challenges, including widespread rural poverty and hunger, and fairs poorly in terms of different human development indicators such as education, health, nutrition and sanitation. While the growth outlook is still robust, the downside risks posed by the unfavourable global economic climate and uncertainty have moderated the region's prospects. Growth in the South and South-West Asia subregion², while still strong at 6.7 per cent in 2011, was lower than the previous year, and the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP, 2012) forecasts a further slowdown in 2012 to 5.8 per cent.

Of particular concern is the stubbornly high rate of inflation in many countries – Bangladesh and Pakistan are projected to suffer from double-digit inflation in 2012 (ESCAP, 2012) – particularly in goods that directly affect the livelihoods of people living in poverty, such as food items. Widening budget deficits in many countries have limited the scope for fiscal policy measures, while expanding current account deficits are a reflection of the region's vulnerability to external shocks in the rest of the world. Furthermore, given the turbulent economic climate in many

¹ South Asia includes the following eight economies: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka.

² According to the UNESCAP classification, the South and South-West Asian subregion includes the eight South Asian economies plus Iran and Turkey.

developed countries, maintaining the momentum of economic growth in South Asia will require finding alternative sources of growth through demand creation both domestically and within the subregion. In this context, the acceleration and broadening of regional cooperation and connectivity assumes critical importance.

The importance of regional connectivity has long been acknowledged in the South Asian region. The Heads of Governments of the South Asian Association for Regional Cooperation (SAARC)³ agreed at their 14th summit to improve intraregional connectivity – particularly physical, economic and people-to-people connectivity – as a stepping stone towards a vision of a South Asian community “where there was smooth flow of goods, services, peoples, technologies, knowledge, capital, culture and ideas”.⁴ More recently, the 17th summit held in 2011 was based on the two themes “connectivity and building trade linkages.”

Regional cooperation and connectivity, while offering unique opportunities, also requires overcoming various challenges. Institutional mechanisms in place to promote such connectivity – led by SAARC – have so far yielded limited results. While there has been some increase in people-to-people connectivity through both migration and tourism, economic connectivity has lagged behind, resulting in a large untapped potential. Natural market integration in the region – led by high economic growth in India – is moving forward albeit at a slow pace. Yet, one cannot rely on market processes alone – an effective institutional structure is essential in facilitating and deepening economic connectivity. There is thus a need to look beyond the existing institutional arrangements in South Asia and examine alternative approaches that could be worked on.

In this context, this paper examines the current levels of the key

³The South Asian Association for Regional Cooperation (SAARC) was founded in 1985. Its seven founding members are Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka. Afghanistan joined the organization in 2005.

⁴South Asian Association for Regional Cooperation, 2007.

components of economic connectivity in South Asia – trade, investment, transport and ICT – identifies issues hindering connectivity in these areas, and explores possible ways forward in achieving higher levels of economic connectivity in the region.

2. Intraregional Trade and Investment

2.1 Current Status and Issues

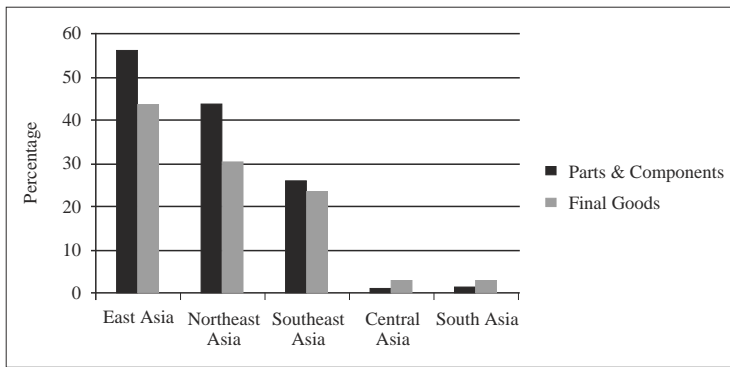
2.1.1 Merchandise Trade

Intraregional trade in South Asia shows a story of unexploited economic opportunity and a highly disproportionate bias toward extraregional trade and investment. In 2009, South Asia had a total trade value of US\$ 538.3 billion of which only US\$ 25.3 billion or 5 per cent was intraregional trade (IMF 2010). This figure is noticeably low compared to other regional groupings. According to the Asian Development Bank (2009), intraregional trade as a percentage of total trade is as high as 65 per cent in the European Union (EU), 45 per cent in the North American Free Trade Agreement (NAFTA), 27 per cent in the Association of South-East Asian Nations (ASEAN) and 11 per cent in Sub-Saharan Africa (SSA). Despite advantages of contiguity, proximity and similarity, South Asian countries (SACs) still choose to trade with the more distant economies of the United States and EU. Similarly, most of the region's foreign direct investment (FDI) also comes from outside the region. Past conflicts and existing tensions continue to hinder regional cooperation, so that the immense potential for regional connectivity and integration – and its subsequent trade, investment, and growth opportunities – remains untapped.

A detailed analysis of Asia's trade interdependence (ADB, 2010) shows that increasing intraregional trade shares, particularly in East Asia, is largely attributable to the marked expansion in trade in parts and components (intermediate goods). These exports are sourced from production networks – almost entirely in East Asia – based on supply chains that obtain parts and components from a large number of firms located in different countries for final assembly in a separate location that

serves as an export base. Neither Central nor South and South Asia is yet part of such trade and investment networks, and this has been a key reason for stagnating intraregional trade shares in the subregion. As shown in Figure 1, while 56.3 per cent of East Asia's trade in parts and components was within the subregion, this figure was a mere 1.3 per cent in South Asia. Considering final goods, close to half (43.4 per cent) of East Asia's trade was within the region, compared to only 2.8 per cent of South Asia's.

Figure 1: Intraregional Trade Shares in Asia and the Pacific, 2008



Source: Asian Development Bank. 2010. *Institutions for Regional Integration: Towards and Asian Economic Community*. Manila: Asian Development Bank.

While economic issues were left out of the SAARC agenda initially, recognizing the important role played by trade in stimulating economic connectivity, SAARC member countries established the SAARC Preferential Trade Agreement (SAPTA) in 1995, where trade preferences were granted to intraregional trade in goods. In fact, before the birth of SAPTA, the private sector chambers of South Asia formed the SAARC Chamber of Commerce and Industry (SCCI) in 1992 to promote trade and investment flows. The liberalization of the Indian economy in 1991 was a key motivating factor behind this initiative.

The SAPTA was based on a “positive list” approach where negotiations were based on a product-by-product basis, which proved to be a time-

consuming process. Moreover, most actively traded goods were left out of preferential tariffs and non-tariff barriers (NTBs)⁵ were not simultaneously addressed when granting tariff preferences. The SAPTA also became vulnerable to regional politics with a number of negotiation rounds having to be postponed until the political situation became more conducive for negotiations. Therefore, the SAPTA was not effective in stimulating intra-regional trade in the region.

Subsequently, the South Asian Free Trade Agreement (SAFTA) was adopted in 2006 to foster deeper economic connectivity and integration through higher levels of trade. Unlike the SAPTA, SAFTA was based on a negative list⁶ approach with an eight-year tariff phasing-out period. While SAFTA appeared an attractive framework in strengthening economic connectivity, its negative list could go up to 20 per cent of tariff lines, and a detailed analysis has shown that as a result of large negative lists in member countries, 53 per cent of regional imports were excluded from SAFTA (Weerakoon and Thennakoon, 2006). Thus, similar to SAPTA, actively traded goods seem to have been left out of the SAFTA framework.

2.1.2 Services Trade

Services are playing an increasingly important role in South Asian trade, led by the phenomenal expansion of services exports from India. Indian services exports have increased more than six fold from US\$ 20 billion in 2002-3 to US\$ 123 billion in 2010 (World Bank, 2012). Its successes include Business Process Outsourcing (BPO), software, information and communication technology (ICT), pharmaceutical, biotechnological and medical services. In particular, India has emerged as a global hub for outsourcing ICT software and BPO services – India's exports of ICT services

⁵ NTBs to trade include import quotas, special licenses, unreasonable standards for the quality of goods, bureaucratic delays at customs, export restrictions, limiting the activities of state trading, export subsidies, countervailing duties, technical barriers to trade, sanitary and phyto-sanitary measures, rules of origin, etc.

⁶ The negative list is a list of items to which duty concession/exemptions under a trade agreement do not apply.

amounted to US\$ 87.5 billion in 2010 (World Bank, 2012). As Indian IT (and other service sector) firms continue to move up the value chain, they are beginning to outsource more routine procedures regionally, which creates regional spillover benefits for SACs with lower wages. Increased regional integration and cooperation could enable South Asia to draw upon India's success in ICT services and fashion itself as a global ICT outsourcing hub.

Most of India's computer services exports, however, are destined for the North American markets, with the portion of exports destined for Asia being much lower at 6.5 per cent (ESCAP, 2011b). This fact is reflected in the low shares of intraregional services trade in South Asia – a negligible 0.2 per cent in 2007 compared to 25-30 per cent in East Asia (Table 1).

Table 1: Intraregional Trade Shares: Services Trade (as a % of Total Trade), 2000-2007

Year	East Asia	Northeast Asia	Southeast Asia	Central Asia	South Asia
2000	23.4	24.8	5.8	NA	NA
2001	28.3	24.9	6.4	NA	NA
2002	28.8	25.8	6.6	NA	NA
2003	28.9	25.4	7.4	NA	NA
2004	29.6	25.5	7.4	1.7	NA
2005	29.3	25.7	7.1	1.3	NA
2006	28.5	25.0	6.9	2.2	0.2
2007	26.9	23.0	7.0	3.4	0.2

Note: NA = data not available

East Asia includes Northeast and Southeast Asia. Northeast Asia is reported and derived data for the People's Republic of China; Hong Kong, China; Japan; and the Republic of Korea. Southeast Asia is reported and derived data for Indonesia; Malaysia; the Philippines; Singapore; Thailand; and Viet Nam. South Asia includes reported and derived data for Bangladesh; India; Pakistan; and Sri Lanka. Central Asia includes reported and derived data for Kazakhstan; Kyrgyz Republic; and Tajikistan. Some values were derived using "mirror statistics," where directional data from reporting countries were used to construct partner data.

Source: ADB 2010 Asian Development Bank. 2010. *Institutions for Regional Integration: Towards and Asian Economic Community*. Manila: Asian Development Bank, using data from UN Service Trade Database. <http://unstats.un.org/unsd/servicetrade/default.aspx>.

The subregion's relatively low levels of bilateral flows of services trade, and the high growth rate of total services trade, signal a potential for increased intraregional trade in some services sectors. A key reason for the limited level of intraregional trade in services is the failure to include services liberalization in SAFTA. In this context, the prompt implementation of the South Asia Trade in Services Agreement (SATIS) signed by all member states in 2010 is crucial, especially in the context of the growing importance of services in South Asian economies with services accounting for over 50 per cent of gross domestic product (GDP). Unilateral regulatory reforms and binding commitments under regional trade agreements to remove "behind-the-border" barriers are necessary in order to achieve growth in intraregional trade in services at similar rates as growth in total services trade.

Services trade also appears to be complementary compared to trade in goods. Whereas India has excelled in computer and information services, other economies in the subregion - particularly the LDCs - specialize in traditional services including travel and transport, which are still the major employment generators in many of these economies. There is thus scope for mutually beneficial trade in services within the subregion. RIS(2008) has calculated the revealed comparative advantage (RCA) for services trade in South Asia, which indicates some areas for integration between the countries, as shown in Table 2.

Table 2: Emerging Patterns of Complementarity of Services in South Asia

Category of Service	Sector	Countries with RCA (RCA>1)
Labour and resource intensive	Transport	Sri Lanka, Pakistan
Labour and resource intensive	Travel	Maldives, Nepal
Labour intensive	Construction	Sri Lanka
Skill and technology intensive	Communications	Bangladesh, India, Nepal, Pakistan, Sri Lanka
Skill and technology intensive	Computer and information services	India, Sri Lanka
Skill and technology	Financial and insurance services	Sri Lanka

Source: Research and Information System for Developing Countries (RIS). 2008. *South Asia Development and Cooperation Report*. New Delhi: Oxford University Press.

Note: Considers average RCA for the period 2000-2006

2.1.3 Intra-regional Investment

India has, in recent years, become a source of outward FDI for other developing countries, with India's outward FDI figures almost tripling from US\$ 5 billion in 2005-6 to \$14.8 billion in 2010 (UNCTAD, 2012). However, Indian FDI outflows to other SACs are still not very significant. As shown by Kumar (2008), outward FDI from selected Indian enterprises to South Asia averaged about US\$ 20 million a year in 2002-2006, which is less than 1 per cent of the total FDI outflows included in the sample. If this percentage is applied to India's aggregate FDI outflows, FDI data show that India's FDI to SACs account for less than 5 per cent of

total FDI inflows received by SACs (Table 3).

Table 3: FDI Flows, 2006-2011

	2006	2007	2008	2009	2010	2011
	FDI Inflows					
Afghanistan	238	243	300	185	76	83
Bangladesh	792	666	1086	700	913	1136
Bhutan	6	78	28	15	12	14
Maldives	64	91	135	112	164	282
Nepal	7	6	1	39	39	95
Pakistan	4273	5590	5438	2338	2016	1327
Sri Lanka	480	603	752	404	478	300
Total	5860	7277	7740	3793	3698	3237
	FDI Outflows					
India	14285	17234	19397	15929	14626	14572

Source: United Nations Conference on Trade and Development. 2012. *World Investment Report 2012*. New York and Geneva: United Nations.

However, Ding and Masha (2012) show that there are signs that intraregional FDI is now on the rise, as some of India's major corporations are expanding their regional investments, taking advantage of a relatively good business environment in some of the countries of the region. Tata Inc., for example, has, after a failed attempt in 2004, reopened discussions with Bangladesh on investment in the country's telecoms, power and automobile sectors. In the Maldives, Indian FDI is being utilized in the expansion and modernization of the Male airport. Indian investment is also significant in Sri Lanka. India is Sri Lanka's 2nd largest FDI source, contributing to 15 per cent of total FDI in 2011 (Board of Investment of Sri Lanka, 2012). Indian companies are also involved in large cross-border FDI including Tata purchasing Tetly, Tata Motors purchasing Jaguar/Land Rover, Tata Steel purchasing Corus and Hindalco-Novelis (Kelegama, 2010).

Bringing in investment liberalization into SAFTA would help in further stimulating investment flows within the region. Enhanced investment flows are particularly important in generating exportable surpluses in less developed SACs, which could in turn help in managing trade deficits.

2.2 Causes for Poor Performance of SAFTA

A key reason behind the limited effectiveness of SAFTA is that it came into being with an already prevailing “spaghetti or noodle bowl” in the region –there were already several bilateral free trade agreements (FTAs) in place, including the India-Sri Lanka FTA, India-Nepal FTA and the Pakistan-Sri Lanka FTA as well as regional trade agreements (RTAs) comprising of SAARC and non-SAARC countries such as the Asia-Pacific Trade Agreement (APTA)⁷ and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).⁸ Thus, SAFTA had to either supersede or integrate these other agreements. Given SAARC's already overcrowded agenda coupled with its complicated institutional structure, most member countries found it much simpler and more effective to move ahead using the bilateral track. This has made the SAFTA framework less useful in moving trade in the region.

Another major constraint is that the SAARC official process has not been open to ideas and suggestions from other sectors. It has been recognized that the private sector and academia are ahead of SAARC governments in terms of ideas that will economically deepen connectivity in the region. However, suggestions on deepening connectivity from the private sector (SCCI-led proposals) and academia (Coalition for Action for South Asian Cooperation, South Asia Centre for Policy Studies, Indian Council for South Asian Cooperation) considered as track 2, and track 3 consisting of civil society organizations such as the South Asia People's Forum and various South Asian NGOs have limited impact on the official SAARC process. While second track documents are handed over to government

⁷ APTA, previously named the Bangkok Agreement, signed in 1975 as an initiative of ESCAP, covers reciprocal tariff concessions between five member States, namely Bangladesh, India, Lao People's Democratic Republic (PDR), Republic of Korea and Sri Lanka, aimed at promoting intra-regional trade. China joined APTA in 2000.

⁸ Established in 1997, BIMSTEC comprises of five South Asian (Bangladesh, Bhutan, India, Nepal, and Sri Lanka) and two South-East Asian (Myanmar and Thailand) nations, bridging the two subregions. BIMSTEC's agenda is purely economic, ranging from trade and investment initiatives, projects for regional infrastructure development, and cooperation to deliver regional public goods.

officials, since they are not initiated by the official SAARC process, they are treated as an outside opinion, with limited relevance for contemporary discussions of the official SAARC process (Kelegama, 2007). Given the already overloaded agenda of the SAARC ministerial, there is reluctance on the part of foreign ministries to burden the SAARC agenda with another set of policy proposals from the second track. Furthermore, communication between track 1 and track 2 is informal, ad hoc and personal, thus limiting the possible influence of track 2 on track 1.

On a positive note, a number of initiatives from the private sector to support economic connectivity in the region have been undertaken. Since of late the SCCI has been organizing annual business conclaves and various seminars to inform people about new opportunities available in the region for trade and investment. The SCCI has also organized several trade fairs to bring buyers and sellers together and promote intra-SAARC investment as well as tourism. In addition, the SCCI has been instrumental in getting some SAARC member country governments to create a SAARC national channel for SAARC citizens in their respective airports. However, many other suggestions of the private sector unfortunately go unheard by the SAARC official process.

2.3 Recommendations

It is encouraging to note that led by India, each South Asian government has taken significant actions to improve trade connectivity in the recent past. India has significantly reduced the sensitive list under SAFTA for least developed countries and has also liberalized investment policies, and now permits investments from Pakistan and Bangladesh to come in, which is a marked change in South Asian relations. Pakistan has decided to grant India the Most Favoured Nation (MFN) treatment, gradually moving to a negative list system. This will however be a slow process.

It appears that more economic connectivity will come through the bilateral track as well as natural market integration than through the

SAFTA framework. The India-Sri Lanka bilateral FTA is a good example of a bilateral agreement with impressive outcomes for both countries – for Sri Lanka, connectivity in the region has been much more effective through this bilateral agreement rather than through SAFTA. Moreover, the natural market integration process that started in South Asia with the high growth in India can provide an impetus to strengthening economic connectivity. The recent growth of services in South Asia and India in particular could be the pillar that improves economic connectivity in the region. While the SATIS is yet to be implemented, trade in services has been taking place via natural market integration. Examples include health and education services, financial services, telecommunication, migration and tourism. In addition to trade linkages, India's spillover benefits to the rest of the region through financial and investment flows and human capital development through education and health could be significant.

Promoting intra-industry trade is also important in enhancing trade and investment linkages. Possible sectors include processed foods, rubber products, plastics, pharmaceuticals, textiles, apparel and light engineering goods. If the governments are successful in removing non-tariff and other barriers, this sort of trade could flourish in the region. Exploring new opportunities to engage in parts and components trade in addition to final goods will contribute in expanding intraregional trade. This could be best achieved by strengthening connections with India, given India's links with supply chains and production networks in dynamic East Asian economies.

Ensuring greater involvement and contribution from the private sector is essential. The SCCI has to play a key role as a pressure group to remove impediments to economic connectivity and integration. As pointed out by Kelegama (2007), the SCCI business conclaves need to go beyond the current focus to a large event with broader participation, where government officials have the opportunity to interact with the private sector and obtain a good overall picture of problems faced by the private sector and in identifying remedial action to solve these problems. The

South Asia Economic Summit initiated in 2008 and the South Asia Forum formulated in 2010 are positive steps in this regard.

3. Transport Connectivity

3.1 Issues

A main factor behind the low levels of intraregional trade and investment in South Asia is poor infrastructure connectivity. Trade competitiveness depends to a large extent on efficient, fast, reliable and seamless infrastructure connections (ADB, 2009). The integration of markets would not be effective unless accompanied by stronger regional connectivity of various physical and non-physical networks, such as transport, energy, ICT, production, trade and financial networks. High quality infrastructure in East Asia - some of which is world class - has contributed considerably to the rapid increase in trade within the region. As South Asian economies have liberalized their trade policies, infrastructure deficiencies have become an increasingly significant impediment to trade. While India's high growth has spillovers for the rest of the region, capturing these spillovers are dependent to a large extent on infrastructure quality.

3.1.1 Physical Infrastructure

The Global Competitiveness Report prepared annually by the World Economic Forum includes infrastructure development as one of the twelve basic pillars of competitiveness⁹, which is based on a survey of global business leaders' perceptions and available data indicators. Table 4 presents results in terms of infrastructure quality from the 2011-2012 Report. It shows that the quality of South Asia's infrastructure lags significantly behind the G7 country average, the world average and the

⁹ The other pillars are institutions, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labour market efficiency, financial market development, technological readiness, market size, business sophistication and innovation

Asia-Pacific average. Furthermore, data is not available for LDCs such as Afghanistan and Bhutan. Given the poor quality of transport infrastructure in these landlocked countries, the South Asian average is likely to be much lower if these countries were also taken into account. Air transport is the closest to G7 levels, while electricity supply lags furthest behind.

Table 4: Infrastructure Quality in South Asia, 2011

Country	Overall Infrastructure	Road	Railroad	Port	Air Transport	Electricity Supply
Bangladesh	2.8	2.9	2.5	3.4	3.5	1.6
India	3.8	3.4	4.4	3.9	4.7	3.1
Nepal	2.7	2.5	1.1	2.6	3.4	1.3
Pakistan	3.5	3.7	2.8	4.1	4.3	2.2
Sri Lanka	4.7	4.5	3.8	4.9	4.9	5
South Asia	3.50	3.40	2.92	3.78	4.16	2.64
World	4.3	4	3.1	4.3	4.7	4.5
G7 Countries	5.7	5.69	5.3	5.39	5.74	6.41
Asia and Pacific	4.27	3.91	3.68	4.12	4.69	4.32

Source: Own calculations using data from the World Economic Forum, Global Competitiveness Report 2011-2012.

Notes: Data for these indicators are not available for Afghanistan, Bhutan and the Maldives.

Group of Seven (G7) countries include: Canada, France, Germany, Italy, Japan, United Kingdom and United States. Score: 1 = underdeveloped, 7 = extensive and efficient by international standards.

There have been some initiatives taken under SAARC to promote transport connectivity. Pursuant to the decision of the 12th Summit of SAARC in Islamabad in 2004 calling for strengthening transport, transit and communications links across South Asia, an ADB-funded SAARC Regional Multimodal Transport Study (SRMTS) was conducted during 2005–2006, with the main objective of enhancing multimodal transport connectivity among SAARC member states. The SRMTS identified 10 road corridors, five rail corridors, two inland waterway transport corridors, 10 maritime corridors and 16 aviation gateways as having great potential to improve regional connectivity (Rahmatullah, 2009).

One notable initiative under SRMTS is the construction and upgrading of 2000 kilometres of land transport network by the Bangladeshi

Government with a \$23 million technical assistance loan from the ADB - the 'Sub-Regional Transport Project Preparatory Facility'. It includes around 22 projects with eight projects for railways. Around 300-kilometres worth of network is expected to be ready for implementation by 2012 and the rest by 2013. The connectivity is bound to increase economic trade between Bangladesh and neighboring countries like India, Burma and even with China.

Within SAARC, there are two other notable projects relating to transport infrastructure. One is the "Subregional Transport Logistics and Trade Facilitation Projects" between Bangladesh, Bhutan, India, and Nepal, which involve rehabilitated rail links (Bangladesh, India), improved road corridors (Bhutan, India) and improved trade corridors, transit arrangements and facilities (Nepal, Bhutan) (ADB, 2009). The other is a project on "Improving Connectivity and Destination Infrastructure for Subregional Tourism Development" between Bangladesh, Bhutan, India, Nepal, and Sri Lanka, which involves promoting new tourism circuits, improvement of key cultural heritage sites, capacity building programs to strengthen tourism and heritage site management (ADB, 2009).

As with trade and investment integration, improving transport connectivity has been hindered by the lack of political will to move forward, despite funding for regional transport projects being available from international donor organizations (Kelegama, 2007). Huge investments required for infrastructure projects is another constraint.¹⁰

The recent wave of developments in the bilateral relations of a number of South Asian states is encouraging, and should be continued.¹¹ The need for

¹⁰ According to certain estimates presented by Prabir De, to sustain 8 percent regional GDP growth, South Asia needs US\$108 billion every year (about 12 percent of regional GDP) in modernizing the physical infrastructure sector (Rahmatullah 2009).

¹¹ These include the commitment for an extended bilateral cooperation along with improved trade ties between India and Bangladesh; the facilitation of overland transit to Nepal from Bangladesh; the restoration of the dialogue process between Pakistan and India including the decision by the Government of Pakistan on granting Most Favoured Nation state to India; and the execution of the Afghan Transit Trade along with improved political links between Pakistan and Afghanistan

a “regional infrastructure fund” is also being talked about to support the infrastructure deficit. In this context, exchange of experiences in infrastructure financing and development among countries of the region could go a long way in improving the regional infrastructure and connectivity.

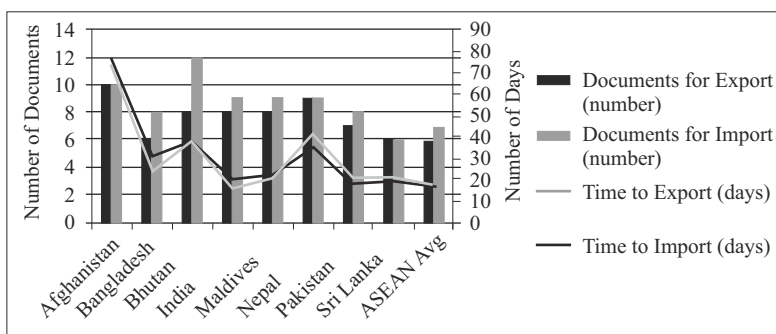
3.1.2 Trade and Transport Facilitation

In addition to physical transport infrastructure, of particular importance are “soft” dimensions of transport connectivity such as trade and transport facilitation. The large potential and opportunities for intraregional trade can be severely hindered by the presence of various trade-related costs, including import tariffs, export taxes, costs related to fulfilling regulatory import and export requirements, and domestic and international shipping and logistics costs (ESCAP 2011a). Studies (Kumagai et al., 2008) have found that while building physical transport infrastructure is important to facilitate trade across borders, border costs are a much more serious obstacle.

The ESCAP Trade Cost Database (Duval and Utokham, 2010) which gives a broad measure of trade costs, reveals that trade costs are significantly higher for landlocked countries including Afghanistan and Bhutan in the South Asian subregion. Other costs include documents, administrative fees for customs clearance and technical control, customs broker fees, terminal handling charges and inland transport, which are reflected in the World Bank's Doing Business database. In 2010-2011, the average cost of importing a container for China, Malaysia, the Republic of Korea, Thailand and Viet Nam was US\$619, compared to US\$1768 for South Asia (World Bank, 2012). According to ESCAP analysis, trade procedures still take 50 per cent more time to complete in South and South-West Asia than in South-East Asia. As indicated in Figure 2 below, the time to export and import in South Asian countries is significantly higher than the average for Southeast Asian countries, particularly in the landlocked countries of Afghanistan, Bhutan and Nepal. The number of

documents required is also considerably high in South Asia.

Figure 2: Trading across Borders: At a Glance



Source: World Bank. 2012. *Doing Business 2012: Doing Business in a More Transparent World*. Washington, DC: The International Bank for Reconstruction and Development, World Bank.

Trade and transport facilitation has been gaining increasing importance as a powerful and vital means of dealing with high trade costs. Reducing trade costs by implementing trade facilitation measures is however a big challenge for the subregion, because transport and trade facilitation measures are wide-ranging in complexity and resource requirements, and because their effectiveness is dependent upon the level of infrastructure and the quality of the business regulatory environment (ESCAP, 2011a), which are of poor quality in the subregion. The implementation of advanced facilitation measures also requires use of modern ICT. While most trade agreements in East Asia now include provisions for trade facilitation,¹² such provisions are still lacking in trading arrangements within South Asia.

¹²The latest ASEAN Trade in Goods Agreement, which came into force in 2010, includes an entire chapter on trade facilitation, while the third round of negotiations on the Asia-Pacific Trade Agreement (APTA) also resulted in a trade facilitation framework agreement in 2009 among the member states.

3.2 Recommendations

ESCAP (2011a) proposes several steps that can be taken in enhancing trade and transport facilitation. However, such measures will require the use of modern ICT, and thus the extent to which South Asia can implement these measures is uncertain, and would heavily depend on the upgrading of ICT infrastructure. One measure is to streamline trade documents by relying on electronic data interchange, with the long-term goal of setting up national and regional electronic single windows through which traders can submit all relevant information online, pay duties and receive authorization and clearance. Facilitating border crossing by harmonization of legal regimes related to international transport is another important recommendation. Efficient movement of goods also depends on the performance of the logistics and freight forwarding industry. It is thus important to improve logistics and freight forwarding in South Asian countries. Finally, improving cooperation and coordination is vital – trade facilitation could benefit from better inter-agency cooperation and consultation with the private sector and a more integrated approach to trade, transport and connectivity. One option proposed by ESCAP (2011a) is to designate single national lead agencies for transport and trade facilitation.

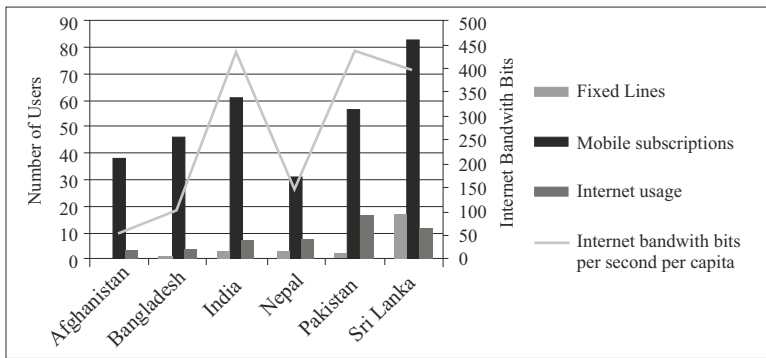
4. Connectivity in Information and Communication Technology

4.1 Issues

The most significant development in South Asia's ICT connectivity has been the rapid diffusion of mobile telephone networks and services. For the poorest countries almost all telephone lines are now mobile, as in Afghanistan (99 per cent), Bangladesh (97 per cent) and Bhutan (92 per cent) (ESCAP, 2011a). Nevertheless, there is still significant inequality in ICT connectivity within the region, especially between the LDCs and other economies, as depicted in Figure 3. Mobile subscriptions per 100 people are just 31 in Nepal, compared to 83 in Sri Lanka. In particular, data on international Internet bandwidth, which measures the contracted

capacity of international connections between countries for transmitting Internet traffic, ranges from 58 in Afghanistan to 437 in India. Low broadband penetration has been an issue, partly due to cost of deploying land-based or submarine fibre-optic cables. This is especially difficult in Nepal, with its difficult terrain.

Figure 3: ICT Indicators in South Asia, 2010



Source: The World Bank. 2012. *World Development Indicators 2012*. Washington: World Bank.

Note: All indicators measure the usage per 100 people.

Several initiatives to develop ICT infrastructure and connectivity have been undertaken in the SAARC region.¹³

- *Plan of Action on Telecommunication 2004*

The revised Plan of Action on Telecommunication (PAT) 2004 adopted by the SAARC communications ministers recommends the reduction of telecom tariffs within the SAARC region to the lowest extent feasible within the framework of cost orientation based on international benchmarks. It also recommends the use of direct links or of a hubbing/transit facility for intra-regional traffic. Special rates are to be

¹³ This section has been adapted from Pradhan and Liyanage (2010).

offered by the member states for transiting regional traffic and utilization of the facilities by the other member states for overflow traffic. For this purpose, licensed international long distance operators are to be encouraged to frequently negotiate agreements for offering the lowest possible tariffs. To facilitate intra-regional communications for travellers and entrepreneurs, the revised plan recommends the promotion of country direct services, calling cards, cellular roaming, and liberalized leased lines within the regulatory frameworks of the member states. Since 2004, most of the SAARC member countries have reduced telecom tariffs and they have set up hubbing facilities that allow among others mobile roaming in several South Asian countries.¹⁴

- *SAARC Common Position on the Information Society*

The SAARC position paper on the Information Society presented at the World Summit on the Information Society (WSIS) in Tunis in 2005 paid particular attention to challenges facing the least developed countries. It also expressed support for the Tehran Declaration on Building the Information Society and Regional Action Plan toward the Information Society in Asia and the Pacific adopted at the High-Level Asia Pacific Conference for the World Summit on the Information Society in Tehran. Recognizing ICT as an effective tool to promote e-governance and improve services to citizens, the position paper called for harnessing ICT for social and economic development, preservation of linguistic and cultural diversity, increasing literacy rates, and access to information for all. Specific mechanisms that were mentioned were building and expanding community-based multi-purpose ICT centres and providing support for public service broadcasting. There was also a commitment to improve the free flow of information in the member countries by building

¹⁴Beginning 1 June 2008, the Pakistan Telecommunication Authority (PTA) reduced Mobile Termination Rates (MTR) by about 30 percent. In September 2008, Nepal Telecom revised tariffs on Global System for Mobile communication (GSM) mobile, Code Division Multiple Access (CDMA) and Public Switched Telephone Network (PSTN) phones, and the Internet.

adequate communication networks and creating appropriate legal and institutional systems, including devising an appropriate and legally enforceable instrument to combat cybercrime.

- *The SASEC Information Highway Project*

The South Asia Subregional Economic Cooperation (SASEC) includes Bangladesh, Bhutan, India and Nepal.¹⁵ The SASEC ICT Development Master Plan was formulated in 2001 with the support of the ADB. A key project under the master plan is the SASEC Information Highway. The project, has three components: the establishment of the SASEC regional network to integrate member countries and reduce Internet costs, particularly for the landlocked countries of Bhutan and Nepal; building the SASEC village network to expand broadband wireless connectivity to rural communities; and establishing the SASEC regional research and training network of communities, businesses, and research institutes, to facilitate the flow and integration of information, knowledge, and services among member countries.

These networks will be established and operated through a public-private partnership with a strong focus on entrepreneurship. Also in line with its ICT Master Plan, the ICT Working Group has implemented the Community e-Centres (CeCs) project, which aims to bridge the digital divide between rural and urban communities by establishing telecentres in rural villages in SASEC participating countries. The project has received support from the ADB and ESCAP.

However, as pointed out by Pradhan and Liyanage (2010), in general, SAARC's capacity-building with respect to infrastructure in the ICT sector has not been significant. Plans have not been implemented in a systematic and sustained manner. Unlike the SASEC, which has developed a master plan on ICT, neither the SAARC nor its regional

¹⁵SASEC provides a forum for participating countries to discuss, identify, prioritize, and implement sub-regional cooperation projects in six priority sectors, including ICT.

centres have been successful in this regard. Given the internationally recognized strengths of the ICT sector of some countries in the region, notably India and Sri Lanka, the challenge for SAARC is how to harness ICT to help reduce poverty in South Asia. The starting point would be to follow up and monitor the implementation of policies and plans adopted at the SAARC Summits.

4.2 Recommendations

In order to boost ICT connectivity, policies at both the national and regional levels are needed. Several measures have been recommended by ESCAP (2011a). At the national level, fostering fair and competitive markets is important, through licensing practices, while establishing standards to ensure interoperability between service providers. Establishing independent regulators that would act in the best interests of both the state and end-users is necessary, and can also encourage investment and innovation by service providers and stimulate competition between them. Network sharing should be promoted in order to save wastage of considerable capital expenditure.

It is also important to address concerns of affordability and access. Governments could tax service providers to create universal obligation funds to develop infrastructure in rural areas. Deciding on appropriate levels of import tariffs on ICT equipment and services will ensure availability at competitive prices. Equipping people with adequate skills to take full advantage of ICT infrastructure is also essential, from government officials to private entrepreneurs to school teachers.

At the regional level, it is important to work together to share resources, maximize the use of existing investments and improve bargaining power with commercial service providers. Regional connectivity can be improved through harmonization of policies and regulations and through the exchange of good practices. A good example is the Master Plan on ASEAN Connectivity, which emphasizes the need to narrow the digital

divide between lagging and urban regions as well as between countries (ASEAN, 2011). Similarly, the Pacific Islands Telecommunications Association is trying to assist member countries in developing their ICT services. The Pacific Regional Information and Communication Technology Ministers' Meeting held in June 2010 adopted the Tonga Declaration – ICT for Development, Governance and Sustainable Livelihoods – recognizing the potential of ICT for socio-economic development and the possibility of ICT connectivity to help countries overcome disadvantages of distance by expanding trade in services (ESCAP, 2011a). Similar efforts to promote greater connectivity in ICT among South Asian countries is needed, by forming a functional and effective regional centre for ICT sector development under SAARC.

The potential to boost connectivity in the South Asian region through ICT is substantial, particularly by creating new opportunities for trade in services. The ability to transmit documents and data instantly has enabled companies to shift operations from developed economies to lower-cost locations, where services such as software design and development, customer helpdesks, hosting data centres, accounting, administration, graphic design and other business processes can be offered. India has clearly emerged as a dynamic provider of such services – by 2009, India was the global leader for business processing offshore, accounting for 35 per cent of trade (ESCAP, 2011a). Smaller countries in the region are also emerging in this field. For example, Sri Lanka's IT/BPO sector has been recording impressive growth rates, and Sri Lanka has been listed among the top choices for BPO. In Nepal, entrepreneurs have established modern facilities to produce animation and visual effects for the global movie industry (ESCAP, 2011a). Closer collaboration among countries can help in carrying these efforts forward. One option is to look at potential synergies between ICT infrastructure and other physical infrastructure. Road and railway projects undertaken could be expanded to accommodate telecommunications cabling or base stations.

5. Deepening Connectivity: Strengthening the Institutional Structure of SAARC

Apart from the strategies discussed above in deepening connectivity in trade, investment, transport and ICT, economic connectivity in general is dependent on a strong institutional structure that can carry initiatives forward. A primary reason underlying South Asia's poor progress in deepening economic connectivity is the many weaknesses inherent in SAARC's institutional structure. SAARC has been referred to as “institution light” (ADB 2010), marked by few formal or explicit commitments from member countries in terms of an agenda for cooperation.

The structure involves many technical, programming and standing committees, working groups, regional centres overseen by different authorities with a lack of proper coordination. The heavily bureaucratic setup with several layers of decision-making (Inter-Governmental Group, Inter-Governmental Expert Group, etc.) makes the decision-making process time-consuming. Much time in SAARC Summits is allocated to discussing “housekeeping” matters and thus less time is devoted to hard core issues of economic cooperation. There is a bias of SAARC Charter towards state-centric cooperation and the SAARC Secretariat has limited powers to drive the organization in between Summits.

The process of choosing directors is more or less political in nature, where the Secretary General (SG) has to make appointments based on nominations made by each member state rather than on merit. Furthermore, the SAARC Secretariat lacks the necessary resources to implement projects and monitor the progress of activities being implemented. Intergovernmental decision-making has not kept pace with global trends. Despite the proliferation of institutional mechanisms, SAARC is well-known for much talk and no action.

While the natural market integration process that has started with the high growth in India can provide an impetus in strengthening economic

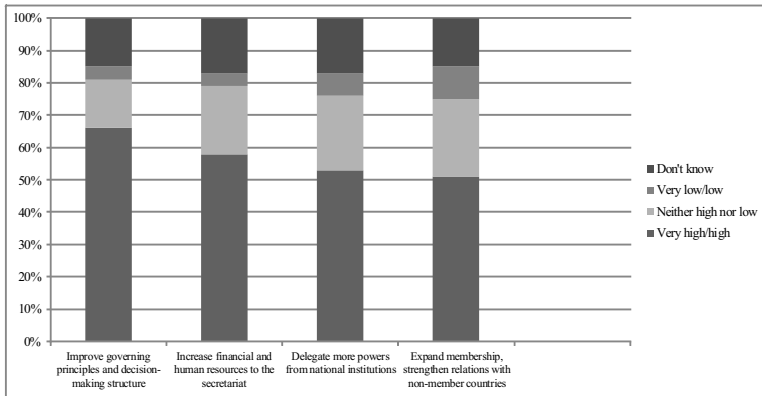
connectivity in South Asia, the challenges in the region cannot be met by relying on market processes alone – countries will also have to work together effectively led by a strong institutional framework. The role of SAARC in this regard is vital, particularly in coordinating governments' actions. The great diversity of SACs in political regimes, socio-economic conditions and ethnic composition, religious and linguistic diversity makes it all the more difficult in establishing a regional integration scheme. However, recurrent crises in the global economy affecting the region underscore the importance of enhancing regional cooperation and connectivity. For this, strengthening SAARC institutional mechanisms is crucial. A strong institution is also important in enabling SAARC's voice to emerge more strongly in global institutions and forums such as the International Monetary Fund (IMF) and the G20.

Multiple efforts to strengthen SAARC have yielded varying results, most which have had limited success. A revamping of SAARC's institutional structure is required, which would entail strengthening the institutions that exist, and devising mechanisms which will monitor its implementations within specified timeframes. This alone could be the greatest goal SAARC could set for the 3rd decade – it would make no sense to have programs without the mechanisms to implement them. The ADB (2010) outlines several steps to strengthen institutions. There is an pressing need to create a more effective, autonomous secretariat, equipped with stronger agenda-setting and surveillance powers, ensure adequate financial and human resources, and establish clear legal mandates; establish clearer and more objective membership rules; develop enhanced decision-making rules; and build stronger links both with each other and with national agencies in order to promote closer integration among Asia's subregions.

The results of a survey of Asia's opinion leaders conducted by ADB (2010) on priorities for institutional reform in SAARC are illustrated in Figure 4 below. As can be seen, over half of the respondents strongly feel that SAARC should improve in all measures listed. The two most urgent

are improving governing principles and the decision-making structure (66 per cent) and increasing financial and human resources to the secretariat (58 per cent).

Figure 4: Priorities for Institutional Reform in SAARC



Source: Asian Development Bank. 2010. *Institutions for Regional Integration: Towards and Asian Economic Community*. Manila: Asian Development Bank.

Note: Values are based on total responses (1,000) to ADB's 2010 perception survey of opinion leaders in Asia and the Pacific. The question was: *Assess the most urgent initiatives that are required to strengthen the capability of selected institutions in Asia and the Pacific.*

For SAARC, improving governing principles and the decision-making structure would involve several steps. Currently, the powers of the SG and the Secretariat are quite limited –the SG holds the rank and status of an Ambassador and has not been upgraded to that of a Minister. Given the importance of the SAARC Secretariat for the realization of the organization's objectives, it is key that the Secretariat has the necessary resources and power to exercise its duties. The role of the SG and the Secretariat needs to be strengthened by:

- Widening the mandate and the scope of operations of the SG
- Appointing the SG and Directors on the basis of merit rather than by national rotation and member state nomination, respectively

- Identifying possible means of increasing funds available to the Secretariat in order to efficiently handle its operations – The SG should be given the resources to hire experts when needed for specific projects

Professional posts should be open to all government, non-government and private sector professions without any discrimination. To better coordinate activities, Directors and Governing Boards of all regional centres¹⁶ should meet annually or biannually to discuss issues of inter-sectoral and inter-centre coordination. Regional Centres should be brought under the overall supervision and guidance of the SG.

The decision-making structure should also be changed in order to accommodate the views and suggestions of track 2 and 3 channels. As mentioned previously, ideas from the private sector and academia have a very limited impact on the official SAARC process. Strengthening communication by establishing a more formal approach for communication between track 1 and 2 as well as track 3 is important in this regard. Novel and innovative ideas regarding connectivity emerging from track 2 and 3 could go a long way in deepening connections within the region. The formation of the South Asia Forum is a positive step, and should be capitalized in supporting communication between the different tracks.

Increasing financial and human resources to the secretariat is also a pressing issue. Lack of financial and human resources has severely hindered the implementation of projects and their monitoring – there is a lack of experts on different areas in the SAARC Secretariat mainly owing to the lack of funds. Currently, individual member countries of SAARC fund various secretariat activities directly under SAARC centers funded by different host countries. Budget contributions that are proportional to

¹⁶ At present, there are eleven Regional Centres (RCs) of SAARC: Agricultural Information Centre, Tuberculosis and HIV/AIDS Centre, Documentation Centre, Meteorological Research Centre, Human Resources Development Centre, Energy Centre, Information Centre, Coastal Zone Management Centre, Disaster Management Centre, Forestry Centre and Cultural Centre.

each country's GDP, as practiced in the EU is another viable option. While larger contributions might demand a larger voting share, decision-making mechanisms can be designed so that small countries maintain an important say. The ability to attract and retain world-class professionals depends on the ability to offer them a competitive salary and other benefits and to develop a regional agenda. This requires creating proper career positions in the secretariat that go beyond the typical three-year appointments which are prevalent not only in SAARC, but in other regional institutions including ASEAN.

The effectiveness of such measures would, however, finally depend on whether the current political environment is conducive for strengthening SAARC's institutional structure and the level of commitment from South Asian political leaders. The extent to which other channels such as the private sector, academia and civil society organizations can get actively involved and influence the decision-making process will also matter.

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Chapter 2

Beyond the South Asian University: Education as a Regional Weld

Salma Malik

South Asia, the world's most densely populated, resource rich yet one of the poorest regions more than ever requires efforts toward peace building, increased and better interaction, settlement as well as transformation of the various conflicts that have multiplied over time. Riddled with a combination of perceived and real security challenges as well as a mindset that is more conflict than peace oriented, there is a dire need after nearly seventy years of post colonial independent existence to develop infrastructure and sustainable mechanisms of peace and mutual coexistence. One of the many areas in which the region drastically lags, besides a plethora of other dismal indicators is education which can both bridge or distance the regional countries from one another. Unfortunately, neither at the individual countries level, nor at the regional level there has been sufficient allocation made towards this critical area. According to World Bank statistics for the year 2011 South Asia contributes only 5% of its total public sector expenditure on education, which is even lower than the most impoverished region of Sub Saharan Africa. Although the collective adult literacy rate (of people aged 15 and above) stands at 61.3%,¹ not only is this figure misleading as individual countries have very disparate rates, but also the literacy rate may be judged as simplistically as the reading or writing of one's own name.

Education and discourse development forms an integral component of multi track diplomacy; it is an effective bridge builder, means of communication, empathy and learning, if taken in the most literal sense. Yet, typically symptomatic of conflict prone regions text books in our region have often

¹ UNESCO Institute for Statistics, *Adult and Youth Literacy*, Fact Sheet September 2012, No.20, UIS/FS/2012/20 pp. 3-5.

been used as an effective tool to build an ultra nationalist narrative as well as for documentation of selective history. With the aforementioned alarming indicators and a general lack of appreciation for this critical tool of human resource development, at a time when the world is moving in a total different dimension, the region at both inter and intra state level remains embroiled in multifold conflicts of identity, indigenization and self actualization. Such increased attempts have manifested itself through hate violence towards other communities, religions, sects and nationalities. There have been attempts by governments concerned to purge curricula off such biased text, however, these attempts have often come about after a deadly wave of ethnic, sectarian or religious incident, that claims many precious lives as a direct consequence of inculcating such a parochial discourse, where as the more damaging effect of indoctrinating generations on a particular mindset and its long term consequence have often been ignored.

Can education really become a regional weld and a bridge builder? In answer to this, again we can take the multi-track diplomacy as an effective theoretical model, which considers this particular track very important in ushering peace, building bridges, creating the necessary infrastructure, changing and transforming mindsets and ultimately enabling a transformation from conflict prone to peace oriented societies. Bridge building can facilitate and bring together conflictual actors at a common platform, create empathy and mutual understanding, rebuild trust, and enable the protagonists to explore and revisit the root causes, needs, and interests that underlie stated positions. It is a commonly observed phenomenon that during any crisis or conflict situation, the first casualty is breakdown of communication, which gives rise to misperceptions and a breach in trust. According to Notter and Diamond, “to build peace, you must have a viable infrastructure or foundation on which to build it, thus the activities of peace-building are about creating infrastructures.”² These infrastructures would range from political, structural to social peace

² James Notter & Louise Diamond, *Building Peace and Transforming Conflict: Multi-Track Diplomacy in Practice*, Occasional Paper Number 7 October 1996, pp. 6-7.

building efforts. Where political peace building or conflict transformative efforts may center around negotiations, legal regimes, fact finding missions or technical working groups, the structural and social layers are most important in bringing about mid-tier efforts and creating institutional mechanisms that affect behavior, institutions and actions which in turn are the key essentials for creating a viable and sustainable peace culture.

It is about building an economic, military, and community infrastructure that provides concrete and realistic avenues through which a new peace system might express itself. These structures are necessary, because political peace building can never accomplish conflict transformation by itself. A signed peace treaty does not create peace; it only creates a basis for peace, or a legal infrastructure to support peace. Without the corresponding societal infrastructure to support it, the peace will never hold. ... Structural peace building is not the exclusive domain of either governments or nongovernmental actors—both can be effective in this realm. ... [where as societal peace building] is about building a human infrastructure of people who are committed to engendering a new “peace culture” within the social fabric of communal and inter-communal life.”³

Therefore it deals with grass root transformations in behaviors, attitudes, shared values and skill building. In short, it is building or remolding human resource infrastructure. And can be actualized through trainings, orientation sessions, discourse development, through a commitment to successfully alter deep rooted divergent and parochial sentiments through dialogue and education. One aspect for bringing about such an institutionalized makeover is to have a common education body, a center of excellence that serves as a common platform, rising above and independent of nationalist stance to build a common narrative that can become a binding force for regionalism, cutting across narrow administrative lacuna.

³ Ibid

The idea behind the creation of a “South Asian University,” for the countries of the region was primarily to build a world class regional center of excellence, sharing a common vision, with equitable participation of all SAARC member states; creating a sense of South Asian community amongst them, and providing equitable access to students from all over the region, regardless of their disparate resources. Like the idea of SAARC, Bangladesh has the honor to moot the idea of the university as well, now nearly twenty one years back, however it was not until the 13th SAARC summit (Dhaka 2005) that the foundation of the university was laid. The first academic session of the university commenced in 2010 with 50 students, at its temporary working campus in New Delhi, which will also host its actual campus once the construction starts. The South Asia University (SAU) was meant to be *THE* regional grid which would bring all the member states at a common platform, with a regional vision transcending individual national narratives and perspectives, with faculty, administrative staff, students and curriculum having a regional interface rather than conforming to any single country.

Though four years of academic performance are too less to access the work function of the university, but since the inception of the idea, there have appeared a number of issues which are typically symptomatic of the region which it represents. Firstly, the issue of location of the university campus, then the highly problematic issue of visa regime, setting up of a South Asian mindset and curriculum in order to build a collective South Asian consciousness, allocation and ratio of students and faculty per country, as well as building a sense of ownership in the entire process.

The concept of having such a decentralized higher education institution by no means is new as there have been previous success stories, such as the United Nations University, an alternative perspective institute such as the Centre for the Study of Developing Societies (CSDS), the World Order Models Project (WOMP) and the World Future Studies Federation,⁴

⁴ Chandrika Parmar, “An invitation to a South Asian University,” <http://www.india-seminar.com/2006/557/557%20chandrika%20parmar.htm>

however, to make it more inclusive and regional in outlook according to Professor Imtiaz Ahmed one of SAU's main proponents, the SAU by definition should not have been placed in one location or even in one country. This would have been instrumental in inculcating a sense of ownership on the part of all the SAARC member-states in order to ensure a meaningful reorientation and revitalising of education at a regional level. Also, issue-based faculties should ideally be spread throughout the region and “based on the expertise and interest of the sponsoring country is deemed credible and certainly the most rational option.”⁵ However choice of New Delhi as the campus site, already somewhat kills the purpose, “The placement is already problematic. The first university of South Asia must be one that promotes a regional vision quite distinct from the capital-centric model of the SAARC organisation. As such, the university needs to be physically removed from any capital, in particular the region's most powerful one.”⁶ In this regard, proposals such as a South Asian University Grants' Commission or Higher Education Commission were put forth, which could be located in any of the regional members capital, with the SAU functioned more as an Umbrella institution providing support to select HEIs (both in the public and private domain) in member states.

If the present profile of the SAU is reviewed, both in terms of faculty and student intake, there are hardly any non-Indian faculty members, and fewer students from the entire region. Whether this is reflective of the lack of interest on the part of member states, the highly problematic visa regime and other administrative issues or a limited number of subjects which are still a far cry from reaching the level of excellence expected from this HEI are issues that hound the success of the SAU. The first administrative head of the SAU has also been under a lot of criticism for

⁵ Imtiaz Ahmed, <http://southasian-note.blogspot.com/2007/03/south-asian-university-organisation-and.html>

⁶ Kanak Mani Dixit, <http://www.himalmag.com/component/content/article/1181-a-southasian-umbrella-university.html>

his handling of the University affairs,⁷ however issues such as the latter can be dismissed as minor teething problems in comparison to the greater task at hand. But, South Asia still remains a region, where personalities and individual visions have a great role to play in the success or failure of a pioneering concept, and the importance of an eminent scholar who can realize the vision of a truly regional centre for academic excellence cannot be overlooked.

What future do we foresee for the SAU? Will it be able to overcome its inherent hurdles and not just become yet another HEI churning out regular discourse but with a slight regional tilt? Does the region need another regional level center for academic excellence? Or build up on the existence infrastructure available? These are the few questions that need to be critically reviewed, along with an appraisal of the impediments and difficulties faced within the region for utilizing education as an effective bridge builder and agent for positive conflict transformation.

Issues & Problems:

The first and foremost problem countries of South Asia face, when it comes to drawing a common curriculum, is not only the differential & unequal educational systems around the region, but also within each country. This problem is further compounded by the highly differential literacy rates, and the “culture of literacy and education” that each member state has or the lack of it. At one end of this spectrum is Sri Lanka showing 90% plus literacy rate in comparison to Afghanistan, which is yet to put its statistics forward and even if these figures are declared, they would be towards the lower tier. Secondly, within each country, there is no uniform curriculum, which although can be ideally sought but in realistic terms may not possible, still the discrepancy in the quality and deliverance

⁷ Anubhuti Vishnoi, Save SAU dream from its head: Faculty member writes to PM, *Indian Express*, New Delhi, Mon Sep 17 2012, <http://www.indianexpress.com/news/save-sau-dream-from-its-head-faculty-member-writes-to-pm/1003595/0> 09:19 hrs.

of curricula found in different systems of education spreading across private, public and state run institutions is increasingly becoming wider to bridge. Furthermore, as the poverty gap widens in these countries, the state's role as the basic provider of education and discourse development is being overtaken by other agencies. Schools run by religious or ideologically motivated actors have been used in the past as well as present to impart not only education but run as social service providers. Students in religious seminaries or madrassahs primarily come from highly populated lower income groups, whose parents are often unable to feed them, let alone provide for education and basic needs as well as a prospective employment opportunity. In Islam, the Madrassah traditionally and culturally has been the center of learning and excellence which over the centuries produced great scholars, theologians, researchers and scientists who, though belonging to a particular branch or sect would excel in all aspects of life.

Unfortunately with Afghan jihad the madrassahs gained notoriety by becoming synonymous with violent militancy and terrorism, as a good number of such institutions were either purpose built to serve the cause of “jihad” or the preexisting ones were infiltrated through money, curriculum and resources to inculcate such a mindset. The education imparted at many such madrassahs is often biased, subjective and insular, intentionally used to spread hatred and alienation not only between different sects, ethnic or religious groups but also nationalities. Interestingly such parochial sentiments are not the exclusive domain of religious seminaries, but studies of different educational (i.e. state, public and private) systems revealed that students from elite private educational institutions are no exception when it comes to expressing and nurturing extremist and radical sentiments.

Secondly, curricula are often devised to reinforce and conform a strong sense of nationalism in young minds. The South Asian member states are no exception, as not only are they individually adept at this skill and tend to outdo each other in this effort; there has also been an increased attempt

at charting exclusive historical roots that make common heritage and ancestry as elusive as possible. The text books are replete with tales of heroism against the “other.” With selective narration and intentional omission of critical cultural and historic facts which even if the effort is not to seek commonality, totally distort the historical and political foundations of the countries concerned. This intentional creation of the enemy image or the “other” has often been narrowly interpreted and perceived, resulting in ethnic and sectarian intolerance with very lethal consequences. This attempt at seeking deliberate & differential historical narratives becomes highly politicized, and adds to mutual distrust and suspicion both at interstate as well as intra state level. Very often it is witnessed that regional neighbors tend to know about each other, but really don't know each other, leading to stereotypes and misperceptions.

Where at one hand there are problems pertaining to parochial mindsets and culture of conflict and animosity, on the other hand feeding such perceptions are tangible issues such as restrictive visa regimes & mirror imaging government policies. It is next to impossible for citizens from India and Pakistan to visit each others' countries on academic- researcher visa. Despite the hype surrounding ease in visa regulations, there is no betterment in obtaining visa for academics, scholars or researchers who would like to visit the other country. Secondly, procedures involving laborious clearance, police reporting and no objection certifications from concerned ministries and agencies, make travel and physical access a near impossibility. Many a times visa are denied over flimsiest reasons which is a major hindrance in people to people outreach and contact. In such a restrictive environment, government or public sector academic institutions as well as academics cannot openly interact and exchange of scholars, conferences or scholarly activities and ventures cannot be easily pursued. Another issue which becomes problematic is for sponsoring agencies or governments to help facilitate such ventures as several countries in the region including India do not allow such practices.

The Way Out:

What is the way out of this quagmire? Would the South Asian neighbors remain hostage to their highly tainted nationalist visions, carefully crafting and reinforcing an ultra nationalist narrative that remains the biggest hurdle in seeking a post nationalist discourse and capacity building. Interestingly, there is always an increased dialogue and discussion pertaining to the merits of multi track diplomacy and increased people to people contact. Civil society, governmental bodies and interest groups do make the necessary sound bites with regards the viability of such increased interaction, either to appease the sponsors or proponents of such an approach or to be in sync with global trends that support cooperation than conflict. South Asia is replete with examples and institutions that have been built to serve this purpose, but like the SAU, unfortunately they remain largely passive and much wanting in their performance. The need first and foremost is for an infrastructural and capacity building, which need not be done through bringing up new mechanisms but by strengthening and utilizing pre existing ones as well.

The state of educational institutions is much wanting in the entire region, for the common good of the region and the future human capital and resource base, there can be implemented minimal educational criteria and goal posts to better the standard of instruction and learning for the students. At the basic school level, by no means the attempt requires standardizing curricula, but setting quality standards and literacy requirements. This by no means is a small feat, but required to upgrade the standard and quality of education throughout the region. This would not only focus on the students but instructors and teachers as well, an issue which is largely overlooked. At regional, as well as state level, there remains a dire need to review curricula from the basic to higher education level, in order to weed out hate, ultra nationalist & parochial text and literature. But firstly, are we ready for such a radical review and introspection? Especially when most of the member states are still proactively engaged in nation building projects?

And would there be a uniform view on what actually constitutes biased, parochial or hate literature?

At the governmental level, attitudes and mindsets need to be reappraised. Mirror imaging, conditional and knee jerk reactions may only contribute to reinforcing a warped and narrow and biased nationalist viewpoint and by no means help in mitigating an environment for cooperation and trust or capacity building. In order to ensure a more accommodating and hospitable environment, the most important and most sought after pre requisite is a much more tolerant, open and facilitative visa regime. At any level that we talk about, the most fundamental and basic problem faced by regional neighbours is a restrictive and punitive visa regime. With the exception of Nepal and until recently Sri Lanka, none of the regional neighbors despite the spirit of SAARC have an open visa system (or visa on arrival). Where in terms of attitudes, Indian and Pakistani visa consulates mirror image each other, the Indian visa application system tops the list when it comes to bureaucratic hurdles and requirements. Again between these two countries, there also exists city rather than country visa with stringent restrictions on entry/ exit points etc. extensive and never ending clearance and non objection certifications further censors the movement of individuals who genuinely seek to visit different areas in the other country for academic, research or mere tourism purpose that can enhance people to people contact.

To seek and build genuine connectivity, there is a need to promote and encourage collaborative and joint study projects. Already such projects are promoted by international or regional research bodies such as the Social Sciences Research Council, Regional Center for Strategic Studies etc. however even then researchers are faced by similar hurdles and impediments. Collaborative research or joint study options can help facilitate better understanding of each others' perspective; promote shared values, empathy and common thought which can further help us in achieving a post Nationalist discourse.

In terms of connectivity, South Asia of today stands at a much better position with regards connectivity issues that plagued it two decades back. CBMs on nontraditional issues signed in the 1980s specifically spelled out improvement in telecom facilities as well as access to newspapers between the regional neighbors and discouraging negative press and propaganda to better relations. Today, owing to the outreach of print, electronic and social media, many such physical barriers have been effectively circumvented. Although easy availability of books across the region may still be a problem, but accessing newspapers, viewpoints, official perspectives etc are just a click away. Although, these facilities may largely be available in urban or semi urban areas, yet the virtual media and internet has and can be effective in helping defuse this physical barrier.

The virtual space has been and can further be used to review hate literature and parochial, outdated and biased curricula not only within the countries but across the region. India, Pakistan and other regional countries have at various intervals, set up committees to review curriculum and upgrade the standard of instruction as well as education. The text books introduced in such pilot projects have been placed on the internet for open access; such practices can be replicated and adopted throughout the region without any strings attached.

Furthermore, soft editions of books, journals and all types of study material can be made available through an online library, which should be made accessible to all HEIs through respective University Grants' Commissions or equivalent bodies, similar to how Western data bases such as JSTOR, Lexus Nexus or any other are made available.

Lastly, an online South Asian Archives can be developed and maintained. There could also be an attempt to work on a joint history writing project. Again such ideas have been brought up and explored in the past, but with a generation of scholars who do not carry the ideological baggage like their predecessors, the opportunity to seek such a task is a realistic

possibility than an ideal thought. All of these projects would require commitment and inputs from institutions located within individual member states, but they can group together under the common platform of SAARC, the SAU or the COSATT as a regional representative, that can infuse new enthusiasm and spirit in seeking a “common” culture and voice for the region. The best way is to create synergies through the diversities and handicaps at hand, build on and adopt the best practices and learn from the failures and shortcomings of the past. This can be done either by strengthening and building on pre-existing structures, or creating new ones, if the foundations of old systems are too weak to support new building blocks.

There is a need to create outreach opportunities both within & between states; there can be youth/ student exchange programs, trips, summer camps, student assemblies or youth parliamentarians at school, colleges and university level, as well as semester length exchanges between various education institutions for better connectivity, openness and interaction. Already, an encouraging number of writers and academics are invited to literary festivals across the region, though again these visits become conditional to visa facilitation, but not only these issues should be looked into, but also promote such exchanges more often. Publications should be exchanged on a reciprocal basis, and to promote as well as acquaint readers with other countries' views, their socio political as well as literary views, mobile libraries can also be an effective outreach mechanism. These libraries can be sponsored by international publishing houses that have their country concerns in all member states, or again under the aegis of SAARC/ SAU or at best COSATT.

There are hardly any Research or academic institutions that have a formal arrangement to collaborate and carryout joint ventures, even if there does exist such a mechanism at public sector level, such as the MoU signed between IDSA (New Delhi) and ISSI (Islamabad), there is hardly any collaboration in real terms. There is a need to carryout annual academic conferences on South Asia in all SAARC member states by circulation, as

proposed in the COSATT Godavari (2012) meeting; there could also be a COSATT Vice Chancellors' consortium which can help in promoting and implementing such practices in their respective HEIs.

Chapter 3

South Asia as a Tourism Orbit: A Regional Tourism Strategy

Chaminda Hettiarachchi

1. Tourism as a global industry

Tourism is one of most important and largest industry in the world. Tourism is a key driver of socio-economic progress through export revenues, the creation of jobs and enterprises, and infrastructure development in many countries. According to the World Tourism Organization (UNWTO), inbound tourism has become one of the world's major trade categories. The overall export income generated by inbound tourism, including passenger transport, exceeded US\$ 1.2 trillion in 2011, or US\$ 3.4 billion a day on average. Tourism exports account for as much as 30% of the world's exports of commercial services and 6% of overall exports of goods and services. Globally, as an export category, tourism ranks fourth after fuels, chemicals and food. For many developing countries it is one of the main sources of foreign exchange income and the number one export category, creating much needed employment and opportunities for development.¹ UNWTO estimates that tourism's contribution to worldwide gross domestic product (GDP) is at some 5%. Tourism's contribution to employment tends to be slightly higher and is estimated in the order of 6-7% of the overall number of jobs worldwide. For advanced, diversified economies, the contribution of tourism to GDP ranges from approximately 2% for countries where tourism is a comparatively small sector, to over 10% for countries where tourism is an important pillar of the economy. For small islands and developing countries, the weight of tourism can be even larger, accounting for up to 25% in some destinations.²

¹UNWTO Tourism Highlights (2012), World Tourism Organization, Madrid, p.2.

²ibid.,p.3

Current developments and future trends of global tourism also give interesting insights about the industry. With all current global economic turmoil, demand for international tourism maintained momentum in 2012 and international tourist arrivals grew by 4% to reach 1.035 billion worldwide, up from 983 million in 2011. It is also important to note that international tourist arrivals surpassed 1 billion (1.035 billion) for the first time in history in 2012. By region, Asia and the Pacific (+7%) was the best performer, while by sub-region South-East Asia, North Africa (both at +9%) and Central and Eastern Europe (+8%) topped the ranking. The **Americas** (+4%) saw an increase of 6 million arrivals, reaching 162 million in total. **Africa** (+6%) recovered well from its setback in 2011 when arrivals declined by 1% due largely to the negative results of North Africa. International tourism receipts for 2011 are estimated at US\$ 1,030 billion worldwide, up from US\$ 928 billion in 2010 (+3.9% in real terms), setting new records in most destinations despite economic challenges in many source markets.

Over the past six decades, tourism has experienced continued expansion and diversification, becoming one of the largest and fastest-growing economic sectors in the world. Many new destinations have emerged, challenging the traditional ones of Europe and North America. Despite occasional shocks, international tourist arrivals have shown virtually uninterrupted growth – from 277 million in 1980 to 528 million in 1995, and 1.035 billion in 2012.³

According to *Tourism Towards 2030*, UNWTO's recently updated, long-term outlook and assessment of future tourism trends, the number of international tourist arrivals worldwide is expected to increase by 3.3% a year on average reaching a total of 1.8 billion arrivals by 2030. In the past, emerging economy destinations have grown faster than advanced economy destinations, and this trend is set to continue in the future. Between 2010 and 2030, arrivals to emerging economies are expected to

³UNWTO Tourism Highlights (2012), World Tourism Organization, Madrid, p.2.

increase at double the pace (+4.4% a year) of those to advanced economies (+2.2% a year). As a result, the market share of emerging economies has increased from 30% in 1980 to 47% in 2012, and is expected to reach 57% by 2030, equivalent to over one billion international tourist arrivals.⁴

2. South Asia as tourist hub

According to UNWTO figures, International tourist arrives to South Asia is 14million and it is only a market share of 1.4% of the world figure. However, average annual growth (from 2005 to 2012) of the arrival is 7.2% which is higher compared to many other regions.⁵ Regardless, the actual statistics, South Asia is one of most potential tourists region or hub in the world due to the nature of the region.

South Asia is one of most diversified geographical region in the world. To the south, east, and north, it is physiographic well defined by coastlines, forests, and mountains. This area consists of five regions: (1) India (2) southern islands of Sri Lanka and the Maldives (3) northern mountain area from Kashmir to Nepal and Bhutan (4) the east, Bangladesh (5) the west, Pakistan and Afghanistan. The Himalayas, the highest mountain range in the world, defines the northern border of this region, which divides India and China. South Asia is the home of some of the oldest civilizations in the world. With a population of more than 1.7 billion, it hosts more than twenty percentage of humankind. It has also been a traditionally one of largest market in the world with early emergence of big cities.

The diversity of the region itself is a main strength for South Asia to thrive as a tourist hub. Renton Alwis, a well known South Asian tourist expert and a former chairman of the Sri Lanka Tourist Board claims “The region is home to the highest and the second highest mountain peaks of the world (Everest and K2). Most of the world's quality water resources are in the

⁴Tourism Towards 2030/Global Overview (2011), World Tourism Organization, Madrid,p.5.

⁵UNWTO Tourism Highlights (2012), World Tourism Organization, Madrid, p.4.

region with the river systems originating from the Himalayas. Some of world's best ocean resources (coral reefs of Maldives), beaches (Coxes Bazaar), and mangrove areas (Sunderbans) are located in the region. Its biodiversity is unmatched (Sinharaja, Chitwan). Home to marvels such as the Taj Mahal, Ajanta, Sigiriya, Timpu, and Taxila, the heritage and cultures of the region date back thousands of years. For centuries, the region has been a hotspot for seafaring nations looking for spices and other riches. It was the playground of several colonial powers, and is now home to almost all of the world's religions. The cuisine of the region is exquisite, and its people are friendly and warm. The South Asian region has the key ingredients to delight its visitors.”⁶

Despite its all strengths and advantages, South Asia's actual tourism industry remains low and untapped. The region's image remains negative due to widespread poverty, violence and conflicts in the region and poor infrastructure and other related problems. South Asia is not viewed as tourist-friendly and many are deterred from visiting due to security concerns. In addition, local communities are very often not involved in the tourism planning strategies despite their role as an important stakeholder. Sea and air connectivity within the region is poor, which dissuades the average tourist from travelling throughout the South Asian circuit. In addition to above weaknesses, the larger countries such as India and Pakistan have not traditionally considered tourism as a strategically important industry hence not updated and upgraded the policy and facilities. This is however changing now. The Minister of Tourism of India, Shri Subodh Kant Sahai recently mentioned that tourism is on India's political and economic agenda highlighting how tourism has become an integral part of the economic and development policy of India.⁷

It is also important to note that several small states in South Asia has adopted unique tourist development models and thrived on them. These

⁶ Alwis ,Renton de(2008), Promoting Tourism in South Asia, Institute of Policy Studies (IPS), Colombo, p.1.

⁷ <http://www2.unwto.org/> (accessed on 5th Sep. 2012)

country models as listed below are particularly inspiring in designing a regional tourism strategic framework in South Asia.

Tourism in Bhutan began in 1974, when the Government of Bhutan, in an effort to raise revenue and to promote the country's unique culture and traditions to the outside world, opened its isolated country to foreigners. In 1974, 287 tourists visited Bhutan. Since then the number of tourists visiting Bhutan has increased to 2,850 in 1992, rising dramatically to 7,158 in 1999. By the late 1980s tourism contributed over US\$2 million in annual revenue.⁸ Bhutan has developed a tourism business model to create a premium value for the destination. Bhutan limits access to a few tens of thousands of tourists each year at a premium charge, placing the per capita yield from one tourist at a high level. Bhutan's business model aimed at conserving its heritage, culture, and natural resources. This model is in keeping with its unique development indicator of “Gross National Happiness,” in contrast to the conventional development measurement of gross national product.⁹

Maldives is one of the most successful island destinations in the world, works on a business model of establishing strong partnerships with foreign investors and tour operators. Beginning with investments from Sri Lankan conglomerates in the early 1980s (still accounting for about 20 percent of all hotel rooms), Maldives Tourism, offering the “sunny side of life” as its positioning platform is driven by some of the best international and regional brand names in the island tourism business.. Tourism began in the Maldives in the late 1900s. A United Nations mission on development which visited the Maldivian Islands in the 1960s did not recommend tourism, claiming that the islands were not suitable. Ever since the launch of the first resort in Maldives in 1972, however, tourism in Maldives has flourished. Tourism is the largest economic industry in the Maldives, as it plays an important role in earning foreign exchange

⁸ http://en.wikipedia.org/wiki/Tourism_in_Bhutan (accessed on 5th Sep. 2012)

⁹ Alwis ,Renton de(2008), Promoting Tourism in South Asia, Institute of Policy Studies (IPS), Colombo, p.3.

revenues and generating employment in the tertiary sector of the country.¹⁰

Nepal is an example of a pioneering brand of unique community based tourism initiative. With its early model of the Annapurna Tourism Development Project and the Bhakthipur Conservation Project of the 1980s, Nepal introduced a good tourism operational model, offering its unique nature and heritage conservation, community benefit, and sustainable funding features. Tourism is the largest industry in Nepal, and the largest source of foreign exchange and revenue. Possessing 8 of the 10 highest mountains in the world, Nepal is a hotspot destination for mountaineers, rock climbers and people seeking adventures. The Hindu and Buddhist heritage of Nepal and its cold weather are also strong attractions.¹¹

The famous explorer Marco Polo of the 12th Century wrote that **Sri Lanka** is the finest island in the whole world. For centuries it had been a great tourism destination particularly for European Travelers. However the 30 year long internal conflict and terrorism had a negative impact of Tourism and the growth of the industry got stagnated. However after the end of the conflict in 2009 the country's tourism prospects look promising. In 2010 immediately after the end of the war Sri Lanka had a growth of 46% in Tourism arrivals.¹² Sri Lanka is addressing the challenge of global warming and climate change faced by all nations of the world. It has extended its conventional position as a tourist destination of a treasured island with a warm people offering nature, culture, and adventure to include an extensive green cover. Through its Tourism Earth Lung initiative it is working toward being a carbon-neutral destination by 2018. Sri Lanka is now a unique example of developing tourism in a post-war context.

Even the above country specific tourism business models are successful, in South Asia there are no serious attempts or mechanisms to learn from

¹⁰http://en.wikipedia.org/wiki/Tourism_in_the_Maldives (accessed on 5th Sep. 2012)

¹¹http://en.wikipedia.org/wiki/Tourism_in_Nepal (accessed on 5th Sep. 2012)

¹²http://en.wikipedia.org/wiki/Tourism_in_Sri_Lanka (accessed on 5th Sep. 2012)

each other about best practices or no regional focus tourism strategies to derive synergy.

3. Why a Regional Strategy for Tourism in South Asia

Regionalization is a dominant trend in the world tourism, stimulating regional integration and new forms of strategic alliances, which affect the operation of the tourism industry. Regional collaboration beyond national boundaries transcends political boundaries tying localities under a new geographic and economic alliance. The strategic alliance will create economic opportunities and further enhance value by taking advantage of new market opportunities on a regional and international basis. The strategic alliances are forged between destinations and its neighboring countries at various levels: between respective governments and National Tourism Organizations, as well as between private sectors and entrepreneurs offering mutual benefits and synergistic growth. The regional tourism mainly pursues a win-win approach where members in the region seek to achieve collective attractiveness and collective competitiveness.¹³

In East Asia, the concept of regional tourism has gained momentum with the formation of ASEAN. Countries are vying cross-border collaborations in tourism planning, promotion and development. In South Asia, the main regional organization, South Asian Association for Regional Cooperation (SAARC)

has also identified tourism as a key area of cooperation among members. According to SARC official website, “The importance of tourism had been recognized since early days of SAARC. The Leaders during the Second Summit held at Bangalore in 1986 underlined that concrete steps should be taken to facilitate tourism in the region. A Technical Committee on Tourism was created in 1991. During the First Meeting of the Technical

¹³Sharma, Sunil (2006), Focusing on Regional Tourism Markets: Prospects and Challenge for Nepal, Economic Policy Network, Kathmandu, p.1

Committee on Tourism held in Colombo in October 1991, an Action Plan on Tourism was formulated.”¹⁴

More recently, third Meeting of the SAARC Tourism Ministers, preceded by Fourth Meeting of the Working Group on Tourism was held at Kathmandu in January 2011. The Meeting reviewed implementation of the decisions taken at its last meeting. It also reviewed the status of implementation of the SAARC Action Plan on Tourism-2006 and noted with satisfaction that most of the decisions taken earlier have been implemented by the Member States.

With all these initiatives, SAARC has not been able to significantly improve the regional tourism in South Asia. With the backdrop of the frustration of SAARC's underperformance, in 1997, a separate initiative was undertaken by several governments of the South Asian region, titled the South Asian Growth Quadrangle, consisting of Bangladesh; Bhutan; 13 of the north, east, and north-east states of India; and Nepal. The Asian Development Bank (ADB) supported the initiative under the South Asian Sub regional Economic Cooperation (SASEC) program, which includes a tourism component. This is an ongoing program within the South Asian development framework of the ADB. In addition, also in 1997, another initiative was created to link some of SAARC's countries with Myanmar and Thailand, as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), to take advantage of the historical link and turning them into economic opportunities. Named BIMSTEC to represent Bangladesh, India, Myanmar, Sri Lanka, and Thailand Economic Cooperation, it set up a Tourism Working Group and has conducted several rounds of meetings, but to date, it has not achieved much progress. Since 2005, the ADB has supported this initiative as well.

A number of key factors have impeded the development of South Asian intraregional tourism development. The question of establishing air links

¹⁴<http://www.saarc-sec.org> (accessed on 5th Sep. 2012)

between the capitals of eight SAARC countries, complicated visa procedures within the member countries, poor infrastructure within the region are crucial factors impeding the tourism growth in the region. Furthermore, critics argue that there is lack of research in 'regional tourism' and conceptual and empirical insights into this phenomenon are still lacking.¹⁵

4. Promoting Regional Tourism as a Way of Improving Peace in South Asia

With all unsuccessful initiatives and projects, there are strong reasons and developments enhancing regional tourism in South Asia. The region is thriving economically led by the high growth of India and South Asia is experiencing some dynamic changes conducive for a regional tourism. Therefore, the policy makers and strategists in tourism in South Asia should consider these macro dimensions in promoting South Asian regional tourism in 21st century.

India possesses the region's largest economy as well as the largest tourism industry in absolute figures. With an economy growing at about 8 percent during last few decades, it has one of the most promising prospects of the world for the future. The growth dynamics of both China and India will complement Asia's newest prospects for economic superpower status, augers well in positioning India as a modern growth economy with a proud heritage and culture, rather than as a poverty stricken country.¹⁶

As a result, India's tourism industry is experiencing a strong period of growth, driven by the burgeoning Indian middle class and growth in high-spending foreign tourists. The tourism industry in India is substantial and vibrant, and the country is fast becoming a major global destination as

¹⁵ Sharma, Sunil (2006), *Focusing on Regional Tourism Markets: Prospects and Challenge for Nepal*, Economic Policy Network, Kathmandu, pp. 13-14

¹⁶ Alwis ,Renton de(2008), *Promoting Tourism in South Asia*, Institute of Policy Studies (IPS), Colombo, p.6.

well as an outbound visitor generating market. Indian policymakers have identified this trend and business friendly regulations are being made while managing other concerns of the country. In additions to economic growth in India and elsewhere in South Asia, there are several other key dynamics encouraging regional tourism in South Asia. Availability of budget airlines and reducing airfare can be considered as one of main changes over the years. Increased access and usage of the internet by the citizens have not only educated people to travel in the region but it has also facilitated the travel process. There is also increased number of sporting and cultural events happening in South Asia encouraging people to travel to other countries in South Asia. Visa in South Asia remains a main issue for regional travel however, more liberal visa regimes practiced by countries such as Maldives, Nepal and Sri Lanka have encouraged people in the region to travel.

Tourism is an industry which encourages people to people interaction and enhances regional peace. The understanding among people that travel and tourism bring about is the best recipe for ensuring that conflicts are resolved through discussion and compromise, rather than through violent means. Poverty alleviation and removing the root causes that drive terrorism are both possible through the generation of understanding that can be gained through tourism. Ease of access, therefore, becomes a key determinant in creating such an environment.¹⁷

5. Recommendations

In the above context, it is important to formulate the regional tourism by the policy makers in South Asia in an innovative and comprehensive way. Tourism sector should be considered as a strategically important industry in South Asia in planning and designing appropriate strategies. There should be a significant difference in the eyes of policy makers on the current planning assumption that tourism industry dominantly gives only

¹⁷ *ibid.*,p.9

economic benefits. Impact should be considered in terms of regional peace and stability, community building and solidarity among people in the region, externalities to regional security and trade relations ect. A regional tourism strategic plan should be developed with the participation of multi-country authorities and with the consultation of multi-stakeholders including the local communities. The regional strategic plan should also be compatible with and compliment national tourism strategic plans. The strategic plan should be able to learn from the best practices of each country and also from other regions of the world. Following recommendations have been made as a basis for such a formulating process. It is important to note here that these recommendations are not an exclusive list of tasks for the complete strategy but some important aspects which should be addressed in such a policy initiative.

1. Plan using citizen-centered approach:

Tourism in South Asia should mainly benefit the citizens in the region by helping them to improve their quality of life. Hence the planners and policy makers should take all possible actions to design regional tourism policies and strategies by following a people-entered approach when defining products and services offered, sustainability mechanism, marketing strategies and business models of the industry as well as benefit sharing mechanisms. This should also include conservation of cultures, protection of environment and improvements of South Asian brand images and national identities.

2. Promote intra-regional tourism:

South Asian tourism currently more focused towards attracting outsider visitors from North America, Europe and Japan. Countries in South Asia even compete in the global market for same customer groups. This should change and South Asian nations should make strategies to promote multi-country tourism in a more cooperative mode. This should be done using appropriate marketing strategies with integrated pricing, products, promotional and distributional

strategies to enhance intra-regional tourism.

3. Improve connectivity:

One of the key issues in touring in South Asia is the poor connectivity. Improvements should be made in air travel, road and land travel and also possible sea and river based transportation. This will also include facilitation of simplified visa regimes, reduce the other entry barriers and easiness in transaction, taxation and also exchange control.

4. Better facilities and utilities:

One of main constrain in travelling in South Asia is the poor facilities for tourists. Better transport arrangement and road conditions, affordable accommodation, healthy and availability of culturally sensitive meals and relevant travel assistance. It is also important to ensure security and safety of the international travelers. In addition, better communication facilities are also crucial For example. Harmonized roaming tariff for mobile communication in South Asia is an urgent need. South Asian policy makers should learn successful models for each case from other regions such as Europe and East Asia.

5. Efficient Information management:

One of key requirement for tourists is the availability of reliable information for travel planning and management. This includes visa procedures, country information, and availability of facilities and details of attractions. In addition to above pre-trip information, there are informational needs during the trip and post trip period. Therefore, it is important to have well designed tourist informational portal on South Asia. Web portals such as SAARC Tourism¹⁸ should be further developed and enriched with relevant information.

¹⁸ <http://www.saarctourism.org/> (accessed on 5th Sep. 2012)

6. Connections to other Regions and regional hubs.

One common mistake of many regional initiatives is planning in isolation without considering other regions. South Asia is a region well connected to other regions such as Middle East, East Asia, China and Central Asia. Any regional planning including tourism should include how to connect and link such neighboring regions. As a part of such connectivity, South Asian tourism should include and accommodate the roles of already established hubs such as Singapore, Bangkok, Doha and Dubai.

7. Financing:

An important aspect is the financing of the strategies formed. In this context, SAARC investments in tourism must be reviewed to include multi-layer funding models including governments, private sector, international donor agencies and even individual interments.

6. Conclusions

South Asian regional tourism is viable and feasible than ever. The diversity and uniqueness of the region have many things to offer to global and regional travelers. Given its unparalleled geographical location and product offerings, South Asian can act as a global tourism orbit. However, existing indicators and statistics of tourism do not reflect very successful performance of the sector. This is due to existing realities in the region, lack of attention by the policy makers and poor strategic decisions made by the individual countries. As discussed in the paper, the situation can be changed with well formulated regional tourism strategies. This needs innovative approaches from policy makers, recognize tourism as an industry with strategic importance to the region and to individual countries, clearly identify the business models and economic logic of regionalization and plan and implement strategies accordingly.

Tourism is also a less politically sensitive industry where countries in South Asia can initiate co-operation and expand the South Asian regional

integration to high heights. It is also important understand that tourism enhances people to people connection realizing non-economic benefits such as regional peace and security, improved international image of the countries and of the region. Tourism can also improve “soft power” of South Asia as a region.

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Chapter 4

Regional Visa Regime for South Asia: The Namgay Initiatives¹

Imtiaz Ahmed

In our times Poet Shamsur Rahman (1929-2006) could not help reminding us the painful consequences of politics, territoriality and partition, suggesting at the same time how we could all make a difference to it. As the Poet goes on to tell his friend on the other side of the border:

Politics is excessively a nasty maze, Ranjita.
We fall into the pit of it repeatedly.
We get ourselves digressed from our goals and lose our
paths again and again.
We embrace ideologies of which we make ourselves the
prisoners!
Ranjita, the land where your predecessors were born now
has become a poisonous land!!
And I do not foresee even the shadow of future for our
next generation!!!
Perhaps never will I visit Calcutta.
And you, too, perhaps will never come to Dhaka.
Then where will we meet again?
Will we meet again on the crossing of an unknown path?
For sure, we will meet neither in Peking nor in
Washington nor in Bangkok nor in Jakarta nor in
Jeddah nor in Istanbul nor in Hamburg – nowhere.

¹'Namgay' refers to the place where the paper was presented, and the paper was presented at the International Conference on *Strengthening Physical, Emotional and Economic Linkages in South Asia*, organized by the Institute of Peace and Conflict Studies (IPCS) in collaboration with the Konrad Adenauer Stiftung (KAS) at the Namgay Heritage Hotel, Thimpu, Bhutan on 10-14 September 2012.

Perhaps we will meet once again in a bright capital
absolutely unknown to us before.
And we will call it humanity
As the parents joyfully call their new-born baby.²

In this age of *realpolitik*, recourse to 'humanity' may sound ideal, if not idealistic, but democratic regimes, here or elsewhere, cannot do without it either. If territoriality and partition have come to stay in South Asia with eight countries now proudly raising their flags and reproducing their respective national identities there is also an urge, indeed, in the backdrop of globalization and the cementing of democratic politics to cooperate and make the relationship as *humane* as possible. This is true as much in the field of trade and investment as it is in the day-to-day people-to-people relationship. The former cannot be done without the latter. And it is here that the visa regime makes an entry and comes to play a vital role.

Visas are a modern phenomenon and were not generally required before World War I (1914-1918). Decolonization and the issue of national security allowed the visa regime to make a quick entry and make it a norm throughout the world, including South Asia, albeit with certain exceptions. But what is remarkable of this regime is its enormous capacity to change and even invite a qualitative transformation of itself. And this is not only with respect to Europe, having the national visa regime transformed into a common visa regime called the Schengen visa, but also with respect to South America, Southeast Asia and even South Asia, although on a limited scale. And it is this we will try to explore in this paper, indeed, with particular reference to South Asia.

The paper is divided into four sections. Section I is the Introduction. Section II will reflect on the South Asian experience, not only on the hurdles but also on the progress thus far made in making the visa regime humane. Section III would then take up what I would like to call the

²Translated by Abu Taher Salahuddin Ahmed from the original Bangla.

Namgay Initiatives, outlining the activities required for a common visa regime in South Asia. The last section will have the concluding remarks.

The South Asian visa experience

There are all kinds of stories when it comes to getting a visa within South Asia, and this is particularly true between India and Pakistan, but also to a lesser extent between Bangladesh and India and Bangladesh and Pakistan. Let me share two, both, I must say, are hilarious. Years back I got a fellowship from a Bangkok outfit called the Asian Scholarship Foundation (ASF) to spend a year or so at the Centre for the Studies of Developing Societies (CSDS) in Delhi. As per the rule I applied for the research visa. Months passed but there was no news of whether I would be getting one or not. The ASF host in Delhi became restive and contacted the Indian High Commission in Dhaka. The Indian High Commissioner in Dhaka, now retired, knew me a little and quickly provided me a three-month visa with the suggestion that I get it renewed in Delhi after every three months. That was easy and very nice of her, I thought! So after three months I got it renewed for another three months and after spending full six months my fellowship paper was done. I decided to reduce my year-long fellowship to six months and wind up my time in Delhi. The ASF could not be happier! After I had returned to Dhaka and that again after a month or so I received a letter from the Ministry of Home Affairs, Government of India, addressed to me saying “your visa application has been rejected”!

The second story was narrated to me by a retired IPS (Indian Police Service) officer, incidentally when I was passing my time in Delhi working on the fellowship that I had just mentioned. I met this gentleman by chance. Those who are familiar with the Indian International Centre (IIC) in Delhi would know that reservation helps if you want to have a nice meal there, particularly at the dinner time. We did not have any reservations and the place was full of people, all talking garrulously while eating slowly! The manager, who knew us by now a little, came and

suggested that a place could be arranged if both of us agreed to eat at the same table. Strangers though we were, as South Asians we could not be impolite and say no to the suggestion. We both nodded, yes! And there, after knowing that I was a Bangladeshi, the IPS officer, possibly now that he was no longer in the service had no problem in sharing some of his experiences. The following one stands out of all.

A Bangladeshi businessman came to India and lost his passport. His Indian friends got him a fresh Indian passport through some underhand dealings in less than a week's time. The businessman then went to the Bangladesh High Commission and got the Bangladesh visa for the return journey. After arriving in Dhaka he went to the Indian High Commission and surrendered his new Indian passport telling the officials there that he was actually a Bangladeshi! Where will you get a region like this!

Three things seem to stand out when it comes to the visa regime in South Asia. Firstly, security. This is no different from the history and the current experience of other regions of the world, only that in South Asia it is politically loaded, if not infected, with the tragic events of 1947 and 1971, both incidentally genocidal and out of the norm of the ordinary human conflicts. Not that the region or the undivided colonized India got divided but millions of people got uprooted and displaced, with the state and society still reproducing the trauma of yesteryears as part of national history and the birth of the nation. While communal elements nurture this to the full but secular forces have not found an alternative either. Moreover, state machineries in the like of ISI, RAW, NSI and the like or members within such machineries have complicated it further, with the one often suggesting that the other is bent up creating insecurity, if not a 'failed state,' and therefore an extra alert is required. Tightening the visa regime becomes the quickest answer! The only good thing of this narrative is that several other countries of South Asia are not part of it, and that is where possibilities for an alternative visa regime in South Asia lie. I will return to this shortly.

Secondly, movement of people, both legal and illegal. The number of people seeking visas is not much. The greatest number is found between Bangladesh and India, with India providing 519,000 visas to Bangladeshis in 2008, 447,000 in 2009, 432,000 in 2010 and 500,000 in 2011.³ Bangladesh, on the other hand, issues a little over 250,000 visas to the Indian nationals annually.⁴ Both the figures have remained constant for many years. India-Pakistan figures are difficult to find, but if one goes by some reported cases of 'visa overstayers' than the number is miniscule compared to the combined population of the two countries. In fact, according to official Indian statistics, around 23,000 Pakistanis have come to Rajasthan since 2007, that is, a mere 4600 annually. Of them, 4,624 did not return despite the expiry of their visas. The police identified 4,273 persons who had applied for visa extension, while four died during their stay.⁵ That leaves 347 untraceable, and the Indian security agencies are of the opinion that since they remain untraceable they must be ISI agents! Save this issue of the overstayers and the illegal, to which I will return soon, this much can be said without hesitation that given the combined population of South Asia, around 1.7 billion, the number of visa seekers remain modest if not negligible.

The issue of the illegal, whether overstayers or of other kinds, is the haunting one, mainly to India but then in recent times Nepal with the so-called Bhutanese refugees, Bhutan with the Nepali Bhutanese or *Nepali-speaking* Lhotshampas, Pakistan with the Afghans and even Bangladesh with the stateless Rohingyas have become infected by it. A flexible visa regime cannot be done, as government officials and organic intellectuals would argue, because the country would be flooded with illegal migrants! In the Indian security and migration discourse, Bangladesh is the most

³ Alope Tikku, "Easy visas to Bangladeshis curbing illegal influx: PC," *Hindustan Times*, New Delhi, 24 February 2012.

⁴ Hasan Jahid Tusher, "Bangladeshis stuck in Indian visa complexities," *The Daily Star*, 6 March 2012.

⁵ Sudhanshu Mishra, "Pakistanis in India with expired visas under security scanner," *India Today*, 26 August 2012.

prominent case with the latter allegedly flooding the former with 'illegal migrants,' but recently P. Chidambaram, India's Home Minister until a month back and now Finance Minister, said something which provides a clue to resolving the problem. After meeting his Bangladeshi counterpart in Delhi on 24 February 2012, Chidambaram said: "I think much of the problem of illegal migration has been resolved by quickening the process of issue of visas and increasing the number of visas that are given to Bangladeshis....There is really no reason for any Bangladeshis to cross over illegally. But I do admit that some crossings do take place...."⁶ This is quite a qualitative change from getting flooded by millions of illegal migrants to what is now being referred to as 'some crossings!' But more importantly, that 'quickenning the process of issuing visas' has made a difference to illegal migration is something worth noting, particularly if we are to change the current state of the visa regime in South Asia.

Poor infrastructure can, in fact, make the provision of consular assistance difficult. And given the number of visa seekers this remains true for most of the South Asian countries, particularly the number of visa seekers between Bangladesh, India and Pakistan. In the case of Bangladesh, for instance, when visas were issued manually, India used to provide 1500 visas daily. But now with the help of technology and digitalization 3000 visas are issued daily. But then, as one official of the Indian High Commission in Dhaka said, "the authorities could not issue 10,000 visas per day, as the High Commission did not have the capacity, like infrastructure and manpower, right now."⁷ This only indicates that technology does have a role and can make a difference to the visa regime in South Asia, and that the number of visa seekers itself is not a problem.

Finally, the desire to reform. The process may have been slow and still remains slow but it cannot be denied that the visa regime in South Asia did change over the years, albeit with more ups and less downs. And the

⁶ Alope Tikku, *op.cit.*

⁷ Hasan Jahid Tusher, *op.cit.*

factors for this could be from the institutionalization of SAARC, pressure from citizens for more people-to-people relationship, to the dynamics arising from globalization. Indeed, there is now a South Asian visa sticker, albeit for a certain categories of people and for a three-month period. There are also greater provisions for visa on-arrival amongst South Asian countries, although limited to a selective number of countries and from two weeks to one month period, like the ones between Bangladesh and Nepal, Maldives and Bangladesh, Sri Lanka and Bangladesh, India and Sri Lanka, Maldives and India, India and Bhutan, and so on. Indians and Nepalese also enjoy unlimited access and an indefinite period of stay in each other's countries. But more remarkably, even India and Pakistan brought changes to their bilateral visa regimes, in fact, only last week. The following ones are worth noting:

1. "Group tourist visas," valid for 30 days, will be issued for the first time to groups of 10-50 individuals. The group tour will have to be organised by an approved operator, the latter submitting a detailed itinerary and reporting to police for the group.
2. Families with members married to a national of the other country will be eligible for two-year, multiple-entry visas. One person will be able to report to police on behalf of the family.
3. Category A' businessmen, with an annual turnover of Pakistan rupees 5 million or more, will get a one-year multiple-entry visa, and will be able to travel to 10 places. 'Category B' businessmen, with an annual turnover of half a million Pakistan rupees, will be eligible for a one-year visa with up to four entries, and can travel to five places. Businessmen can send a representative to report to the police.
4. Senior citizens (65 years old or older) and children 12 years and below can get a 45-day visa on arrival at the Wagah-Attari border. No reporting to the police would be required.⁸

⁸"Group visas, easier travel in new pact with Pak today," *Indian Express*, 9 September 2012.

A critical group of people, however, have been left out from the above set of categories, and these are the academicians and researchers. They still remain a suspect and a threat to national security! But then coming in the backdrop of the Mumbai terrorist incident and the repeated play of blame-game, the newer elements in the Indo-Pakistan visa regime are a good beginning. It seems that there is a realization now amongst the policymakers of these two countries that terrorism and a freer movement of people are two different things. And that the latter necessarily does not lead to the former. In fact, both the issues need to be addressed and can be resolved by having not less but greater cooperation.

The Namgay Initiatives

South Asia is a very old civilization, and any discourse on it will tell you that the people of this region prospered when they were together and not when they fought with each other or remained separated. As Rabindranath Tagore pointed out: “poverty lay in the separation, and wealth in the union of man and man.”⁹ He then goes on to say: “Cooperation is an ideal, not a mere system, and therefore it can give rise to innumerable methods of its application.”¹⁰ Of course, given the recent development it can be said without much hesitation that the quest for cooperation has not ceased. On the contrary, it has found newer avenues, often creating newer structures, as it is the case with the South Asian visa sticker and the proliferation of on-arrival visas. But given the current state of things let there be an initiative to combine the good practices and shelve or minimize the bad practices between the countries of this region. This may sound contradictory and in many respect it is very much so, but then let us make best use of contradictions and not shy away from them. Let me then outline three sets of initiatives and for the sake of remembering them let us

⁹ Rabindranath Tagore, “The Cult of the Charka,” in *Words of Freedom: Ideas of a Nation* (New Delhi: Penguin Books, 2010), p.101.

¹⁰ *Ibid.*, p.102.

call them the *Namgay Initiatives*.

Firstly, there ought to be an initiative towards developing a *no-visa regime at the sub-regional level*, particularly where it is already enjoying some amount of good practices. India and Nepal, in fact, already have one. But then a no-visa regime could easily be developed between Maldives, Sri Lanka, Bangladesh, Nepal and Bhutan, given that there is already the practice of getting on-arrival visa between these countries and these have not posed any national security threats to them. Similar efforts could be carried out between India, Nepal, Bhutan, Sri Lanka and the Maldives. Pakistan too could build on its current practice with Afghanistan and institutionalize a no-visa regime. Such no-visa regime at the sub-regional level is required not only for greater socio-economic cooperation and development but also for putting pressure on the region itself for cementing its regionalism.

Secondly, there ought to be an initiative towards *the standardization of the passport*. While digitalization in the form of machine-readable passport (MRP) is one important aspect of such standardization, there is also the need for a common databank on the citizens to ensure their identity and the authenticity of the documents across national frontiers. Europe too, it may be pointed out, began its journey for a common visa regime and a Passport Union by taking an initiative early on towards having 'a passport of uniform format.'¹¹ This too could begin at the sub-regional level and when benefits accrued from it will become evident it would be easy to impress upon the whole region. Such standardization would also offset much of the fear related to the export and import of criminal activities, including smuggling and terrorism, between the countries of the region. And this brings us to the final initiative.

There ought to be an initiative towards *a common security regime*, even if

¹¹See, Annalisa Meloni, *Visa Policy within the European Union Structure* (Heidelberg: Springer, 2006), p.44.

it is limited to containing petty terrorists and catching criminals to begin with. There is no denying the fact that having a no-visa regime is related to issues of national security. And the quicker newer structures are established to resolve this the quicker will be the momentum towards having a no-visa regime. In South Asia, apart from a SAARC initiative to counter terrorism, the so-called Islamabad Protocol, which frankly is a non-starter given the amount of mistrust between India and Pakistan, there are now instances where countries have started exchanging information with the objective of nabbing the criminals of one another. It is quite an irony that India, Pakistan and Bangladesh, for instance, have separate military exercises with the United States but are yet to have one with all the three together. Part of the reason lies with the attention being nurtured traditionally on state or macro security and not on the subaltern or micro security, unmindful of the fact that the latter is no less menacing than the former. Again, a common security regime at a sub-regional level to begin with would go a long way in creating an environment for a no-visa regime in South Asia.

Concluding remarks

Humans are not only *homo sapiens* (thinking being) but also *homo fabre* (creative being). And as humans we always celebrate life and living, but at the same time deep inside we are aware that “life is *what is not*”! And it this awareness of the 'absence' or as some would say, nothingness or *shunyata* that keeps our thirst for knowing the unknowable, reaching the unreachable, even thinking the unthinkable. As Haruki Murakami said: “We must not be afraid to dream. We must be 'unrealistic dreamers' who charge forward taking bold steps.” But then in thinking the unthinkable there is no reason not to share or shy away from all the good practices around the world. Such good practices could come from the birth and growth of the European Union as they could come from some of the successes of ASEAN or experiences in South America. But since “the fault lies not in our stars,” as the Bard had

reminded us long back, “but in ourselves,” the onus of materializing the unthinkable, and this includes the Namgay Initiatives as well, remains with us. And there lies the challenge. But then without challenges what is there to life!

Chapter 5

South Asia Regional Connectivity: Role of Think Tanks

Gen Muniruzzaman (retd)

Introduction

Think tanks are very important organizations for South Asian regional integration in the era of globalization. While the world is complicated with the challenging and evolving dilemmas, the emerging think tanks around the world provide regional alliance through in depth study on those issues and making collaboration among civil society members as well as policy makers in both regional and sub regional levels. They are basically the public policy institutes of analyzing both conventional and non-conventional security issues of a country.

In South Asia, think tank organizations are emerging with diverse initiatives. These think tanks are deeply examining on nuclear issues, disarmament, non-proliferation, weapons of mass destruction, the war on terrorism, counter-terrorism, strategies, security sector reforms, and armed conflict and peace processes in the region.¹ Some non-traditional security studies think tanks are also focusing on the dimensions of human security in larger scale, especially on the issue of climate change, water security, cross border movement and refugee law, and migration etc.

Think tanks also playing key role in improving the people to people connectivity as well as regional connection in South Asia through producing high quality based research and addressing local policy challenges as well. Though there are some limitations and challenges on both the functions and policy implementation of these organizations, good think tanks can enhance regional connectivity as well as social integration of a region.

¹ Please visit: <http://www.ipcs.org/region/south-asia/>

Conceptual Understandings

Regional Connectivity

While “connectivity” refers to the degree to which exchange activities are facilitated, both within and across countries, the term “regional connectivity” has often been associated with cross-country connectivity or regional connectivity. According to the master Plan on Association of Southeast Asian Nations (ASEAN) Connectivity, the term refers to “the physical, institutional and people-to-people linkages that comprise the foundational support and facilitative means to achieve the economic, political-security and socio-cultural pillars towards realizing the vision of an integrated Community.”²

The concept of regional connectivity is greatly inspired by the purpose to build greater political harmony, economic cooperation, and social interaction. Development of intra-regional connectivity enhances trade, investment, tourism, and development. It also narrows development gaps and facilitates people-to-people contacts.

Think Tanks

Think tanks are public policy research, analysis and engagement institutions that generate policy oriented research, analysis and advice on domestic and international issues. It enables policy makers and the public to make informed decisions about public policy issues.³ A think tank is an organization, sometimes called a policy institute or public policy organization, made up of highly intelligent, experienced, and educated people who focus on a particular issue and attempt to define, discuss, and remedy it.⁴

²James G Mc Gann, “The think tanks and civil societies program 2008”, the global Go To think Tanks”, January 19, 2009, available at:
http://repository.upenn.edu/cgi/viewcontent.cgi?article=1005&context=think_tanks

³ ibid

⁴D.M. Gutierrez, “What Is a Think Tank?”, available at:
http://www.ehow.com/about_5513620_think-tank.html_By D.M. Gutierrez

A think tank is dedicated to research and discussion of problems facing society. It also tends to come up with possible solutions as well, and they may engage in education and advocacy to get members of the public interested and involved in issues of concern. Think tanks can be found all over the world, focusing on a wide variety of issues including social policy, political strategy, economics, law, foreign policy, education, the environment, poverty, military, technology issues and so forth.⁵

Many think tanks are non-profit organizations, while others are funded by governments, advocacy groups, businesses or private individuals. Some think tanks are clearly divided in purpose. Others are more issue-oriented and promote social and economic reforms.⁶

Historical Background of Think Tanks

The term “think tank” arose in the early 19th century although the concept of gathering bright minds to think about issues is much older.⁷ After 1945, many smaller issue and policy organizations emerged. The term 'think tank' originated in the 1950s. Think tanks first emerged on the American scene after the civil war. These early research institutes specialized in social science. An organizational boom of think tanks also happened primarily in Canada and Western Europe. They were set up by foundations, corporations or private citizens with the goal of aiding the government in finding the most efficient policies for instituting reform. For example, among some of the earliest think tanks, the New York Bureau of Municipal Research, National Civic Federation, United States Industrial Commission, Russell Sage Foundation, and the Carnegie Endowment for International Peace were remarkable.

⁵ See: “What is a Think Tank?”, available at: <http://www.wisegeek.com/what-is-a-think-tank.htm>

⁶ Rachel Cooper, “Think Tanks - What is a Think Tank?”, available at: <http://dc.about.com/od/communities/a/Think-Tanks.htm>

⁷ “What is a Think Tank?”, *op. cit.*

The aftermath of World War II saw a significant increase in the numbers of think tanks. Specially, the nuclear threat of the Cold War stimulated the development of governmentally funded defense-policy think tanks. For example, RAND Corporation, the Hudson Institute etc.

During the 1960s, the influence of think tanks increased even more that was termed “action intellectual,” or the “godchildren of the progressive era”. The think tanks of this period seemed dedicated to the applied social sciences, such as statistics, economics and social experimentation. Much of the research done by these institutes was then applied in governmental legislation, including Medicare, Medicaid and the Economic Opportunity Act.⁸

For most of the 20th century, independent public policy think tanks performed research and provided advice on public policy. There has been an actual proliferation of 'think tanks' around the world began in the 1980s as a result of the forces of globalization, end of the Cold War, and emergence of transnational problems. The reasons behind the growth of think tanks in the 20th and 21st centuries were due to information and technological revolution, end of national governments' monopoly on information, increasing complexity and technical nature of policy problems, increasing size of government, crisis of confidence in governments and elected officials, globalization and the growth of state and non state actors, need for timely and concise information and analysis in the right form at the right time and in the right hands.

Number of Think Tanks

At present, the number of think tanks has risen throughout the world. Specially, along with the western countries, the number has also increased in the African and Asian countries than the previous years.

⁸ Sabina Dally, “Think Tank”, available at: <http://www.learningtogive.org/papers/paper162.html>

A recent study (2009) indicated that there were 6545 think-tank worldwide,⁹ 1777 in the USA and 350 in DC. 12 are in the top 30 in 2012 from USA 292 in India, 3rd largest think tank country, and over 500 in China. North America and Europe have 60 percent of the world's think tanks while Asia's share has grown to 18 percent and Latin American and the Caribbean's to 11 percent.¹⁰

Table: Number of Think Tanks in the World (2012)

Region	Number of Think Tanks	%
Africa	554	8.4
Asia	1194	18
Europe	1836	27.8
Latin America and the Caribbean	721	11
Middle East and North Africa	339	5.1
North America	1919	29.1
Oceania	40	0.6
Total	6603	100

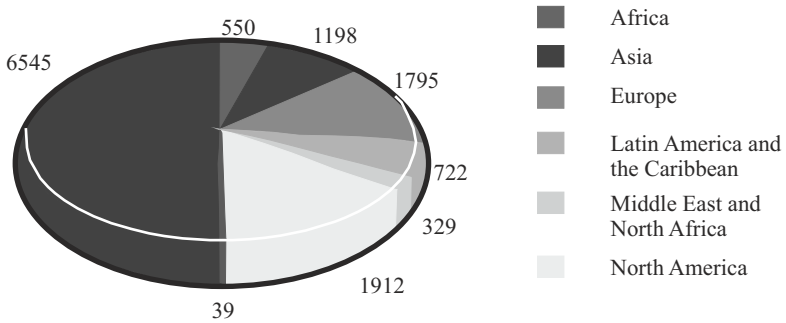
Source: Mc Gann, 2012¹¹

⁹ Xu Lin, "Top 30 think tanks in the world 2011", January 30, 2012, available at: http://www.china.org.cn/top10/2012-01/30/content_24505936.htm

¹⁰ , Eileen Travers, "Rising number and changing focus of think-tanks worldwide", No: 206, January 27, 2012, available at: <http://www.universityworldnews.com/article.php?story=20120127135538694>

¹¹ James G. McGann, "2012 Global Go To Think Tank Report", January 17, 2013, available at: https://www.sas.upenn.edu/irp/sites/www.sas.upenn.edu/irp/files/TTCSPP_2012_WB_Prresentation.pdf

2011 GLOBAL DISTRIBUTION OF THINK TANKS BY REGION
6,545 THINK TANKS TOTAL



Source: Mc Gann, 2012¹²

Aspects of Regional Connectivity

Physical Connectivity

Physical connectivity means to develop an integrated and well-functioning inter-modal transport, ICT and energy networks. Physical connectivity refers to the development of physical infrastructure across the region such as Association of Southeast Asian Nations (ASEAN), Highway Network, power grids, and information communications technology.¹³

¹² *ibid*

¹³ Surin Pitsuwan, "ASEAN Strives to make some new connections", available at: <http://www.google.com.bd/url?sa=t&rct=j&q=&esrc=s&source=web&cd=1&ved=0CCsQFjAA&url=http%3A%2F%2Fwww.sr-indonesia.com%2Fdownloadable-pdfs%3Fdownload%3D12%3Adr-surin-pitsuwan&ei=QymGUBjjDcqUrgf11YDwBg&usq=AFQjCNHwUOBnWJyy3Bt1BwE9-G3p4LUNsw&bvm=bv.45960087,d.bmk>



Institutional Connectivity

Institutional Connectivity is “linking various international or regional agreements and protocols to facilitate regional agreements and protocols to facilitate international transactions of goods and services as well as the movement of natural persons across borders. Enhanced institutional connectivity increases effectiveness of physical connectivity by easing the flow of goods and services through elimination of barriers, reducing cost of moving goods and services that returns to physical connectivity.¹⁴ It refers to putting in place strategies, agreements, and legal and institutional mechanisms to effectively realize the connectivity. It also refers to strategies and mechanisms to facilitate intra-regional trade and investment such as removing non-tariff barriers, and putting in place appropriate types of legal frameworks.

People-to-People Connectivity

People-to-people connectivity is the socio-cultural glue that supports and anchors the various regional connectivity initiatives. It refers to measures such as freeing up visa requirements, teaching schoolchildren about the regions' system and cultures, and increasing access to and knowledge about the region, promoting tourism and standardizing certification for the skilled workers so that they can move to work another country.¹⁵

¹⁴ See: “Asia Pacific Roundtable”, May 31, 2011, available at: http://www.isis.org.my/files/25APR/paper_ps_6_ponciano_intal_jr.pdf

¹⁵ Surin Pitsuwan, *op.cit.*

Thought Connectivity

This type of regional connectivity refers to the ability of the collective thought and energy being to manifest as a collection of self-thought expressions within a co-ordination reality experience. It resides within the energetic movement of sympathetic resonance.

Types of Think Tanks

Independent Civil Society Think Tank

Independent think tanks operate research activities as well as formulate policies autonomously. They have their own mandate to regulate the whole programs. These think tanks function more independently, questioning and monitoring state strategies and structures. They also have close ties with civil society members, academicians, bureaucrats and policy makers to influence the policy. They are mainly funded by advocacy groups. For example, Bangladesh Institute of Peace and Security Studies (BIPSS) is one of the independent civil society think tanks in Bangladesh.

Policy Research Institute with Universities

Most of the universities have their own policy based think tanks that conduct research project regulated by the autonomous public educational institutions. They are 'academic' in style, focusing on research and geared to university interests in building knowledge base of society. These types of think tanks deal with universities for influencing policy making process. For example, Refugee and Migratory Movements Research Unit (RMMRU) of Bangladesh is University affiliated organization. Other remarkable University affiliated think tanks are Hoover Institution, Stanford University (United States), Belfer Center for Science and International Affairs, Harvard University, Institute of Development Studies (IDS), University of Sussex (United Kingdom); Center for International Development (CID), Harvard University (United States);

Center for International Studies and Research (CERI), Sciences Po (France) etc.¹⁶

Government Created/State Sponsored Think Tank

Governments sponsored think tanks, regulated by the government sponsored mandate, seek to assist in the strategic coordination of government policies, establish relative priorities, offer new policy choices. They operate the whole actions through the government controlled authorization.

They are policy-oriented research organizations that provide expertise to government. They mainly help make provide recommendation both in domestic and international issues for a country. For example, Bangladesh Institute of International and Strategic Studies (BIISS) is one of the notable think tanks in Bangladesh where state provides sponsor and necessary equipments for this organization.

Corporate/Business Created Think Tank

Corporate think tanks are funded by businesses or private individuals that focus on market oriented issues. These organizations are mainly issue-oriented and promote social and economic reforms. In some extent, they are profit based think tanks that seek to implement of their programs. Many corporate institutes are routinely engaged in advocacy and the marketing of ideas. For example, Observer Research Foundation (ORF) is one kind of business created think tank.

Political Party Think Tank

The Political Party think tanks mainly focus on social policy and political strategy. They have own political agenda and are regulated by political leaders. They conduct research and formulate policy on the political issues. For example, Konrad Adenauer Foundation of Germwny is one

¹⁶James G. McGann, 2013, *op.cit.*

kind of political party think tanks. The United States has also this type of think tank.

Specialized Think Tank

Some think tanks are involved to develop policy in a specialized and particular issue. They may have several mandates but focus on a particular issue and attempt to implement it. These think tanks adopt a scientific or technical approach to study on particular issue. They have their own fund system to regulate their activities. For instance, The Energy and Resources Institute (TERI) of India only focus on the energy based research project.

Operational Modalities

The think tanks function on the basis of some operational modalities. They operate issue articulation through addressing to public, governments, media, experts or elites, and getting the issue into public space. They formulate policy on the basis of studies, evaluations, briefings, testimony, networking, consultations etc. They also implement policy by the process of contracting, advisory, trainings, database maintenance etc.

Functions of Think Tanks

Advocacy Function

Many think tanks offer policy suggestions and the means to implement them and by this way they are termed “public policy organizations”. They are also referred to as “policy institutes.”¹⁷ Think tanks usually provide policy advice for decision makers for the purpose of bridging the advocacy gap between evidence based research and public policy.¹⁸

¹⁷ What is a Think Tank?, *op.cit.*

¹⁸ Dr. Magued Osman and Nesreen El Molla, “The Role of Think Tanks in Affecting Peoples's Behavior”, October 28, 2009, available at: <http://www.oecd.org/site/progresskorea/44117642.pdf>

Awareness Function

Building awareness among the people is one of the important functions of think tanks. They provide explanatory analysis, civic education and public awareness on major policy issues affecting people's life.¹⁹

Role as Insiders and Outsiders

Think tanks often play the role of insiders and become an integral part of the policy process, such as the RAND Corporation and the Urban Institute, which provide research and analysis for the key agencies within the government.

Think tanks also play the role of outsiders like the Economic Policy Institute, and the Heritage Foundation, which attempt to get their ideas incorporated into policy by conducting research and analysis that is then aggressively marketed to policy elites and the public.²⁰

Function of Policy Recommendations

Think tanks are usually thought of as places devoted to devising and promoting policy recommendations e.g. short and long term to both governments and multilateral organizations. Many think tanks work in the foreign policy field to formulate foreign policy decision making process.²¹

Role in State and Civil Society

Think tanks play a vital role in civil society. They generate policy-oriented research, analysis, and advice on domestic and international issues through engaging policymakers, the media and the public on key policy issues. Thus think tanks serve governments, intergovernmental organizations, and civil society to make both national and international

¹⁹ *ibid*

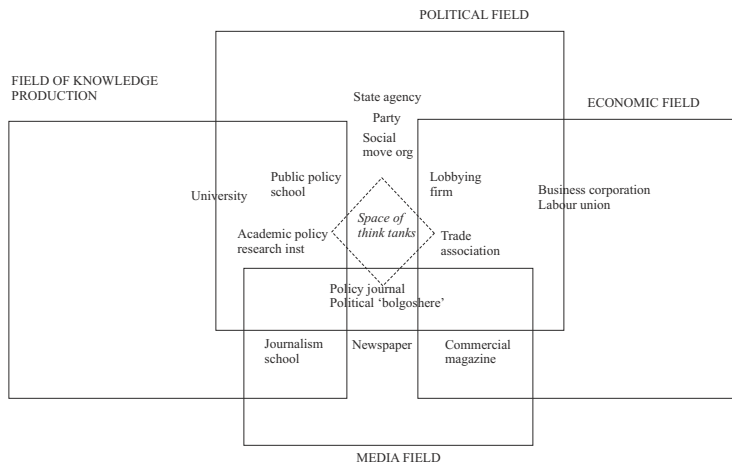
²⁰ James G. Mc Gann, "Think Tanks and Policy Advice in the US", , August 2005, available at: http://www.kas.de/wf/doc/kas_7042-1522-1-30.pdf?050810140452

²¹ See: "The Role of Think Tanks and NGOs Who Makes U.S. Foreign Policy?", available at: <http://usforeignpolicy.about.com/od/backgroundhistory/a/thinkngo.htm>

policy formulation as well as enable policymakers and the public to make informed decisions about public policy issues.

Table: The Social Function of Think Tank

Figure 1.1: Think tanks in social space



Source: www.ssrc.org/.../%7Ba2a2ba10-b135-de11-afac-001cc477ec70%7D.pdf²²

Bridge between Knowledge and Policy Communities

Think tanks serve as bridge between knowledge and policy communities. They help bridge the gap between policymakers and the public often in the vanguard of political and economic development and policy innovation in countries around the world.

Some other vital functions of think tanks are below:²³

- Playing a mediating function between the government and the public that helps builds trust and confidence in public officials.
- Serving as an informed and independent voice in policy debates.

²² See: Tom Medvetz, “Think Tanks as an Emergent Field”, available at: www.ssrc.org/.../%7Ba2a2ba10-b135-de11-afac-001cc477ec70%7D.pdf

²³ James G. Mc Gann, 2005, *op.cit.*

- Identifying, articulating, and evaluating current policy issues, proposals and programs.
- Transforming ideas and emerging problems into policy issues.
- Interpreting issues, events and policies for the electronic and print media thus facilitating public understanding of domestic and international policy issues.
- Acting as the 'thought corridors' by providing a constructive forum for the exchange of ideas and information between key stakeholders in the policy formulation process.
- Facilitating the construction of 'issue networks'.
- Providing a supply of personnel for the legislative and executive branches of government.
- Challenging the conventional wisdom, standard operating procedures and business as usual of bureaucrats and elected officials.

The activities of think tanks also include framing policy issues, researching and writing books, articles, policy briefs and monographs, conducting evaluations of government programs, disseminating their research findings, and conducting various outreach research activities.

Measuring the Influences of Think-Tanks

Resource Indicators

Ability to recruit and retain leading scholars and analysts; the level, quality, and stability of financial support; proximity and access to decision makers and other policy elites; a staff with the ability to conduct rigorous research, and produce timely and incisive analysis; institutional currency; quality and reliability of networks; and key contacts in the policy academic communities, and the media are the resource indicators.²⁴

²⁴See: "2012 global Go To Think Tank Index", available at: http://repository.upenn.edu/cgi/viewcontent.cgi?article=1006&context=think_tanks

Utilization Indicators

Reputation as a “go to” organization by media and policy elites in the country; quantity and quality of media appearances and citations, web hits, testimony before legislative and executive bodies; briefings, official appointments, consultation by officials or departments/agencies; books sold; reports distributed; references made to research and analysis in scholarly and popular publications and attendees at conferences and seminars organized are utilization indicators.²⁵

Output Indicators

Number and quality of policy proposals and ideas generated; publications produced such as books, journal articles, policy briefs, etc; news interviews conducted; briefings, conferences, and seminars organized; and staffs who are nominated to advisory and government posts are output indicators of think tanks.

Demand Indicators

Media coverage, web hits, testimony/briefing, consultation by officials, demand for Reports and publications etc are demand indicators of think tanks.

Impact Indicators

Recommendations considered or adopted by policymakers and civil society organizations; web dominance, issue network centrality; advisory role to political parties, candidates, transition teams; awards granted; publication in or citation of publications in academic journals, public testimony and the media that influence the policy debate and decision making; listserv and website dominance; and success in challenging the conventional wisdom and standard operating procedures of bureaucrats and elected officials in the country are the impact indicators of think tanks.

²⁴ *ibid*

Advantages of Think Tanks

Independent Space

Think tanks work in, facilitate, promote and broaden the space of thoughts and knowledge free from the direct influence, control of and bias to the governments and other authoritative bodies.

Networking

Think tanks maintain and grow a significantly efficient network among themselves, and with vital governmental and non-governmental organization, which proves to be one of the elementary prerequisites for regional connectivity.

Flexibility

Generally, think tanks are not rigid with or do not incline to particular ideas and beliefs. They work in flexible manner, for substantive fact-finding.

Dynamic and Creative

Think tanks work very creatively in different and unique issues, and as they enjoy a lot of freedom. They are generally dynamic. Where at one time early think tanks worked on several ideas at once, today each think tank has the ability to focus on one problem at a time, openly advocating single issue public policy changes. Financed by special interest groups, they choose to serve for established ideas along with developing new ideas which in itself is helpful to promote changes in public policy.²⁶

Developing Academic Thinking

Today, think tanks are not only changing but also growing within a world of academic scholars. This growth depending on their skill and expertise is very serious potential for the development and spread of creative

²⁶ See: "The Importance of Think Tanks", available at: http://www.akgmag.com/article/The_Importance_of_Think_Tanks.htm Nancy L. Young-Houser

knowledge. This newly developed intellectual revolution is setting the stage for new technology and policy debates coming around the corner for us.²⁷

Influencing Democracies

Composed of intellectual research, analysis and production centers, groups of think tank experts offer advice and spread ideas among influential circles and opinion leaders regarding national and international political and economic issues. Think tanks are playing very important role in influencing democracies through making a connection between the civil society members and political parties.²⁸

Number of Think Tanks in Asia

Table: Asian Think Tanks

ASIA	
China	425
India	292
Japan	103
Taiwan	52
South Korea	35
Bangladesh	34
Hong Kong	27
Indonesia	20
Philippines	20
Pakistan	19
Malaysia	17
Armenia	14
Sri Lanka	14
Nepal	13
Azerbaijan	12
Georgia	12
Cambodia	10

Source: Mc Gann, 2012²⁹

²⁷ *ibid*

²⁸ Fabián Bosoer, “*The influence of think tanks in cyber-democracy*”, February 20, 2008, available at: <http://english.safe-democracy.org/2008/02/20/the-influence-of-think-tanks-in-cyber-democracy/>

²⁹ James G. McGann, 2012, *op.cit.*

Ranking of Think Tanks in South Asia

According to the report of Mc Gann, 2012, “Center for Civil Society”, the only Indian think tank has ranked as 34 out of top 50 non – United States think tanks world wide. The source also says that there are 5 Indian and 1 Bangladeshi think tank in the list of top 30 think tanks in Asia.

Think Tanks in South Asia

South Asian think tank is mainly a post-colonial process. A unique matrix has shaped the trajectories of these think tanks. Many commonalities exist among the post-colonial experiences of these think tanks. Initially, states led the growth of the think tanks in South Asia. So, much of the concerned space has been structured by states and governments. For these reasons, the performance of think tanks is largely being constrained and episodic. There are also the lack of critical research and available range of policy options in the region. So far, policy research undertaken by think tanks in South Asia has focused exclusively on policy-relevant research within strict disciplinary boundaries, with economics dominating as a discipline.³⁰

Present Status of Think Tanks in South Asia

There are often different opinions in the think tanks and policy community between those who think that the think tank should be “scholarly and objective” and those who think that they must be “policy relevant” and get their research into the hand of policy makers in order to have any value. This is the age old tension between the world of ideas and the world of policy. This tension is best expressed by Plato in “The Republic” when he writes “there can be no good government until philosophers are kings and kings are philosophers”.

³⁰ Jayati Srivastava, “Think tanks in South Asia: Analyzing the knowledge-power interface”, December 2011, available at: <http://www.odi.org.uk/publications/6215-think-tanks-south-asia-pakistan-india-sri-lanka-bangladesh>

Recently, the Consortium of South Asian Think Tanks (COSATT) has concluded a regional dialogue in Thimpu in Bhutan on connecting South Asia within and with the neighboring region.³¹

Limitations

- Far from educating the public about evidence, think tanks are characterized by closeness and exclusivity. They do not subject their work to review by others and so the quality of their outputs is not assessed. Most worryingly, the media present the work of think tanks as credible sources of research and facts without any checks being in place.³²
- Due to the near-complete absence of critical research in most countries, think tanks as knowledge producers are failing to fulfill their most important obligation. For this reasons, the range of policy options provided by the think tanks are going to be opposed to legitimize or support existing policies or approaches in addressing particular policy problems.³³
- There are also limitations on the use of evidence through absence of information disclosure acts, lack of finding for evidence based research, weak coordination and networking efforts among data producers, absence of clear borders among social research, weak data quality and verification etc.³⁴
- Public and private donors move to short term, project specific funding instead of investing in ideas and institutions.

³¹ See: D. Suba Chandran, "South Asia: Sub-Regions and Regional Connectivity", *The Daily Rising Kashmir*, September 15, 2012, available at: <http://www.risingkashmir.in/news/south-asia-sub-regions-and-regional-connectivity-33153.aspx>

³² "Getting research into policy: the role of think tanks and other mediators", available at: <http://blogs.lse.ac.uk/impactofsocialsciences/2011/03/07/getting-research-into-policy-the-role-of-think-tanks-and-other-mediators/>

³³ Jayati Srivastava, December 2011, *op.cit.*

³⁴ See: The Role Think Tanks in Affecting People's Behaviors, October 28, 2009, available at: <http://zeitgeist-info.com/...ors-affecting-behaviour/>

The other limitations of the think tanks are below:

- Underdeveloped institutional capacity
- The inability to adapt to change
- Increased competition from advocacy organizations, for profit consulting firms
- Many are government sponsored – lack of independent voice
- Limited funding
- Lack of skilled manpower
- Government control / interference
- Industry / special geo-political lobby
- Fixed agenda / advocacy
- Old regulations
- Too nationalistic
- Lack of critical thinking
- Reinforce of misperceptions
- Unofficial spokesperson for the government
- Unethical manipulation of facts and figures

Policy Recommendations

Think tanks organizations should develop skill and quality of research with the changing world and the evolution of new threats, crisis and dilemma both in the domestic and international arena. If they cannot offer open space for fresh thinking and ideas of changing themes, they will not be able to disseminate the ideas both in state and non state levels.

Think tanks should have the practice of inter-disciplinary studies to open

up public debate through imaginative thinking. They should go out of the particular box of ideas so that they can play active role to influence policy making process.

Through the issue based consistency of the project, there should be the scope of independent study through cross placement of the researchers into the region so that they can interface with leadership, particularly next generation leadership. The independent study must be more inclusive research in nature bringing young minds into many folds.

To initiate the new ideas and influence the policy making process, there should be the access to using web based communication e.g. interactive, podcast, live cast etc. as well as interaction with media.

The think tank organizations must induce the policy of interaction with civil society members, bureaucrats, academicians as well as with the policy makers not only in state level but also beyond the state and region. Their influencing role may play a major role in making a bridge between state and sub state levels to enhance regional connection.

There should be national plan of strategy and action both from government and nongovernmental sectors so that think tanks follow the actions as well as can implement the policies. The rules of policy implementation process should be active and prompt as well.

Conclusion

Think tanks are very important research based policy institutions that help bridge direct link between policy formulation and policy implementation. Government and non governmental organizations as well as civil society members and academicians all are the beneficiaries of the think tanks around the world. The development of enriched think tanks in South Asia is also very important for a fruitful South Asian regional integration and cooperation. Think tanks can play vital role to promote a bond of integration among the policy makers of the concerned

states and non state actors in the region. The obstacles behind the responsive motives of the think tanks should also be removed for a greater interest of the region.

Chapter 6

Sino-Indian Connectivity via Nepal

Nishchal N. Pandey

Introduction

There is a lot of talk on developing Nepal as a viable 'land-bridge' between India and China. Due to its geographical location, Nepali territory has historically been used for trading between India and China and old cities in the central region such *Bhimfedi* were once thriving with goods going up north and down south to India. Nepal relied on trading between its two large neighbors and in turn benefitted from its close proximity with what they were at many intervals of history-prosperous civilizations. Kerung, Hetauda, Olangchungola and even Kathmandu resembled the highs and lows of affluence down South and up North at differing intervals of time. During the Mughal era and the wealthy Tang dynasty in China, Nepal too was known for its abundance in wealth and treasure. Much of the marvels of historic cities of Bhaktapur and Lalitpur were built due to the stable and thriving Licchavi and Malla regimes that were famous for their encouragement to traders doing business in Tibet and India. In fact, Licchavi King Angsuverma had got his daughter Bhrikuti married to the Emperor of Tibet Srang Tchang Gyampo wherein she is till today worshipped as 'Goddess Tara'. If we study the main reasons for Nepal waging three wars with Tibet, we are astounded to see trade related issues topping the bilateral infringement. The Anglo-Nepal wars was also mainly due to issues of trade and transit. The advent of Shah era coincided with the solidification of the British raj in India and the weakening of its traditional skills in manufacturing, complete ruin of exports coupled with obstacles to free trade. In the north too, in the early 18th century, the economic status of the Chinese peasant declined. The government's funds were depleted due to foreign expansion. The British, wanting to gain a larger foothold in the Chinese market introduced Indian opium. This opium trade depleted the Chinese silver reserves and gave the British a

large advantage over all the other Chinese trading partners.¹ As a consequence, Nepal's leverage vis-à-vis India and China waned and we began to be more inward oriented in our economic policies and isolated in the domain of foreign relations.

In the modern era, Nepal began to be excessively dependent on Kolkata port for both export and import. The Northern Himalayan wall proved a big hindrance for trade and connectivity.

Due to the congestion in the Kolkata port and poor road condition from Kolkata to Raxaul, imported goods are expensive in Kathmandu and this can be said either with petroleum products or perfume. After the 1960s, Nepal started to diversify her trade and several measures were taken both product wise and country wise. Lately, an Inland Clearance Depot ICD has been constructed in Birgunj which is of vital importance for Nepal desirous as it is to improve transport services through the introduction of multimodal transport and containerization and for unrestricted train freight transportation. However from Birgunj onwards, goods still have to pass through several other bottlenecks inside the Nepali territory. The same holds true for exportable items. On the other side, cheap Chinese goods have made a grand entry into Nepal and are largely smuggled to North India - mostly to Bihar and Uttar Pradesh. Most of the trading with China takes place through the Khasa point adjoining the Nepali district of Sindupalchowk and trucks carry the goods via the Kodari highway either to Kathmandu or straight to the terai border towns.

Time has come for Nepal to build a reliable rail infrastructure in the country as the present one “Janakpur-Jaynagar railway” only caters to a very small proportion of the terai population. Even then, the railway has faced a terrible neglect from the authorities and is currently in shambles. Only after a hue and cry from the people of almost 50 Village

¹“The Manchu or Qing Dynasty (1644 A.D.-1912 A.D.)”, Oracle Think Quest ><http://library.thinkquest.org/12255/library/dynasty/dynasty.htm><, accessed on Sep. 21, 2010.

Development Committees (VDCs) in the area and a direction from the parliament, the Nepalese Ministry of Labor and Transport Management has formulated a 10-year strategic plan to revive the ailing railway service which comes under the Nepal Railway Company Ltd. The plan incorporates programs to transform the nation's sole line into public service oriented and commercial transport service and establish the more than seven-decade old railway as a modern, safe and reliable means of transportation in the country. The strategy focuses on strengthening and better managing the 51-km long railway line (now only 29 km operational) to upgrade its service standard.² However, this line alone is not enough if the country is to brace the transit trade of India and China to criss-cross its territory. The new line must not only cater to the human traffic but also to commercial cargo.

Prime Minister of Bangladesh Sheikh Hasina bartered an understanding with India during her visit in January 2010 that Bangladesh would allow the usage of its territory for transit to Northeastern states if India would also permit Nepal and Bhutan for the usage of Bangladesh side of the land custom station at Banglabandha. Bangladeshi Foreign Minister Dr. Dipu Moni said that no protocol was likely to be required with India to launch the routes with Nepal and Bhutan as exchanges of letters between Dhaka and New Delhi would be sufficient to accomplish the formalities to enable the two land-locked countries using the Bangladesh's port facilities. This is an important development if the three countries (Nepal-Bangladesh-India) are steadfast in using the new vista of opportunity. Additionally, China would also benefit from this trilateral arrangement as it would bring Tibet closer to Bangladesh. In essence, goods from Tibet could reach Bangladesh through the Kodari-Sindhuli-Raxaul-Bangladesh route while Bangladesh can also avail the opportunity. But the Indian side has to be more flexible to make this a successful economic enterprise as Nepal and Bangladesh had signed the transit deal as back as April 1976 but it had remained only in paper devoid of operating modalities.

²Prabhakar Ghimire, "Janakpur-Jayanagar Railway line to get facelift", http://www.myrepublica.com/portal/index.php?action=news_details&news_id=9335, accessed on Sep. 28, 2010.

Border Points

With India

As a landlocked and least developed country, it is in the fundamental national interest of Nepal to open up as many border points for trade with both of its neighbors and also try to get access with Bangladesh. Nepal and Bangladesh are separated only by a tiny piece of Indian territory. As with the other neighbors in the vicinity namely Bhutan and Pakistan, there is a lot more to do. Only after the whole South Asian region is better connected through improved infrastructure and easing of visa restrictions together with other bottlenecks can there be meaningful trade through land between Nepal and those countries.

The transit transport cost has affected export competitiveness even to the extent of the scarcity of raw materials and this is one of main reasons for the small export basket of Nepal. It is imperative that transit transport sector has to play a lead role to facilitate exports, among others in the economic transformation of the country. There are fifteen entry/exit points mutually agreed in Nepal for the purpose of using Indian transit routes. However, only seven points have been practically operational at present, most notably the Birgunj-Raxaul and Bhairahawa-Sunauli customs points. The three ICDs of Biratnagar, Birgunj and Bhairahawa have been completed by Nepal Multimodal Transit and Trade Facilitation Project. The Project was initiated in 1998 to construct rail based ICD in Birgunj and road based ICDs in Biratnagar and Bhairahawa, procure four Reach Stackers for Birgunj ICD, operation of Automated System for Customs Data (ASYCUDA) and Advance Cargo Information System (ACIS), trade and transport facilitation, reform and introduction of transport and multimodal legislation. Railway lines from Raxaul to ICD Birgunj were constructed under the grant assistance of the Government of India (GOI).

In spite of these significant features, the ICD has been under-utilized. Some traders have complained that it is not user-friendly while others have

suggested certain procedural modifications such as shifting of all official formalities from the seaport of Kolkata to the Birgunj ICD itself, after all this is what all ICDs are about. If traders still need to go to the gateway port to process for cargo clearance, then obviously the expected reduction of transit transport cost by 30-40 percent will not be fulfilled. This ICD needs to be allowed to expand its wings in full capacity and should serve as the final point of delivery for third country goods (both import and export) under which the shipping lines receive third country shipments. If only the Bhairahawa-Nepalgunj, Biratnagar and Birgunj points can be developed these can be of enormous advantage to traders of both the countries.

Additionally, the GOI has agreed to Nepal's request of constructing east-west railway line parallel to the east west highway which will turn to be another milestone not only for bilateral trade and tourism but also for transit transport between India and China. The country's principal road artery is the East–West Highway, which runs from Mahendranagar in the west to Kakarbitta in the east. This railway will alter the whole dynamics of the current state of trade and transit of Nepal and indeed prove to be a milestone in the annals of Indo-Nepal relations. Indian goods bound for China can be transported to Nepal using this railway and then bifurcated along the various roads being constructed by Nepal in the mid-hills for instance via Chitwan, Dhading, Kathmandu and then to Khasa or Sindhuli-Dhulikhel-Khasa. After the completion of the Syafrubesi-Rasuagadhi highway, a more easier access via the Trishuli highway straight to Nuwakot-Rasuagadhi can be mulled over. This will be the easiest and the most direct link of the Indian territory to the already operational Gormu-Lhasa railway line in China. There is also talk of extending the proposed railway line from Birgunj to Kathmandu. 'Trucks carrying Indian goods from Birgunj to Kathmandu have to travel 220 kms. A train from Birgunj to Kathmandu that cuts through mountains will be mere 80 kms. cutting travel time and costs.'³ But this may not materialize

³“Nepal to get China Rail Link”, Sudha Ramchandran >www.asiatimes.com<, accessed on Sep. 24, 2010.

in the foreseeable future knowing the lackluster style of functioning of the two countries' bureaucracies. Instead, a Hetauda-Kathmandu fast track is in the anvil and the Nepal government has also earmarked budget for the F/Y 2009-10. This will reduce transportation cost and time from Hetauda to Kathmandu.

The main trade corridors of critical and strategic importance for Nepal are, however, the north-south connections linking the country's major trade points. The most important north-south links for the flow of trade and goods are Kodari-Barhabise-Kathmandu-Hetauda-Birgunj (part of the Asian Highway network), and the corridors of Rasuwagadi-Syaprubesi-Kathmandu-Hetauda-Birgunj. All two routes are linked to neighboring countries. A dry port at Birgunj began operations in 2002. Kodari (linked with Tibet) and Birgunj (linked India) are therefore the most crucial border points for Nepal and their up-gradation is therefore in the country's inherent national interest as well as for the economic benefit of both these two neighbors. In the short-term it makes economic sense to up-grade these points than to strive for further connections at other points along the Indo-Nepal and Nepal-China borders.

The overall objective of the TA is to prepare an investment program that will improve road links from the East-West Highway to the North-South Corridor and thereby strengthen road connectivity to major economic activity centers and neighboring countries. A higher-capacity and more efficient road network will promote access to rural produce, domestic as well as regional trade, and therefore economic growth. The fast-track road is expected to shorten the travel distance from Kathmandu to Terai by 150 km, and cut travel time by about 3 hours. Slope stabilization and road rehabilitation will ensure all-weather traffic from Kathmandu to Kodari, improving the reliability and cost-effectiveness of transport links, and bringing considerable savings in both travel time and costs. counts for 3%.

current situation will be created for a set of objectively verifiable indicators related to connectivity and regional economic activity,

according to the latest ADB guidelines for project performance management systems. The TA consultants will forecast the 20-year normal, generated, and induced traffic. Economic evaluation conforming to ADB's *Guidelines for the Economic Analysis of Projects* will be carried out, taking into account the flow of goods in domestic and foreign trade. The net benefits to the poor through improved access to markets and to health, education, and other essential services, as well as improved road safety, will be studied.

The Indian side needs to acknowledge that a stable and peaceful terai region is vital for trade and transportation and therefore imperative for any future export and import using Nepali territory to TAR of China. As far as air connectivity is concerned Nepal and India already have numerous daily flights from Delhi to Kathmandu and Kathmandu is additionally linked with Kolkata, Mumbai and Varanasi. However, other cities of Nepal are not lined with Indian cities. A few years ago, a direct flight was launched from Biratnagar in eastern Nepal with Kolkata but this could not be sustained.

With TAR- China

Nepal-China economic relations is a history in itself but the trade component is only beginning to receive priority from both the governments. For too long, Nepal has requested for aid and infrastructure facilities to be constructed by Chinese side and the Chinese too have obliged without giving adequate focus to building Nepal's own capability. Roads such as Arniko highway, convention centres such as the grandiose Birendra International Convention Centre which is currently being used by the Constituent Assembly, trolley bus in Kathmandu and the Civil Servant's Hospital are illustrations of Chinese generosity towards Nepal. However, time has now come for Nepal to be able to export its products to Tibet, make use of its location to emerge as a transit state and build the Chinese dependency on Nepal rather than constantly asking for aid and assistance. One of the key areas here Nepal has become a major thrust

point for Tibet is tourism. Most tourists visiting Tibet go via Nepal as Kathmandu is the only international sector having direct flights to Lhasa. By the surface transport too, hundreds of tourists and pilgrims bound for Mansarovar and Mt. Kailash visit Tibet annually through Nepal. Political disturbance in Nepal affects tourism in Tibet and vice versa. This model of a win-win partnership is sustainable in the long run.

An old Chinese saying goes, “If you want to become rich, construct roads.” True to this saying, the Chinese have given special emphasis in building roads, bridges and feeder roads connecting to main highways all along the Tibetan plateau which in the recent years has developed into a willingness to extend to bordering countries as well. The Nepali side too, with the never-ending hassles at the Kolkata port had for many years dreamt of trade and transit across the Himalayas. With the modernization wave of the 90s, cheap Chinese goods began to flood the Nepali market and through Nepal to the Northern cities of India. It is here that everyone specially the Chinese realized that there exists huge potential if the otherwise formidable Himalayan passes can be opened at several places in the Tibet-Nepal border. Within Nepal, there already exists black topped roads connecting Bihar, West Bengal and Uttar Pradesh.

The *syafrubesi-rasuagadhi* road in Rasua district which will be the second road link between Nepal and China. Once the road comes into full operation, it will be the shortest route for transportation of goods between China and India through Nepali territory making Nepal a viable entrepÖt for trading between the two Asian economic giants. The only route for transit trade at the moment is Tatopani in Sindhupalchowk district. This road has now been connected with the Japanese aided *Dhulikhel-Sindhuli* road via Dhulikhel. It must be recalled that the Chinese side constructed the Arniko Highway back in 1962. Cheap Chinese goods are already passing through this road to reach the district of Sindhuli and then on to the Indian border towns. Nepali traders also use the usual Khasa-Tatopani-Kathmandu-Mugling-Birgunj road for selling Chinese goods to Indian businessmen in major commercial towns of Nepal along the Indo-Nepal

border mainly Birgunj, Bhairahawa, Biratnagar, Janakpur and Nepalgunj. Goods are first ordered in Guangzhou, trucks are arranged and it generally takes 7-10 days for the consignment to reach Khasa town in Tibet where it has to pass checks both at the Chinese side as well as in the customs in Tatopani (Nepali side) of the Nepal-China border. The border facilities at Tatopani is not upto the standard, no warehouse facility, bureaucrats are corrupt and the Kodari highway as it was constructed along the river witnesses frequent landslides.

The *Birgunj-Kathamandu-Nuwakot-Rasuwagadhi* route⁴ will be shorter than the route connecting the Tatopani checkpoint. This will be the second black-topped road link between Nepal and China. The government would be collecting revenues, toll taxes and the locals of Rasuwa district would also be able to easily export their local products to China. Small scale trading is already taking place through a muddy road. The total length of the new road is around 16 kms and is 4.5 meters wide. Out of the total width, China would gravel 3.5 meters. Eleven bridges lie within the road where the total carriageway of the bridge is 7 meters. It initially traverses along Bhote Koshi river and passes by Linlin and Timure villages that are situated 1,698 meters and on 1,736 meters above the sea level respectively. The road ends at 1,819 meter at Rasuwagadhi. Till Dhunche of Rasua district, which is 70 km from Trishuli bazaar there already exists a motor-able road.

Nepal must now also plan on how best to use the 1,118 km Gormu-Lhasa railway link to its full advantage both for easy export of Nepalese goods to the mainland and for diversifying imports from China from batteries and toys to heavy vehicles and other items. If planned properly, this railway line which is now being extended to Shigatse, will have positive effects as far as augmenting our ailing economy is concerned. The US \$ 1.98 billion construction will play a vital role in boosting tourism and promoting the

⁴ Note: More on the construction of this road at the Chinese side 'Highway will bring Nepal and Tibet in from the Cold', ><http://news.bbc.co.uk/2/hi/8480637.stm><, accessed on Sep. 27, 2010.

rational use of resources along the line', the Xinhua News Agency cited Railway Minister Liu Zhijun. This line is expected to take 4 years (2014) to complete and is designed to transport 8.3 million tones of freight annually.⁵ The Shigatse prefecture borders India, Bhutan and Nepal and is 270 km towards Nepal from Lhasa. This extension has brought the Nepal border closer to the railway line although it is still far away. There are two options :- either extend the line to Khasa which is a bordering town with Nepal or to Syafrubesi as discussed earlier. Both ways, the road linkage and infrastructure facilities in the Nepal side of the border is reasonably upto mark for linkage with the Indian roads.

Development of land-locked Nepal as a transit state between India and China holds tremendous potential for Nepal's economic prosperity and this could be developed as a strategic leverage of Nepal vis-à-vis both its giant neighbors. If harnessed properly, Nepalese towns can turn into the state of Monaco that lies between Italy and Southern France. Both India and China too have tremendous benefit from this. Unfortunately, one does not see much interest from the side of the governments of these two countries for reasons beyond reason. It could be because both are quite satisfied with their bilateral trade through the sea-lanes although it is more expensive and time consuming. As mentioned earlier, although *Nathu La* pass through Sikkim has been opened, it is proving to be impracticable in terms of cost, topography and the distance from the main industrial cities of India.⁶ Nepal's corridor is of great economic significance to both India and China as it will give easy access to the regional markets of Tibet and Sichuan for India while the entire North Indian belt for China.

A glimpse of the Chinese goods swamping the North-Indian markets via Nepal can also be gauged from the volume and direction of Sino-Nepal bilateral trade. It goes without saying that quite a number of *Marwari*

⁵ "China Building Rail link to Lhasa", *The Himalayan Times*, Sep. 27, 2010

⁶ Tara Dahal, "Nepal as a Transit State: Emerging Possibilities" in Nishchal N. Pandey (ed.) *Nepal as a Transit State: Emerging Possibilities*, Institute of Foreign Affairs, Kathmandu: 2006.

businessmen have excelled in the art of importing Chinese goods for pure Nepali consumption and then exporting it to India.

Although the Sino-Nepal bilateral trade has grown by leaps and bounds in the last decade, Nepali export to China has been dismal and currently balance of payments is in favor of China. The two countries only signed an agreement in May 2010 under which China would provide duty free access to 361 Nepali products. However, this access was a part of Chinese duty free access to 4721 products from least developed countries (LDCs). Nepal has also been pursuing a bilateral agreement with China asking the latter to provide duty free access to 497 items. Most of the goods that can be exported to China are agricultural including items like trout fish, milk products, natural honey, incense, essential oils and mint, paints, tubes, raw skins of sheep, other leather goods as well as handicrafts including jewellery, scaffolding equipment, threaded elbow pipes, among others. Among exports, handicrafts topped the chart in total export to China in the financial year (FY) 2009-10.

Since it is the Indian businessmen that are in their hundreds engaged in trans-Himalayan trading between China and Nepal and through Nepal to India, it is for the Government of India to realize the pitfalls of not permitting transit through Nepal for its products to TAR. While Chinese goods are entering the Indian market via the open border, the same is not happening for Indian goods on an official way. India is losing due to its own lack of proper policy and vision. In fact, cement, tobacco, raw fish, iron ore, incense, herbal products could easily find market in TAR and via TAR to the Chinese mainland making use of the Lhasa-Golmud railway.

Birgunj-Naubise-Kathmandu-Tatopani-Nyalam road is already operational although the road may not be able to hold the increased volume of India-China goods transport in the long run. Similarly, the Kodari-Sindhuli-Janakpur is also to be operational very soon through Japanese assistance. This road will connect Nepal's terai with Khasa (Tibet). Galchi-Rasuagadhi sector of Birgunj-Syafubesi corridor is being constructed

with the financial assistance of ADB while the construction of the Dakchinkali-Hetauda fast track is also set to begin soon. All these roads will bring North India in close proximity with Tibet via Nepali territory and it is for the Indian private sector to make the best use of this new vista of opportunity. India has nothing to lose with the opening up new border points for trading between TAR and Nepal in fact, they could be used for trading of Indian goods to China and vice versa. There are security related sensitivities but these issues can be sorted out by a tripartite agreement between the three countries. Currently the long cumbersome sea route takes weeks for the goods to arrive in India and vice versa. At least some portion of the trading can be diverted through land route via Nepal. It will not only be cheaper but also of long-term strategic interest to India as very few Indian items are actually available in Tibet and for China as its manufacturers are the real ones to gain by trade facilitation in South Asia.

The above table also shows that the shortest potential transit routes are Birgunj-Syafrubeshi and Janakpur-Lamabagar. Bhairahawa-Pokhara-Jomsom Korala routes and Birgunj Galchi Syafrubesi roads are under construction and are supposed to be completed within few years. Mohana Tinkar pass road also is under construction and in Surkhet-Jumla sector and only 107 km is remained for further constructions. After completion this road will bear importance of religious tourism connecting Mansarowar in Tibet. The Jomsom Lomanthang Korala road is only 80 km which is targeted for completion within two years.

On the issue of flights, although there is heavy traffic of tourists interested to visit Tibet, the lone carrier from Kathmandu – China Eastern has not been able to cope with the growing demand. Airfare is high and only caters to foreign tourists rather than SAARC nationals. Chinese side too can mull over granting permission to Indian carriers to fly in the sector of Delhi-Kathmandu-Lhasa with a stop-over in Kathmandu which would sustain Nepal's aspiration to become a feasible transit air-corridor between India and China. The permission granted to Nepal Airlines is meaningless as it is currently limping with just 2 aircrafts in its

international fleet. Annually thousands of travelers flock to Tibet via Nepal and this is helping TAR's progress and the prosperity of the Tibetan people; Chinese government surely must be aware of this phenomenon increase in traffic in the Kathmandu-Lhasa sector. If the security is an issue, Tribhuvan International Airport is already allowing Indian security to re-check passengers aboard flights to India which can also be replicated for flights dis-embarking in Tibet.

Suggestions

The local people especially the businessmen both in Birgunj, Bhairahawa, Biratnagar in the Indo-Nepal border and at Tatopani and Rasuagadhi at the Nepal-China border are of the view that transit providing countries can enjoy rapid reduction in the cost of delivery of imports and their life will be better. However they caution that there is an urgent need to address problems of customs and port authority's bureaucracy, delays and uncertainties in trade routes and seek least cost alternate corridors instead of long roads just to satisfy certain influential constituencies of political leaders. There is also a need to address the issue of loss, damage, pilferage and deterioration en route while making sure that social problems such as HIV Aids, molestation of women by drivers, alcohol abuse, environment degradation and rise in pollution in addition to road accidents are taken care by the Nepal government once big trucks from both sides of the border make use of the Nepali territory for their bilateral trading. In fact, some even suggested that Indian and Chinese trucks should not be allowed, they must be stopped at the respective border points and cargo transferred to Nepali trucks. The road quality needs to be regularly checked to see any damage due to heavy traffic.

Legal Provisions

All these lofty ideals and propositions cannot materialize unless the three countries (Nepal, India and China) come together in a workable formula for an effective trans-Himalayan trade and transit agreement. Without

such an agreement, Nepal has to depend on bilateral agreements and international conventions. The only transit transport of third country import and export is currently carried out through the Kolkata port as the transit transport is governed by a bilateral treaty with India which is renewed periodically. The protocol of this treaty clearly stipulates that there are 15 entries and exit points for the use of trade and transit between India and Nepal. Similarly, with China the overland trading is conducted mainly from the Tatopani point although the Rasuagadhi point is also fast catching up in addition to the 4 customs points have been demarcated for commercial purpose. It is imperative that a tri-lateral treaty is framed for this purpose with special focus on facilitating trade rather than augmenting documentary evidences and requirements.

Conclusion

Facilitating cross-border connectivity is therefore one of the main areas of Indo-Nepal and Sino-Nepal economic relations and an unquestionable essentiality if we are to cement the bilateral relations on the level of the commonman on both sides of the border. Of late, India has accepted Nepal's request to upgrade the four major custom checkpoints at Birgunj-Raxaul, Biratnagar-Jogbani, Nepalgunj-Rupedia, and Bhairahawa-Sunauli as well as upgrading approach highways to the border on the Indian side, expanding roads on the Nepalese side and broad-gauging rail links to Nepal. According to Dr. Kheya Bhattacharya, the then Joint Secretary (SAARC) at the Ministry of External Affairs of India, "one of the rail corridors identified is Birgunj-Katiyar-Singhabad-Rohanpur-Chittagong with to Jogbani-Biratnagar-Agartala. This will link Nepal, India and Bangladesh [and through these] there will be connectivity with the Chinese infrastructure.⁷ Therefore, infrastructure development in Nepal has a bearing to Bangladesh as well and will link up the Bangladesh market with that of China.

⁷ *SAARC: Towards Greater Connectivity*, Dipankar Banerjee and N. Manoharan (eds.), Konrad Adenauer Stiftung publications series no. 22, New Delhi, 2008. p. 39

Not many Indian policy makers realize that it is India that gains if Nepal emerges as a viable transit state between itself and China. On the same light, Chinese side must also give adequate support to building infrastructure at border points with Nepal as this will have a positive long-term bearing on its own exports not only to Nepal but to this entire sub-region. Therefore, it must redouble efforts to link up the Lhasa railway with the Nepal border. Nepali traders were adept in making maximum use of their country's strategic geographical location for their economic benefit in the early 17th and 18th century. History has turned full-circle and time has come now to convince both the neighbors that Nepal is back to business.

Chapter 7

Building Bridges in South Asia: Revisioning the Silk Route¹

D. Suba Chandran

The Silk Route has always been a fascinating subject for the academics, travellers, historians and adventurers. In the recent years, there has been an extra emphasis on this route both in India and the rest of South Asia as well. For the multiple societies in northern India, especially J&K, Punjab, Sikkim, Himachal along with the rest in Nepal, Pakistan, Afghanistan and even Bhutan and Bangladesh, the Silk Route is of even more importance - both emotionally and economically, for they were a part of this route until the middle of last century.

Will revisioning this route help South Asia connect within and the rest – emotionally and economically? While there has been an emphasis on re-opening this route, larger home work needs to be done, before making pragmatic recommendations, keeping in mind the political, economic and cultural changes that have taken place in these regions. Thanks to the closure of these routes, or the remaking of boundaries since 1947 after the British left, the societies today lost the old links, and also got linked with others. What is needed is not just re-opening, rather re-visioning of the Silk Route to accrue maximum benefits, and avoid certain pitfalls.

On the Silk Route, there has been an over romanticization. Who would not, given the history attached to it? Not only the caravans passed through this route, but also ideas, religion, people, warriors, bandits and travellers criss-crossed this route, leaving a large remnant of adventure, history, horror, goods, skeletons and even divided families. A trip along the route starting from Daulat Beg Oldi (DBO) to Kargil within Ladakh in India, would show us the graves of business men from Yarkand, and also people who are living

¹ Sections of this essay were published earlier as news paper commentaries during 2011-2012.

even today, who would trace their history and family to the other side.

How historic it would be to a trip from Kashgar through the mighty Khunjerab pass into the Karakoram Highway, cutting across Gilgit into the rest of Pakistan? Or how historic it would be to travel to Herat from Thimpu, Kathmandu and Shimla via the Silk route, through Central Asia? Alternatively, how memorable it would be to reach from Central Asia to the much famed Nalanda University via both parts of Kashmir across the K2? How fascinating it would be to take a huge trip around Kailash Mansarovar starting from Kolkotta into Lhasa via Kathmandu and returning via the Nathu La and Gangtok?

Besides the materials and goods, even myths and legends passed through the Silk route, leaving fascinating tales; for example, in Ladakh, visit the Diskit monastery across the world's highest motorable road - Khardung La, to hear about the Mongolian ghosts. How did they come all the way to Ladakh travelling over a thousand mile across the treacherous Karakoram pass? Or hear the local myths regarding what one could see in the pond of Panamic, if he or she has a pure heart!

Undoubtedly, from every perspective, Silk Route in our part of the world deserves to be over romanticised. However, keeping it aside, what needs to be done, while making pragmatic recommendations to reopen, is to analyze what is likely to move across, in what volume and leaving what residue.

The Southern Silk Route

Of course, the modern day statistician would rip apart the claim that Silk was the most precious commodity that travelled across this route. Perhaps, historically the Silk route is a misnomer, for Silk ceased to be the primary commodity, when it was named after it!

It is also important to realise, the original Silk route, in terms of direction was east-west, linking oriental China with Central Asia and Europe.

Depending on the political situation and stability, the caravans that crossed the eastern parts of Tarim Basin into Central Asia, took alternative routes. The multiple routes through Ladakh, Gilgit and Baltistan, linking Xinjiang and Tibet, thus were not the primary routes, but ancillary ones, depending on the nature of stability in the main routes. Later, this route came to be referred as the South Silk Route.

Over a period, the South Silk Route also became a series of feeder routes, linking Lahore, Amritsar, Kathmandu, Kolkotta and Gangtok, cutting across the might Himalayas. What started essentially as an ancillary route became a feeder one later, thus resulting in the movement of dyes, leather and cotton from what constitutes the modern South Asia. Afghanistan, especially Herat became the western outpost during the heyday of the Silk route.

More importantly, not only the caravans, moved across the Southern Silk Route. Ideas, especially religion moved across, linking Ladakh, Tibet, Arunachal Pradesh, Bhutan and Nepal. Buddhism in this region along both sides of the Himalayas moved from one end to the other, linking people and societies. Even today, the remnants of these linkages could be easily traced and re-established in this region.

The Silk Route Today

Today, China is the only country that seems to understand the potential of the Silk route. As a result, it is going at a faster pace modernizing the erstwhile Silk Route. Today, there are grand plans that China has in terms of converting the Silk Route into a modern road and rail link, connecting Beijing and Shanghai with Paris and London.

Two major initiatives of China have been to convert this route into a major rail route and a gas corridor. The rail route starting from Beijing and Shanghai aims to link up with the King's Cross in London cutting across Central Asia and Europe. The primary objective of this conversion into a rail route is to enable China to pump in the goods it produced in the

mainland into Europe. The target is Europe and the beneficiary is the Chinese manufacturing sector. In this process, China also plans to develop its western sectors, especially Xinjiang and perhaps Tibet, where there is a high level of discontentment against Beijing's rule. As a collateral, the Shanghai-Beijing-London rail route would also get the western regions of China get integrated with the rest of mainland.

The European Union imports close to 18 percent of its total import from China and exports close to nine percent of its total exports to China. The bulk of this trade between EU and China takes place through the circuitous sea lane; by constructing a rail route linking Shanghai with London, China aims to increase the volume of trade with less cost, but at a faster pace.

The gas corridor along the Silk route, on the other hand, Beijing is aiming to get gas for its energy hungry industries in Southern China, all the way from Northern Africa, Middle East and Central Asia. This gas corridor along the Silk route is likely to be multiple ones criss-crossing numerous sub-regions. The idea of constructing a gas pipeline across the Karakoram Highway (not to be confused with Karakoram Pass) was a part of this strategy, linking Karachi and Gwadar ports in Pakistan to Kashgar in Xinjiang via the Sust dry port in the Northern Areas and the Khunjerab Pass. Another gas corridor criss-crossing the Silk route, according to Chinese strategy is to get from the Siberian coast in Russia towards Southern China, and perhaps linking the Koreas.

Though there is a long term idea (underline "idea") to link Kunming with Iran via the Stillwell route, Northeast India, Bangladesh, rest of India and Pakistan, this corridor idea is going slow, thanks primarily to the intra-regional political problems within South Asia. It would be a totally different issue, the region as a whole is generations behind in catching up with Beijing's long term plans and designs to link China with the rest of Asia and Europe through gas corridors. Subsequent generations are likely to blame us for the opportunities we have missed today. But then when were we known for providing a better future to the next generation, than to

impose our political and economic problems over them, and leave them to deal with the costs of our failure today?

On the other hand, China has grand plans vis-a-vis revisioning the Silk route as explained above. If we have to sell an idea to them in terms of re-opening the South Silk routes from J&K, Himachal, Sikkim, Nepal, Bhutan and the Northeast, it should be equally a grand plan, that would allure them, and not a piecemeal peanut plan, that would make the Chinese to disregard.

Are we ready with a master plan to re-open the Silk route, with substantial goods, and with better infrastructure? Or are we focussing about only traditional goods including apples, saffron, medicinal herbs, butterflies, yak tails and orchids? What would China be interested in, if we have to hook up to their east-west corridor along the new Silk route? And what would China be interested in trading with South Asia along the Silk route today cutting across the Himalayas in the north, and Brahmaputra and Irrawady rivers in the east?

Revisioning the Silk Route: A Grandiose Plan for South Asia and the Greater Problems

If we consider the reopening, only between the border regions of both parts of J&K, Himachal Pradesh, Nepal, Sikkim and Northeast as origin and destination of goods, then we are talking about border trade, which China may not be totally interested in. China would be extremely interested in reaching Dhaka, Kolkotta, Chennai, Bangalore and Mumbai through Kathmandu and Gangtok in the north-south axis, and also the same places from Kunming and Chengdu across India's northeast into the rest of South Asia.

The academic and business community have to sit together and do their home work and draft a long term plan and strategies to pursue them. The trick is to find an answer to how to minimize the negative fallouts of international trade on the border regions, and ensure that "trade and

prosperity does not cross through the border regions" but yet to open the Silk route in the Southern corridor. The trick is also to find out how to make maximum benefit in hooking up with the east-west corridor that China is building along the Silk route, yet not become a dumping ground for its cheap products.

The above cannot be done by a single individual or institution. There is a need to work together within the region involving every country in South Asia, and also within and between multiple institutions - academic, business, strategic and government. We are already late in this process; the border regions, especially the governments of J&K, Himachal, Sikkim and the Northeast have to make the initial step, for it is in their interest. This has to be done in collaboration with Nepal, Bhutan, Pakistan, Afghanistan and Bangladesh.

An initiative from Delhi would always focus on the interests of North and South blocks and not essentially that of the sub-regions within India, and the rest of South Asia. There is also a need for local inputs from the sub-regions; it is unfortunate that while media and NGOs have mushroomed in the national capitals, there are not sufficient research institutions and think tanks in the regions, who undertake quality research.

As discussed above, it is clear in terms of what is happening in the erstwhile Silk Route. How can South Asia take part in the above developments?

From Afghanistan to Bangladesh, it would be extremely useful, if the region could link to the East-West Silk Routes that China is modernising today, through a series of North-South feeder routes. Through Sikkim, Nepal, Ladakh and Gilgit, the rest of South Asia can easily link to the East-West Silk route, though multiple routes.

Such a linking will help South Asia to link to Central Asia, and more importantly the Chinese peripheries: Xinjiang and Tibet in the north, and Yunnan and Sichuan in the east through Southeast Asia. Such a grand plan

will link South Asia with Central Asia, Southeast Asia and southern provinces of China from Xinjiang to Yunnan and Sichuan.

However, such a grandiose plan is easier to dream than realise. Given the situation in South Asia, and the relationship between India and China, it will not be easier. The trade relations within South Asia are superseded by the political issues and lack of accommodation. South Asia, today, perhaps is the least integrated region economically. A closer look into the intra-SAARC trade, movement on Iran-Pakistan-India, and Turkmenistan-Afghanistan-Pakistan-India pipelines, issues of transit within South Asia, and the poor connectivity within each countries remain the biggest hurdles in any such grandiose plan of linking South Asia and reviving the Southern Silk Route.

However, such a revisioning is not totally un-achievable. What is needed is little steps and small strategies at the local level, link the sub-regional economies, and bring the societies together at the local level, while keeping the larger vision intact.

On the positive side, the foreign ministries are not conservative today, as they have been in terms of linking the region. There have been baby steps in linking with each other. What is needed is to push this process forward. The multiple civil societies within the region and the think tanks/research institutions will have to take this idea forward in pressurising their respective governments. More importantly, there needs to be independent inputs and homework in exploring the economic potential, emotional linkages and new ideas.

As an economic potential, what is the importance of reopening the Silk route in the northern regions of India, from J&K to Assam, and also in Pakistan, Nepal, Bangladesh and Bhutan? To analyse that, a historical perspective is essential. First and foremost, the Silk route in our part of the world was essentially a feeder one, linking to the main east-west route, transacting with the above mentioned sub-regions of India. Second, even if there was international movement, it was not the primary route;

depending on the political stability and safety in what constitutes the western region of China and parts of Central Asia, traders and caravans took alternate routes. The contribution of goods and materials from India was relatively limited when compared to the main route, linking the then Persian and Ottoman empires with China. Same is the case with Gilgit-Baltistan in Pakistan, Nepal, Bangladesh and Bhutan. However, this was an important economic axis for the region.

If we have to reopen the Silk route for economic purposes, then the following should be kept in mind. First and foremost, in our part of the world, it remains more as a "route" and not as a "road" which can cater to large scale movement of goods. Across Demchok, Karakoram and Nathu La passes what would be the nature of movement, given the present status of roads? While China has gone ahead and revolutionized its border regions, India is understanding the strategic significance of border roads only now. While the Chinese have built railway lines linking Lhasa with Beijing, and are considering reaching to Nepal border and expanding the Kodari road into a railway line, we are still considering tunneling the Zoji La. The infrastructural potential to have any meaningful trade that would make significant economic impact is negligible. Similarly, if Nepal has to be linked with China through Tibet, there is so much of an infrastructural investment needed, despite the efforts by Beijing to reach the border of Nepal by road and rail.

What is equally important is also to link across Nepal and Sikkim into the rest of South Asia. While the Chinese would find it easier to bring their goods up to the Indian border by road and rail, what is the existing potential to transport from DBO or Demchok in Ladakh, or from Nathu La to Gangtok up to Kalimpong and the rest of India? This will remain an important hurdle in revisioning the South Silk Route.

Second, the potential to trade - in terms of men and material, if we have to reopen the Silk route for the movement of goods, is also limited. What can be traded between the sub-regions and the rest of China, if it has to be a border trade? Yak tails, wool and some aromatic herbs?

Obviously, this cannot be a border trade, and has to be an international trade, if it has to make any meaningful impact. One load of consignment would flood the markets of Kathmandu, Ladakh and Gangtok; they need to be linked with the rest of South Asia.

Third, over the years, those who have traded in the erstwhile Silk route, since its closure, has taken other business from teaching to entering into bureaucracy. There is a capacity void, which needs to be built first, if one has to explore the possibility reviving the Silk route for trade. Besides the human capacity, the material capacity to hold and store the goods also is immaterial today. Unless the human and infrastructure capacity is built, the locals will be subsumed by the outsiders.

Fourth, the most important issue would be who would trade, if the Silk route to be reopened? Will it be the local businessmen, or the big business houses in the rest of India, using their proxies? In Assam, the local business men use a phrase, while talking about reopening the Stillwell route, linking Assam with Kunming cutting across Myanmar - "trade should not cross through" the local communities. Meaning, they should be a part of it, and not relegated to porters of international trade.

The cross-LoC trade between two parts of J&K, along with the reopening of Nathu La for trade in Sikkim are two important lessons that everyone should read and analyse before making any suggestion to open the borders in the sub-regions for trade. Why is the local community, especially the business men upset over these two trading routes? We need to do this homework, before making any recommendation to open the Silk route.

While re-visioning the Silk route, above questions need to be kept in mind. Perhaps, the focus should be more on reopening the route for services - primarily tourism. The potential and pitfalls of reopening the Silk route for tourism will be dealt in the next column. Let us be romantic, but keep every one's interest, especially the local communities and their future in re-visioning the Silk route. It should be a road benefiting them, and not a route crossing through them.

Earlier analysis of the Silk Route in this column focussed on the romanticization and realities in opening the route. To recap, while revisioning the route, the existing realities, economic potentials along with infrastructural and human capacities as it is today has to be kept in mind, before making recommendations.

Silk Route: Brining the Societies together

What is the potential of re-starting people to people contacts in this region, besides tourism? While discussing both, once again, we should keep in mind the potential and the social costs in mind, and plan accordingly to make optimum use of the existing economic potential without hurting the social fabric.

None would question the potential of the Silk route in our part of the region. Starting from Gilgit, Baltistan, Ladakh, Kathmandu, Gangtok, Thimpu to Imphal, this geographic belt has a huge variety targeting different types of tourists – from religious to adventurous. The question is not about the potential of the region, but about, how to make best use of it, given the political relations between the countries, in this case, India, Pakistan and China.

Before we begin our analysis, one should be clear, the Silk route in this part of the world did not cater to tourism, though there were travellers and the movement of people from one side to the other. It was primarily a feeder route, as was discussed in the earlier columns addressing trade. Hence was not a traditional tourist route; while revisioning the Silk route for the purposes of tourism, this could be kept in mind.

In terms of revisioning people to people contacts, in the J&K sector of the Silk route, there were three sets of interactions. First and foremost was the interaction between what constitutes Kargil and Leh districts of India, and the Gilgit and Baltistan regions now under Pakistan's control. While so much has been talked and written about the divided families in Kashmir Valley and the twin districts of Rajouri and Poonch, the divided families in this region

has been neglected – both intentionally and unintentionally. There are two bus and truck services across Poonch and Baramulla districts in Jammu and Kashmir regions. Unfortunately, there is not much interest in reopening the Kargil-Skardu sector at the governmental level, and not enough pressure at the societal level. Second is the interaction between Leh district and Tibet. Without reopening these two sectors, revisioning the Silk route for people to people contacts or opening up the route for tourism would prove futile. Third, there was also healthy interaction between the then Northern Areas and Kashmir valley across Gurez; from princes to people, there was a movement for educational and economic reasons between these two regions.

On the eastern sector, in Sikkim, though India has reopened the border across the Nathu-La for border trade, this has not been successful so far, mainly due to bureaucratic hurdles. Though the local population in Sikkim is over enthusiastic about this trade, the Union government in New Delhi is slow.

On the other hand, Nepal has maintained the linkages with the old Silk Route; the political relationship between Nepal and China ensured that this route was not closed. However, unfortunately, the quality of road along this axis is not sufficient enough to support large scale movement of goods. However, unless the axis is opened as a transit route via Nepal into the rest of South Asia, there is unlikely to be much of a movement.

The above factor is important in redesigning the nature of interaction and should look beyond the movement of goods. Tourism across the Silk route is one such initiative, however, one should be clear in terms of the objective. Is the revisioning of Silk route in this sector aimed at social and psychological factors, in terms of brining peripheries into main stream? Or is the revisioning through tourism aimed at an economic factor, in terms of improving the situation at the ground level? Or is it primarily the second, with the first one as collateral?

Outside India, one could identify two models in the region in promoting tourism – Sri Lanka and Bhutan. Tourism in Sri Lanka attracted huge

numbers even during the conflict. Now, the government is making a conscious effort today to increase the bar and is raising the stakes. A conscious decision has been made to increase the rates – from hotels to transport industry, to attract the high end of tourism and avoid the backpackers.

Second model is that of Bhutan, which has placed a ceiling on the number of tourists every year, thereby increasing the mysterious nature of the land. Today, there are only limited flights to Bhutan (primarily the Druk Air) and the destinations/origins are only three to four points – Delhi, Calcutta, Bangkok and Singapore. Despite limiting the numbers, Bhutan earns considerable revenue from tourism, as it caters to the high end. This also avoids the negative fallouts of a huge turnout to the indigenous society and the environment.

Outside the region, there is Thailand model, which emphasis on quantity and provide cheaper services; as a result, today the tourism industry in Thailand is huge, and Bangkok is well connected with the rest of world, than most of the capitals in South Asia.

South Asia could adopt Thai, Sri Lankan and Bhutanese models respectively to make optimum use of their tourist potential, but without affecting the social and environmental fabric. As a part of this strategy, one should avoid “crowding” of certain towns/cities, and decentralise tourism within each region.

Let us revision the Silk route in terms of tourism; while doing so, let us make use of the existing potential without affecting the social and environmental fabric of our region. And in our enthusiasm, let us not bring Las Vegas or Bangkok into South Asia, and lose the charm of what we have. Numbers do make a crowd, not essentially quality.

Himalayan Festivals and Snow Safari in South Asia

Exploring the Charm of Himalayas as Tourist Destination

Today, Nepal is primarily seen as a “Himalayan” destination, while the

charm of Ladakh, Himachal Pradesh, Sikkim and Bhutan is being underplayed, mainly due to the failure of respective sub-regions to promote tourism.

True, the Mount Everest lies in Nepal, and hence a special charm. But not all tourists to Nepal are the followers of Tenzing who wants to scale the Everest! In fact, most of them visit Nepal for multiple other destinations. So, the conclusion should be, though the Mount Everest remains and will remain a primary attraction for Nepal, there are multiple Himalayan destinations with much better and grandeur scales that our own States could offer. From Zoji La, Khardung La, Rohtang to Kanchenjunga, the rest of Himalayan belt from Gilgit to Thimpu also have a huge potential to make optimum use of the “Himalayan” charm and brand. In this process, Nepal is unlikely to lose out, instead will gain even more importance as a part of a “Snow Safari” across the Himalays.

First and foremost, more than the adventurous type, what would be useful, is to target the segment, that is keen to visit the multiple Buddhist monasteries along the Himalayas in India, Nepal and Bhutan. Ladakh and Sikkim have significant monasteries belonging to different Buddhist orders. Lumbini as the birth place of Budha in Nepal has a unique charm. Together, they can attract the spiritual and historical tourists from all over the world.

Cutting across Nepal, Tibet and Sikkim, there could be a huge Kailash Mansarovar circle connecting Himachal, J&K, Tibet, Nepal and Sikkim in a huge, but the most mysterious Buddhist heritage tourism in world. This circuit need not necessarily be connectedly only through road; it could be a combination and road and air networks along and across the Himalayas.

Second, besides the monasteries, there is so much of a cultural mosaic that could be a different subject, starting from Gilgit to Arunachal Pradesh along the Himalayas. What South Asia could do is a series of “Himalayan Festivals” along the Silk Route, starting with K2, stretching up to Kanchenjunga and then into Bhutan and Arunachal Pradesh. While the

first one – the monasteries circuit will be more spiritual and attract a particular segment, this will be more cultural and attract another segment.

The above cannot be State led project alone. This should be a civil society – State partnership to make maximum benefit and also ensure the responsibilities lies with the society and the State. The Himalayan festivals along the erstwhile Silk route would be a better way revisioning history, than by trading with yak tails and prayer wheels!

Conclusions

Revisioning the Silk Route, from a South Asian perspective could be a strategy to link South Asia with the neighbouring regions, and also within itself. While such a project could be entirely a new initiative and on its own, revisioning an old one will provide multiple additional advantage.

Since the Silk route has been in existence linking people with ideas and goods, it would be in the interest of South Asia to revive this heritage route, and ensure it addresses the contemporary needs of the region.

While the region has to think big in revisioning this route, it has to take multiple baby steps in implementing the same. There have to be numerous smaller strategies complimenting to the larger one. While political differences across the national boundaries are an important impediment, infrastructural bottlenecks and under-development are a greater problem. Besides the bilateral differences between the States in South Asia, there are numerous differences between the center and periphery within each country.

Developing the border regions within each country and linking it with the national capitals will be a basic requirement, before making any major effort to link the societies across the national boundaries within South Asia, and with China, Central Asia and Southeast Asia.

Such an idea needs a State-Society partnership cutting across the national boundaries in South Asia. Think tanks and research institutes have an important role to play in revisioning such a strategy.