SAARC
Economic and Political Atlas

Gilles BOQUÉRAT
Indra Nath MUKHERJI

S. ARUNA, S. ROBERT,
& G. VENKATASUBRAMANIAN

INSTITUT FRANÇAIS DE PONDICHERY

FRENCH INSTITUTE PONDICHERRY
SAARC
Economic and Political Atlas

Préface/Foreword
Jackie ASSAYAG

Gilles BOQUÉRAT
Indra Nath MUKHERJI

S. ARUNA, S. ROBERT,
& G. VENKATASUBRAMANIAN

20

Pondy Paper in Social Sciences

INSTITUT FRANÇAIS DE PONDICHÉRY
CONTENTS

PRÉFACE / FOREWORD: Jackie ASSAYAG v

1. SAARC: THE FIRST DECADE 1
   Gilles BOQUÉRAT
   The Genesis of SAARC 2
   The Conceptual and Institutional Framework of SAARC 8
   The Spirit of SAARC 12
   Towards a New Wisdom? 19

2. ECONOMIC PROFILE OF SAARC COUNTRIES 21
   Indra Nath MUKHERJI
   Physical Features 21
   Demographic Profile 24
   Levels of Development 28
   Saving Investment Imbalances 37
   Infrastructure 38
   Trade Dependency 42
   Balance of Trade 43
   Official Development Assistance and Debt Service Ratio 44
   Structure of Trade 47
   Major Destinations for Exports 50
   Major Origins of Imports 59
   Intra-SAARC Trade 67
   Regional Cooperation 86
   SAARC-ASEAN Linkages 89

LIST OF TABLES 91

LIST OF MAPS 92

LIST OF CHARTS 93

BIBLIOGRAPHY 95
PRÉFACE

Ces dernières années, les pays qui composent l'Asie du Sud ont commencé à faire face à une double crise. La première, qu'on pourrait dire de développement, a accru les disparités régionales et les antagonismes sociaux. La seconde, qui touche les structures et les institutions, met en question l'administration des hommes et des biens de chacun des États. Elles se conjuguent aujourd'hui pour rendre plus difficile encore la coopération entre les États régionaux, si différents par leurs dimensions, leurs histoires, leurs ambitions.

Cette double crise résulte de l'intégration progressive de l'Asie du Sud dans le marché capitaliste mondial à partir des années cinquante, même si on constate une accélération du processus depuis les années quatre-vingt. En Inde, l'ouverture économique date officiellement de 1991, et elle s'est précipitée depuis lors. La mondialisation de l'économie s'accompagne d'une réduction des interventions gouvernementales sur le marché et de l'intégration accrue du commerce, des flux de capitaux, et de l'échange d'information et de technologie. Cette "globalisation de l'économie-monde", pour employer le jargon récent, échappe d'autant plus au contrôle des États qu'une majorité d'entre eux, comprenons : les plus pauvres, doivent faire face aux demandes pressantes des organismes internationaux, comme la Banque Mondiale (BM) ou le Fonds Monétaire International (FMI). Nuançons cependant : les États peuvent à la fois perdre leur autonomie et se montrer plus fermes en matière économique... si la seule politique possible et "souhaitée" se coule dans le moule de l'ajustement structurel.

Par une curieuse ironie de l'histoire, c'est au moment même où le nouveau mantra économique de l'après guerre froide en appelle
à la "globalisation" que le monde se compartimentalise en "marchés libres régionaux", tels l'"Association of South East Asian Nations" (ASEAN), la "Caribbean Community" (CARCOM), l'"Union Européenne" (UE), l'"Economic Organisation of West African States" (ECOWAS), le "Gulf Cooperation Council" (GCC), le "North American Free Trade Agreement" (NAFTA), et la "South Asian Association for Regional Cooperation" (SAARC) dont il est ici question. Chacune est représentative d'une nouvelle dimension du régionalisme qui est d'autoriser les nations à développer leur propre puissance au moyen d'une solidarité élargie. Mais certaines répondent aussi à des intentions stratégiques périphériques. Ainsi, avec la connivence des Australiens et des Japonais, les Américains sont-ils parvenus à canaliser la dynamique asiatique dans une logique transpacificque : tel est le sens de l'"Asian Pacific Economic Cooperation" (APEC), créée en 1989. Certes, la rationalité de tels regroupements est d'abord de promouvoir le marché libre entre pays membres dont le but est, à terme, la suppression des barrières douanières entre eux. Mais la question qui préside à cette évolution est toutefois politique : comment et pour qui organiser la supra-nationalité ?

Le danger d'une telle tendance à transformer la "géopolitique", propre aux quarante années qui ont suivi la guerre froide, en "géo-économique", c'est-à-dire en espaces concurrentiels de déréglementation et du libre-échange, est de voir se constituer des forteresses qui interdisent l'accès aux (groupes de) pays ainsi laissés pour compte. Et donc de construire des puissances économiques à ce point inégalables que certaines végéteraient dans des zones de précarité reconnues et entretenues tandis que d'autres seraient des îlots de prospérité protégés. Pensions à la proposition du président des États-Unis d'Amérique, faite aux européens en
1995, de construire une vaste zone de libre-échange transatlantique, autant dire un "club de riches". L'intention était d'intimider le Japon et divers pays asiatiques : autre "club de riches". Déjà entré dans les faits, un tel jeu de bascule est gros de menaces politiques évidentes, mais difficilement prévisibles pour ce qu'il convient désormais d'appeler par anti-phrase le "nouvel ordre international". Guerre ou paix entre les nations ? Équilibre de la terreur, de la dissuasion, ou du compromis politique ? A Brave New World!

Il est encore trop tôt pour savoir les bénéfices régionaux qui sortiront des mesures économiques auxquelles invite la signature, en mai 1995, d'un accord entre les sept pays — Bangladesh, Bhoutan, Inde, Maldives, Népal, Pakistan, Sri Lanka — du "South Asian Preferential Trading Arrangement" (SAPTA), ce volet libre-échangiste de la SAARC, association conçue à la fin des années soixante-dix et institutionnalisée en 1985. Après quelques contretemps, le SAPTA paraît néanmoins sur des rails, puisque le Pakistan et le Bangladesh l'ont avalisé. L'accord a pris effet le 7 décembre 1995. Les pays membres ont identifié 226 produits soumis à réduction tarifaire. Il est aussi prématuré de mesurer l'impact de cet accord sur les politiques tant intérieures qu'extérieures de chacun des pays, sans même s'interroger sur les relations à venir entre ces nouvelles entités de dimensions régionales : quels seront, par exemple, les liens entre la SAARC et l'ASEAN ? Le dynamisme de cette nouvelle "économie-monde" de l'Asie du Sud-est — le Vietnam a rejoint l'ASEAN en 1995 —, cœur de tout ce qui réunit de plus avancé, de plus diversifié, obligerait-il la SAARC à être un brillant second ou la rejeterait-il dans la périphérie des économies archaïques, selon une géographie discriminatoire de l'histoire générale du monde qu'ont mis en lumière les travaux de Fernand Braudel et d'Immanuel Wallerstein. Tel est en effet bien la question et le défi. On comprend
donc l'intérêt, puisque la SAARC est entrée dans sa seconde décennie d'existence, de se livrer à une évaluation de sa croissance passée et des perspectives qui s'offrent à elle dans un avenir proche.

Certes, le travail a déjà été entrepris par d'autres observateurs, économistes ou politologues, comme l'atteste la bibliographie en annexe qui voudrait servir de référence. Mais jamais, à notre connaissance, cette estimation n'a pris la forme d'un atlas économique et politique faisant l'état des lieux des échanges et des flux, des tendances et des déséquilibres, sans omettre les faiblesses du volume des échanges et les inégalités entre partenaires. Il s'est d'abord agi de donner à voir les réalités économiques, alors qu'elles sont la plupart du temps obscurcies par les polémiques idéologiques ou les discours officiels. Des contentieux liés à l'identité de ces pays bloquent en effet les termes de l'échange. En dépit d'une unité géographique régionale assez clairement délimitée, par les océans et la barre himalayenne, les dissensions politiques ou religieuses entre nations sont si marquées et tellement bien connus qu'il est inutile de s'appesantir sur le sujet : l'héritage dramatique de la partition et des guerres entre l'Inde et le Pakistan, la fracture du Bengale entre l'Inde et le Bangladesh, la divergence systématique entre l'Inde et le Népal (l'orangant vers la Chine), l'alliance inégale entre l'Inde et le Bouthan, l'ininterminable conflit ethnique entre tamouls et cinghalais au Sri Lanka... On pourrait tout aussi bien établir la liste des griefs de tous les autres pays entre-eux : l'énumération est donc indo-centrée, géant territorial et démographique oblige — grief constant.

L'essentiel reste pourtant que ces pays ont choisi de lier leur destinée dans la SAARC, autant que faire se peut. C'est-à-dire dans une entité qui comprend aujourd'hui quelque 1,166 millions.
d'acteurs sociaux — un peu plus du cinquième de la population mondiale —, dont la proportion de moins de quinze ans a déjà atteint 40%. Et, plus globalement, dans une "Asie en marche", au rythme d'un développement économique de 6 à 10% par an. C'est dire la puissance et la vulnérabilité de l'Asie du Sud pour les années à venir. D'autant que la situation paraît plus complexe que ne le suggère une lecture purement démographique ou économique des faits. La partie qui se joue en effet dans cette région est pleinement politique : la situation sociale reste partout volatile, comme l'attestent la montée des oppositions intérieures ou les mouvements dits fondamentalistes. L'extraordinaire croissance économique n'entraîne pas, loin s'en faut, une consolidation dans le domaine politique.

Fruit de la collaboration entre le Centre de sciences humaines de Delhi (CSH) et le département de sciences sociales de l'Institut français de Pondichéry (IFP) — deux institutions de recherche en Inde qui dépendent de la Direction générale des relations culturelles, scientifiques et techniques (DGRCST) du Ministère des Affaires étrangères —, cet atlas économique de la SAARC, ou plus exactement du SAPTA, atteste du même coup des échanges et de la coopération régionale entre chercheurs et techniciens indiens et français : l'Université Jawaharlal Nehru (JNU) de Delhi fut en effet intimement associée à sa réalisation. L'idée de cet atlas avait germé au département des sciences sociales de l'IFP, où furent rassemblées et traitées les données statistiques avant leur exploitation sur système infographique. Des réunions et une correspondance suivie entre les membres de l'équipe (CSH/IFP), ainsi que des contacts dans le riche milieu académique de JNU, ont permis d'accompagner les cartes de commentaires à la fois politiques et économiques.

Le dossier est désormais à la disposition du public.
Qu'on me permette encore un mot. Ce numéro est le vingtième de la série des Pondy Papers in Social Sciences (PPSS) publiés par le département de sciences sociales depuis sa création, en 1988. Il témoigne donc de la continuité et de la diversité des activités conduites par les responsables successifs de ce département de l’Institut français de Pondichéry — ce don du pandit Jawaharlal Nehru à la coopération franco-indienne.

Jackie ASSAYAG
Responsable du département de sciences sociales
FOREWORD

In recent years the countries of South Asia have begun to face a two-sided crisis. One aspect, which might be termed developmental, has augmented regional disparities and social antagonisms. The second, involving structures and institutions, concerns administration of the populations and assets of the various States. Today the combination of these two aspects is making cooperation between these regional States, which differ so greatly in their sizes, histories and ambitions, more difficult than ever before.

This two-sided crisis is an outcome of the gradual integration of South Asia into the worldwide capitalist marketplace, a process which has been going on since the 1950s, although it has accelerated since 1980. In India economic opening dates officially from 1991, and has gone ahead rapidly since then. Opening the economy up to the world has been accompanied by a lessening of government restrictions on the marketplace and an increasing integration of trade, capital-flow and exchanges of information and technology. This "globalisation of the world-economy", to use the current catch-phrase, is made more difficult for the South Asian States to control by the fact that most of them—and the poorest—are under constant pressure from international organisations such as the World Bank (WB) or the International Monetary Fund (IMF). These States may both suffer loss of autonomy and show greater inflexibility in economic matters ... if the only possible and "desirable" policy is to be shaped only by structural modifications.

By a curious irony of history, at the very moment when the new post-Cold War economic mantra is an appeal for "globalisation", the world is being divided up into "regional common markets" such as the "Association of South East Asian Nations" (ASEAN), the
"Carribean Community" (CARCOM), the "European Union" (EU), the "Economic Organisation of West African States" (ECOWAS), the "Gulf Cooperation Council" (GCC), the "North American Free Trade Agreement" (NAFTA), and the "South Asian Association for Regional Cooperation" (SAARC) which we are concerned with here. Each of these is representative of a new dimension of regionalism, which enables nations to strengthen their own positions through widening mutual support; but some of them have also arisen in response to peripheral strategic objectives. For example, with the connivance of the Australians and the Japanese, the Americans have managed to channel Asian dynamism into a trans-Pacific movement: this is the meaning of the "Asian Pacific Economic Cooperation" (APEC) set up in 1989. The primary rationale of these groupings is certainly to promote trade between the states involved, and the long-term aim is to remove all customs barriers between them. But the question determining the course of this development is a political one: how to organise supra-nationality, and for whom?

The danger in this trend, which is transforming the "geopolitics" of forty years of Cold War into "geo-economics"—that is, into competing areas of deregulation and free trade—is that these may develop into strongholds that block access to countries or groups of countries left outside them. This would lead to the formation of unequal economic powers, some of which would stagnate in areas of acknowledged and persistent poverty, while others would be islands of protected prosperity. We have only to think of the suggestion made by the President of the United States of America to the Europeans in 1995, to set up a vast transatlantic free-trade area, in other words a "club of the rich". The idea was to intimidate Japan and various other Asian countries—another "club of the rich". Such a stand-off, which is already becoming a reality, is full of obvious but unpredictable political threats to what is nowadays referred to as
"the new international order". War or peace between nations? A balance of terror, dissuasion, or political compromise? A Brave New World!

It is still too early to tell what regional benefits may emerge from the economic measures envisaged under an accord signed in May 1995 by the seven member countries—Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka—of the "South Asian Preferential Trading Arrangement" (SAFTA), a free-trade offshoot of SAARC, an association conceived in the 1970s and formalised in 1985; anyway, after several hitches, the SAFTA seems on the way now that Pakistan and Bangladesh have also endorsed it. The agreement came into effect from 7 December 1995. Member countries have identified 226 items for tariff reduction. It is also too soon to measure the impact of this accord on the internal and external policies of the countries involved, not to mention the future relationships between these new regional entities. What links, for example, will exist between SAARC and ASEAN? Will the dynamism of the new "economic realm" of South-East Asia (Vietnam joined ASEAN in 1995) the heartland of everything that is most advanced and diversified—drive SAARC into the position of a close second, or force it to a marginal position among other outdated economies, through the process of geographical discrimination whose action in world history has been brought to light by the work of Fernand Braudel and Immanuel Wallerstein? This is the question and the challenge. So now that SAARC has entered into a second decade of existence, an assessment of its past growth and its prospects for the immediate future is of obvious value.

Other observers, economists or political scientist, have already embarked on this work, as can be seen from the appended bibliography which is intended to serve as a reference source. But so far as we are aware, this evaluation has never yet taken the form of
an economic and political atlas showing exchanges and flows, trends and imbalances, and including inadequacies in exchanges and unequal partnerships. Our main aim has been to reveal the economic facts, which are usually obscured by ideological polemics or official statements. Disagreements about the national identity of these countries are in fact blocking the exchange terms. In spite of a geographical regional unit that is quite clearly defined by the oceans and the Himalayan barrier, political or religious differences between these nations are so marked and so well known that there is no need to dwell on them. The dramatic legacy of the partition and subsequent wars between India and Pakistan, the division of Bengal between India and Bangladesh, the continuing divergencies between India and Nepal (which is flirting with China), the imbalanced alliance between India and Bhutan, the unending ethnic conflict between Tamils and Sinhalas in Sri Lanka ... one could also list the grievances of all the other countries, which centre on India, the territorial and demographic titan—a constant source of complaint.

But the essential point is that these countries have chosen to link their destinies through SAARC, as far as possible. That is, in an entity that today comprises some 1.166 million inhabitants—just over one fifth of the total world population—of whom already more than 40% are under 15 years of age; and, more generally, in an "Asia in the making" which has an annual economic growth rate of 6 to 10%. These figures define both the strength and the weakness of South Asia for facing the years ahead—although the situation seems to be more complex than a purely demographic or economic reading of the facts would suggest. The stakes in this region are in fact entirely political: the social situation remains highly unstable everywhere, as is indicated by the rising tide of internal opposition movements and so-called fundamentalist ones. The extraordinary rate of economic growth has not led to increased political stability—far from it.
This economic atlas of SAARC, or more accurately of SAPTA, is the fruit of a collaboration between the Centre de Sciences Humaines in Delhi (CSH) and the Social Sciences Department of the French Institute in Pondicherry (IIP), two research institutions in India under the General Directorate of Cultural, Scientific and Technical Relations (DGRCST) of the Ministry of Foreign Affairs in Paris. At the same time it is a testimony to exchange and regional cooperation between Indian and French scholars and specialists: the Jawaharlal Nehru University in Delhi has been closely involved in its preparation. The concept of this atlas was born in the Social Sciences Department of the IIP, where the statistics were gathered and processed before being put into info-graphic form. Many meetings and letters between the members of the CSH/IIP team, and valuable contacts in the rich academic environment of JNU, have made it possible to supplement the maps with both political and economic commentaries.

Now the material is being made public.

One last word: this publication is the twentieth in the series "Pondy Papers in Social Sciences" (PPSS), which have been published by the Social Sciences Department since its inception in 1988. It is a testimony to the continuity and diversity of the activities conducted by successive heads of this department of the French Institute in Pondicherry — a gift from pandit Jawaharlal Nehru to Franco-Indian cooperation.

Jackie ASSAYAG
Head, Department of Social Sciences
SAARC: THE FIRST DECADE

Gilles BOQUÉRAT

The South Asian Association for Regional Cooperation (SAARC) celebrated in December 1995 its tenth anniversary with the coming into effect of the SAARC Preferential Trading Arrangement (SAPTA). The significance of this agreement, signed in Dhaka in April 1993 by the Foreign Ministers of the member States, resides less in the resulting growth of commercial exchanges, than in the will to revitalise a regional organisation which has been criticised for often remaining at the stage of declarations of intentions. The seven Heads of State or Government who met in Dhaka, on 7 and 8 December 1985, expressed their determination to strive to develop a regional cooperation in the spirit of trust and mutual understanding. A commitment which would appear to be almost impossible to fulfil, if one considers a past during which suspicion and resentment have often prevailed over inter-state relations and have led the countries of the region to turn away from, or indeed fight, each other. The apparent will to cooperate was to have returned South Asia, which in its time greatly contributed to the enrichment of humanity but, in the contemporary period, has seen itself progressively marginalised, to what it perceives to be its rightful place in the international community, as well as providing it with a means of influence with international authorities.

Ten years after its inception, the balance of regional cooperation is, at the least, one of contrast. Although SAARC has entered the diplomatic vocabulary and has enabled of numerous exchanges in political, cultural and scientific areas among the countries of the region, it has not—contrary to ASEAN—attained to international respectability as an actor in a world of large blocks; and it has not been able, and often not wanted, to establish a regional identity. The persistence of bilateral political disagreements, the resolution of which eludes its scope, and thus the difficulties which exist in defining a consensual approach such as prescribed in
the Charter of the Association, explain that SAARC today conserves a high rhetorical profile but exhibits low substantive achievements. In the following pages, we shall trace the political history of SAARC, of its gestation and of its first decade of existence.

THE GENESIS OF SAARC

It was after having put out feelers during visits to India, Nepal, Pakistan and Sri Lanka, and following informal consultations with his counterparts at Commonwealth and Non-aligned summits in the late 1970s that Ziaur Rahman, then President of Bangladesh, proposed in May 1980, in a letter addressed to the Heads of State or Government in the region, that they meet in order to explore the possibilities of arriving at a framework for regional cooperation. This, in the spirit of its Bangladeshi initiators, should assume an instrumental role in correcting the distortions which prevailed in bilateral relations, the origin of which very often stemmed from the Indo-centric character of the region. The task was arduous, as it was a matter of establishing a collaboration among countries with wide disparities in size, population, resource endowment, State of economic growth and military strength. India is a regional power on its own, representing three-quarters of the area (four times that of Pakistan, 23 times that of Bangladesh or Nepal), three-quarters of the population (nearly eight times the population of Pakistan or Bangladesh, forty-five times that of Nepal or Sri Lanka) and three-quarters of the accrued gross domestic product of the countries of the region. In addition, some States had the impression of submitting to, rather than benefiting from, an Indian pre-eminence, often expressed as a predominance with hegemonistic undertone. The centrality of India's role is reinforced by the particularity of its sharing a border with each of the other States of South Asia, while none of the latter have common borders. Given these parameters, it is not surprising to observe that disagreements on the Indian subcontinent are foremostly between India and its neighbours, and very seldom oppose the latter among themselves.

The history of inter-state relations during the last forty years has, therefore, been marked by the endeavour of the small States to elude Indian ascendancy, which has been all the more present because New Delhi showed resistance to any other than bilateral relations. This induced a Nepalese analyst to state that, "the Indian worldview does not yet seem to have displayed any deliberate awareness of South Asia as a potential community of cooperable interests as distinct from one in which India and

SAARC Atlas
each of the neighbours separately live together as best they can in a spirit of essential bilateralism.\(^1\) Above all, there was the organic antagonism between India and Pakistan which arose of the distress experienced by the two States during the Partition of the Indian empire in 1947. The bellicose excesses of this opposition contributed to the subsequent decoupling of West and East Pakistan when Bangladesh was created in 1971. Whereas the wealth and valorisation of the criteria of modernity make it possible for some developed countries to sublimate difficult relations, the fact that India belongs to the Third World, and the relative modesty of its financial means, could not contribute to freeing the neighbour States of their apprehensions regarding an undeniable military superiority and the hegemonism which was ascribed to India.

The climate of appeasement in bilateral relations which one had hoped to see ensue of the process of regional cooperation was to have permitted South Asia, where one quarter of mankind lives, to exist as a significant grouping at a time when, in other parts of the world, earlier divisions made way for the elaboration of regional institutions. There were probably more prosaic considerations in the Bangladeshi initiative; there is no doubt that General Ziaur Rahman, who had come to power following a succession of military coups d'état which had shaken Bangladesh in the months after the assassination of Mujibur Rahman, hoped to find therein a regional and international legitimisation.\(^2\)

Apart from the consideration of the advantages which the peoples of the region might derive from a reduction of tensions in South Asia and from a constructive interaction with the aim of conjointly combating the bane of underdevelopment, it was very soon apparent that the reception given to the Bangladeshi proposals depended on the analysis of its implications in matters of sovereignty, national identity and economic independence. There was no perception of a common threat in South Asia, such as had led to the creation of ASEAN, in 1967, around the opposition to Communism, whether coming from China or the States of Indo-China, without speaking of the European Economic Community or of COMECON, to which the existence of a federative geo-strategic cohesion had contributed. For, if the sentiment of threat to national sovereignty and territorial integrity can arise among the nations of the Indian subcontinent, the potential danger is almost always within the region itself. Most often, it comes from India; and for

2. Ziaur Rahman was to be, in May 1981, the victim of a conspiracy planned by a group rival military officers.

SAARC: The First Decade 3
the latter, Pakistan is the source. These are notably considerations as to security which led the countries neighbouring India to seek political, or indeed military, support from extra-regional powers and guarantees in juridical bodies of international organisations.

The preliminary contacts between Ziaur Rahman and his counterparts were facilitated by the fact that they had taken place in a rather favourable politico-strategic context. First, there had been the assumption of power, in the course of 1977, of conservative, pro-Western leaders, taking over from strong personalities with socialist tendencies who had advocated a non-alignment which was at times tinged with sympathies for the Communist bloc. In Pakistan, General Zia-ul-Haq had succeeded Zulfi kar Ali Bhutto subsequent to a military coup d'état in July 1977. In the same month, the United National Party, led by Junius Richard Jayewardene had won the legislative elections in Sri Lanka, removing Sirimavo Bandaranaike from power. In India, the elections in March 1977 which followed the end of the state of emergency, imposed in June 1975 by Indira Gandhi, saw the victory of the Janata coalition. Finally, in Bangladesh, Ziaur Rahman had consolidated his power by assuming the functions of president of the country, in April 1977.

The short passage in power of the Janata coalition (1977-1979) was marked by the will in foreign policy to actively seek "cooperation and trust with our immediate neighbours". Two disputes were provisionally regulated with Nepal and Bangladesh, the first concerning the signing of separate treaties on trade and transit, while the second revolved around the sharing of water from the Ganges downstream from the Farakka Dam (West Bengal). Conversely, the return to power, in January 1980, of Indira Gandhi, who had established a reputation for intransigence, made difficult relations between India and its neighbours foreseeable. Furthermore, the Soviet intervention in Afghanistan, in December 1979, led to a bipolarisation of the chancelleries on the subcontinent. Also isolated by the Cambodian question, New Delhi, linked as it was with Moscow by a treaty of peace, friendship and cooperation dating from 1971, clearly distinguished itself from the other States of the region by opposing a firm condemnation of the Soviet intervention. It was argued that such an attitude would only reinforce each of the concerned parties in antagonistic positions obstructing the way to a political solution, the only one which could preclude the development of a centre of tensions, a focal point of confrontation between the blocs.

During the month of January 1980, President Jimmy Carter, in his State of the Union address, announced that the United States, after the fall of the Shah of Iran in January 1979 and the Soviet intervention in Afghanistan at the end of the same year, was prepared to work with the other countries of the region to establish a
cooperative framework for security. The Gulf Cooperation Council, created in May 1981, was inscribed in this perspective, bringing together the monarchies of the Arabian peninsula which were faced with the risk of expansion of the radical and populist Islam of Ayatollah Khomeni. Although the Americans had no illusions as to the possibility of having a regional organisation of strategic connotation in South Asia, the idea of a grouping in which India's weight could be counterbalanced by the other States of the region, which were known to be favourable to the Western camp, would not have displeased them. On the shorter term, one consequence of the Afghan conflict was to make Pakistan a front-line State, thus benefiting from the largesse of American military aid as well as the benevolence of Washington, which, as one knew in New Delhi from experience, would strengthen the Pakistani pursuit of a hypothetical military parity with India.

The reception in New Delhi of Ziaur Rahman's proposal was therefore reserved. If, in the momentum of the decolonisation movement, India had envisioned a process of regional integration, it was one which surpassed the territorial limits of the Indian subcontinent. Prior to the Partition, in 1942, Nehru had declared that India had "been looking forward to the day when we shall have a federation of Iran, Afghanistan, India and China." In the hope of seeing Asia assert a distinct identity after several centuries of submission, there subsequently took place the conference on Asian relations in Delhi, in March-April 1947, the pan-Asian conference on Indonesia, also in the Indian capital, in January 1949, the Southeast Asian Prime Ministers' conferences in 1954, and the Bandung conference, in April 1955, with which notably Pakistan and Ceylon had been associated. However, these meetings were all without a future, the processes of cooperation having come to nothing in the face of deep political and strategic divergences engendered by the extension of the Cold War to Asia.

Even though it was well understood that security problems specific to the region could in no way be included among the activities of the grouping envisaged by Ziaur Rahman, New Delhi mistrusted anything which could even vaguely resemble an anti-Indian front. Islamabad also showed reservations, first for quite opposite reasons: it was out of the question to lend support to a regional cooperation which one might fear would come under Indian control, rendering yet more


4. Speech at a public meeting in Lahore (Gopal 1979: 322). In the same vein, he said in a speech given in Srinagar, in 1945: "I stand for a South Asia federation of India, Iraq, Iran, Afghanistan and Burma" (*Ibid. 1981: 440*).
problematic a solution to the contentious issues with Delhi and reinforce among
outside partners the natural leadership of India over the region. Then, Islamabad
hesitated to institutionally associate with a South Asian organisation, while one of
its foreign policy priorities was to forge close links with the Muslim world beyond
its western borders. On the one hand, the commercial, financial and strategic relations
which, since the fall of the Shah of Iran, Pakistan had developed with the Gulf States
appeared to be of greater interest. On the other hand, there was the Regional
Cooperation Development (RCD), created initially in 1964 by Iran, Pakistan and
Turkey, which was reactivated in 1985 under a new name: the Economic Cooperation
Organisation (ECO).

Indians and Pakistanis chose to adopt a precautionous attitude respective of the
Bangladeshi proposal, judging in any case that a summit meeting was premature. It
appeared preferable to appeal to a gradual approach which would permit first to define
the framework and the objectives of the cooperation and the activities it would entail,
and above all to ensure that this cooperation would not compromise their interests.
The other capitals of the region showed greater enthusiasm for the idea of a regional
cooperation from which they apparently had more to gain than to lose. The small
States of the region, all of which were obsessed by the "Big Brother" syndrome, saw
in the institution of a regional cooperation the means to obtain from India the
application of a community rule of "good conduct". There was also the possibility
for the small States to have a forum at which they could project their own identities,
as well as the perspective of freeing themselves from an unequal relation of strength
with giant India, hoping to be able to make their disputes with New Delhi
multilateral. For the Foreign Minister of Sri Lanka, Shahul Hameed, there was "the
possibility of settling disharmonies or disputes within the region, without external
interference or manipulation".

At the end of November 1980, a working paper which defined the conceptual
framework of regional cooperation and its implications, as well as the domains in
which it could be active, was circulated by the Foreign Minister of Bangladesh,
Muhammad Shamsul Huq. A step forward was made at an informal meeting of the

5. Inaugural address at the conference of Foreign Secretaries of seven South Asian

6. Eleven areas of cooperation were identified: (1) Telecommunications, (2)
Meteorology, (3) Transport, (4) Shipping, (5) Tourism, (6) Agriculture (rural sector), (7)
Joint ventures, (8) Market promotion of selected commodities, (9) Science and
Technological Cooperation, (10) Educational and Technical Cooperation, and (11)
Cultural Cooperation.
Foreign Ministers of Non-Aligned countries which was held in New Delhi during the first week of February 1981. It was decided to call for a meeting of the Foreign Secretaries in Colombo to the purpose of reaching an agreement regarding the constitution of study groups charged to consider means of transforming the idea of regional cooperation into reality. In Colombo, India did its utmost to gain acceptance for the idea that the Association to be created was to have an essentially socio-economic significance in order to minimise the divisive factors, an attitude from which it subsequently would not depart. This concern was reflected in the final communiqué which specified that "decisions should be taken on the basis of unanimity" and the "bilateral and contentious issues should be excluded from their deliberations"; regional cooperation not being "included or expected to be a substitute for bilateral and multilateral cooperation".7

Somewhat more than three years were eventually to pass between the letter addressed by President Ziaur Rahman to the other Heads of State (May 1980) and the initial meeting at the level of Foreign Ministers, in August 1983. The Foreign Secretaries had met on five occasions, between April 1981 and July 1983 (Colombo - April 1981, Kathmandu - November 1981, Islamabad - August 1982, Dhaka - April 1983, New Delhi - July 1983), before the Ministers of the seven concerned countries met on 1 and 2 August 1983 in New Delhi. Inaugurating the conference, Indira Gandhi recalled that "The regional grouping that brings us together is not aimed against anyone else. Nor are we moved by any ideological or military considerations. Our cooperation in no way limits each country's freedom of judgement. It is allied solely to development and the strengthening of the economy of our individual countries".8 At the conclusion of this meeting, a declaration on South Asian Regional Cooperation (SARC) was adopted, as well as an Integrated Programme of Action (IPA) defining nine spheres of cooperation: (1) Agriculture, (2) Rural Development, (3) Meteorology, (4) Telecommunications, (5) Science and Technology, (6) Health and Population, (7) Transport, (8) Postal Services, and (9) Sports, Arts and Culture. This list largely reiterates that which had been included in the working paper submitted by Bangladesh in November 1980, with the notable exception of domains with strong economic connotations.9

9. Points (7) and (8) of the working paper submitted by Bangladesh, that is joint ventures and market promotion of selected commodities, were not adopted.
The search for common denominators in the cultural, scientific and technical domains, a priori non-conflicting, made it possible to divert political divergences, hoping eventually to smooth them away. However, deferred until later was the development of a real economic cooperation, which would again raise the problem of asymmetry in the subcontinent, placing India in a position of special advantage to benefit from the regional cooperation because of the progress it had already achieved in industry, science and technology. That would give rise to anxieties among countries whose bearing had been one of emancipation to a regional economy largely integrated at independence. The efforts of the Standing Committee composed of Foreign Secretaries and consultations held on the occasion of two further meetings of the Foreign Ministers in Male, July 1984, and in Thimpu, May 1985, led to the decision to hold a summit of Heads of State or Government in Dhaka, on 7 and 8 December, where SAARC would be officially inaugurated.

THE CONCEPTUAL AND INSTITUTIONAL FRAMEWORK OF SAARC

The seven Heads of State or Government who met in Dhaka to ratify the creation of a regional grouping in South Asia were: the President of Bangladesh, General Hussain Muhammad Ershad, the King of Bhutan, Jigme Singye Wangchuck, the Indian Prime Minister, Rajiv Gandhi, the President of the Maldives, Maumoon Abdul Gayoom, the King of Nepal, Birendra Bir Bikram Shah Dev, the Pakistani President, Mohammad Zia-ul-Huq and the President of Sri Lanka, Richard Jayewardene. 10

Article I of the Charter enumerates the objectives of the Association (these will be analysed below). Article II, laying down the main principles, begins by recalling the provisions of application, namely that cooperation was to repose on "respect for the principles of sovereign equality, territorial integrity, political

---

10. The Council of Ministers, which met in August 1988 in Kathmandu, decided that all countries of the region subscribing to the objectives and principles of the Charter could be admitted among its members. This concerned, in effect, two States: Afghanistan and Burma. India recommended, in 1987, the membership of Afghanistan while Pakistan suggested an institutional linkage with ASEAN. Later, India encouraged Burma to apply for membership. In the first case, Pakistan, which did not recognise the Communist régime in Kabul, was vehemently opposed. In the second case, there was reticence on the part of Bangladesh, which had difficult relations with its neighbour to the south. Burma, today on the way to joining ASEAN, does not, in any case, show the desire to become a member state of SAARC.
independence, non-interference in internal affairs of other States and mutual benefit". While the notion of non-interference in internal affairs was inevitable, the closeness of ethnic, religious and linguistic links between the countries of the region tends to make it more or less hermetic. The presence of co-ethnic groups and co-religionists across State boundaries has catalysed the spillover tendencies of domestic issues.

Although an objective of SAARC is to provide itself with means appropriate to activating a regional dimension in the relations among member States, "such cooperation shall not be a substitute for bilateral and multilateral cooperation but shall complement them"; and further, "such cooperation shall not be inconsistent with bilateral and multilateral obligations". Rajiv Gandhi stated forcefully in Dhaka that SAARC was in no way to be a supra-national body, that "the South Asian nations had not sought to melt their bilateral relationships into a common regional identity, but rather to fit South Asian cooperation into their respective foreign policies as an additional dimension".

Article III of the Charter holds that the Heads of State or Government were to meet once a year, or more often should circumstances dictate. The future would prove the Council of Ministers right, which had initially proposed biannual summit meetings. There have been to date eight such summits. In 1989, the fifth summit conference foreseen for Colombo was cancelled at the request of Sri Lanka, which intended thereby to express its displeasure regarding the presence of foreign troops on the island (those of the Indian Peace Keeping Force, which were there to implement the Indo-Sri Lankan accord of July 1987), and was finally held in the Maldives the following year. When the time came for the Heads of State or Government to meet in Colombo, in November 1991, India paid President Ranasinghe Premadasa in kind, provoking a one-month deferment of this meeting. The seventh summit meeting in Dhaka, initially foreseen for December 1992, was postponed on two occasions, due to troubles in India which arose in the wake of the demolition of the mosque erected by Babur in Ayodhya by Hindu fundamentalists and in the anti-Indian reactions to which it gave rise in the neighbouring Muslim States. The summit was finally held in April 1993. Thereafter, it was two years before the eighth meeting was held in New Delhi, in May 1995. \(^{11}\)

Articles IV to VIII of the Charter determined the organisational structure of the Association. The Council of Ministers, comprised of Foreign Ministers of the member States, was to meet approximately every six months (the sixteenth meeting took place in New Delhi, in December 1995), to the purpose of defining the policies

---

\(^{11}\) The next SAARC summit is scheduled to be held in Male, in May 1997.
of SAARC, to evaluate progress registered in the domains of regional cooperation, and to decide upon new areas of cooperation. The committee of Foreign Secretaries, called Standing Committee, is entrusted with overall monitoring and coordination of the Association's cooperation programme, approval of projects and modalities of their financing, as well as for the mobilisation of regional and external resources. The Standing Committee meets twice a year and submits periodic reports to the Council of Ministers. One then proceeds to the level at which the projects are elaborated. The Technical Committees of officials and experts are responsible for the formulation of programmes and preparation of projects and their implementation in the respective fields under the IPA. The Technical Committees report to the Standing Committee. Ad hoc export meetings can be called according to need: meetings of planners to promote cooperation among official national planning organisations of member countries, etc. On the same level, the Committee for Economic Cooperation, a permanent committee the creation of which, in 1991, was included in the recommendations of the regional study on trade, manufactures and services. Its mission is to promote regional cooperation in the core economic areas. Action Committees can also be formed to implement projects involving more than two, but not all, member States.

There are today twelve areas of cooperation, those already defined in 1983, certain of which have been linked, and five new areas: (1) Agriculture, (2) Communications, (3) Education and Culture, (4) Environment, (5) Health and Population Activities, (6) Meteorology, (7) Prevention of Drug Trafficking and Drug Abuse, (8) Rural Development, (9) Science and Technology, (10) Tourism, and (12) Women in Development. Occasionally, ministerial meetings take place around a particular theme (environment in New Delhi, in 1992; Women and Family Health in Kathmandu, in 1993; Disabled Persons in Islamabad, in 1993, etc.).

The Secretariat of SAARC, for which is provided in Article VIII of the Charter, became operational in January 1993. It is located in Kathmandu and is responsible for coordinating and monitoring the implementation of SAARC activities, to service the meetings of the Association and act as a channel of communication between SAARC and other international organisations. At its head is a Secretary-General named for two years and seven Directors representing each of the member States.

The financing of the Association's activities, mentioned in Article IX, relies on voluntary contributions by the member States. Should these prove to be insufficient, the mobilisation of external resources can be considered with the endorsement of the Standing Committee. The notion of voluntary contributions, and
the relegation to a bureaucratic level of decisions respective of the financing of SAARC programmes, correspondingly diluted all the more the engagement of the responsible politicians. The decision taken at the Male summit, in November 1990, to study the creation of a regional fund was part of the attempt to achieve greater individual financial investment by the member States. Two bodies were created: the SAARC Fund for Regional Projects and the SAARC Regional Fund. At the Delhi summit in 1995, it was decided to merge them in a South Asian Development Fund.

Finally, Article X confirmed the obligation to seek a consensus in the taking of decisions by adopting the principle of unanimity, and attempting to minimise the risks of seeing the meetings of the Association become political jousts by reiterating that bilateral and contentious issues were to be excluded from the deliberations. India, aware that it would be the focal point of most debates should the door to political questions be opened, had been particularly insistent that this clause be mentioned in the SAARC Charter. Declarations and joint press releases published at the conclusion of meetings avoided any comment on political subjects internal to the region, preferring to speak on current global political trends, such as Americano-Soviet, later Americano-Russian, negotiations regarding disarmament, expressing its support of the convention on the banning of chemical arms and nuclear testing with ultimately a complete elimination of all nuclear weapons, advocating the unconditional withdrawal of Iraqi troops from Kuwait, or again congratulating the initiative of the Maldives at the United Nations in 1989 in favour of the protection and security of small States.

Although political controversies were banned from official deliberations, it was illusory to entirely exclude them, and they were evoked either in private conversations, or in the course of speeches in more or less allusive terms, as has been the case since the first summit meeting in Dhaka. Zia-ul-Haq in his speech had called upon the South Asian leaders to collectively commit themselves to renouncing "the threat or use of force against one another and to banish nuclear

12. At the conclusion of the Islamabad summit, the Heads of State or Government denounced the attempted coup d'état on 3 November 1988 led by foreign mercenaries against the régime of President Gayoom. However, no mention was made of the prompt intervention of the Indian military which made it possible to avert the overthrow of the Maldivian government.

13. Thus, trilateral meetings between Tamil leaders and members of Indian and Sri Lankan delegations took place on the periphery of the SAARC summit in Bangalore in order to discuss details of a devolution of powers for the Tamil areas. In Male, in 1990, the meeting between Nawaz Sharif and Chandra Shekhar was the occasion to announce a resumption of foreign secretary level dialogue.

SAARC: The First Decade
weapons". The first part of the proposal, in fact, amounted to regionalising a bilateral dispute between Pakistan and India: in September 1981, Zia-ul-Haq had proposed a no war pact to Indira Gandhi, which the latter refused, preferring to it a treaty of peace and friendship. The second part of the proposal, which came from the president of a country having a more or less clandestine nuclear project, was of a nature to touch the right chord of the small States in the region favourable to a denuclearised South Asia. This was a point on which India, a country officially equipped with nuclear weapons, differed by refusing a solely regional approach to the nuclear issue. In Dhaka, India was also pinned down by Jayewardene who attributed to it particular responsibilities in the success of the process when he stated that "India, the largest in every way, larger than all the rest of us combined, can by deeds and words create the confidence among us so necessary to make a beginning".

This primacy of politics, which even the King of Bhutan conceded by stating that it "may neither be possible nor desirable to limit discussions in our meetings to issues of a non-political nature, for the political climate of our region will undoubtedly cast a long shadow over our deliberations. In the geographical realities of our region, it would be unrealistic to ignore the primacy of the political factor as, in the final analysis, it will be the political environment of the region which will determine the shape and scope of regional cooperation in South Asia". The future would confirm the correctness of this analysis.

THE SPIRIT OF SAARC

We shall now review the eight objectives as defined in the Charter of the Association and the means employed to fulfil them.

(1) To pronounce the welfare of the peoples of South Asia and to improve their quality of life;

(2) To accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realise their full potentials;

(3) To promote and strengthen collective self-reliance among the countries of South Asia;

---

14. *Frontline* (Dec. 14-27, 1985: 6). In Dhaka, the ceremony foreseen to issue commemorative stamps was cancelled after the Indian delegation had protested against a Pakistani stamp which depicted the State of Jammu and Kashmir as not forming a part of India.
(4) To contribute to mutual trust, understanding and appreciation of one another's problems;
(5) To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields.

These first five objectives led to a succession of measures intended to set regional cooperation in motion. These were added to the twelve areas of cooperation covered in the activities of SAARC. It was decided at the third summit held in Kathmandu, in November 1987, to create a SAARC Food Security Reserve with an initial stock of 220,000 tonnes of cereals. This reserve has, however, not yet been used despite the natural calamities which periodically affect the region. The SAARC Regional Convention on Suppression of Terrorism was also adopted at the Kathmandu summit. In August 1988, it had been ratified by all States, by virtue of which the territory of a member State could not be utilised to foment terrorist acts against another member State or be used as a sanctuary for individuals sought by a member State for terrorist activities. This implies, if the party solicited should judge the request of the applicant State to be admissible, the adoption of measures with a view to extradition, or judiciary pursuit.15 A SAARC Terrorism Offences Monitoring Desk was even opened in Colombo. The Heads of State or Government, at the conclusion of the eighth summit meeting in New Delhi, in May 1995, would, however, regret that some member States had still not adopted a legislation which put into practice at the national level the convention ratified by all States seven years previously.

Another convention which had in view the "regionalisation" of international conventions, the SAARC Convention on Narcotic Drugs and Psychotropic Substances, was adopted in Male in November 1990 and ratified by all the member States in September 1993. The subcontinent is wedged between two major centres of production, the golden triangle formed by Iran, Afghanistan and Pakistan to the west, and the golden triangle comprised by Thailand, Laos and Burma. A SAARC Drug Offences Monitoring Desk was also opened in Colombo. Regional institutions were established: the SAARC Agricultural Information Centre in Dhaka, in 1988, the SAARC Tuberculosis Centre in Kathmandu, in 1992, the SAARC Meteorological

15. An irony of history, in the course of the same month of 1988, during the traditional speech held on 15 August at the occasion of the celebration of Indian Independence, Rajiv Gandhi addressed a severe warning to Pakistan for its complacency towards Sikh militants who demanded the creation of a Khalistan, accusing the latter of according asylum and training to them. For its part, India was blacklisted by Sri Lanka for the aid it gave to Tamil rebels.
Research Centre in Dhaka, in 1994, the SAARC Documentation Centre in New Delhi, in 1994.

During the first years of SAARC’s existence, the activities of the Association were confined to soft or peripheral areas. The conscious decision by the SAARC community to exclude core substantive areas from the agenda for cooperation was not viable, except to divest SAARC on the short term of all meaning. India had not failed to express its regret that the areas which have traditionally constituted the "warp and weft of regional cooperation", that is the sectors of trade, industry and currency, were not counted among the priorities of the Association. "Without extending our cooperation to these areas", the Indian Foreign Minister, Natwar Singh, was to say, "our complementarities can never be fully utilised, the comparative advantages of the respective member countries cannot be adequately harnessed to the common good". The analysis of conclusions of the regional study on trade, manufactures and services, which was completed in 1991, led to the formation of an Inter-Governmental Group on Trade Liberalisation which evolved a draft agreement of SAARC Preferential Trading Arrangement (SAPTA) which was formally approved by the Council of Ministers in Dhaka, in April 1993. At the Colombo summit in 1991, it was decided to create an Independent South Asian Commission on Poverty Alleviation, the report of which was submitted at the next summit in Dhaka and led to a solemn commitment by the assembled leaders to eliminate poverty in the region, preferably by the year 2002. An ambitious goal, if one considers that South Asia comprised, in 1990, 562 million persons living beneath the poverty threshold, which is half of the total population of the member States. The elementary needs of the most destitute were to be satisfied through the conceptual approach of "Daal-Bhaat", or assured nutritional standards. As for inequalities between children of the two sexes in respect of education, another recurrent problem in South Asia, it was decided to approach the problem by making the years 1991-2000 the "SAARC Decade of the Girl-Child".

17. Two further regional studies were sponsored, one on the causes and consequences of natural disasters and the protection and preservation of the environment, and the other on the greenhouse effect and its impact on the region.
The risk is great that SAARC discredits itself by setting objectives, such as a "Shelter for All by the Year 2000", the realisation of which is sometimes all the more improbable as these objectives do not always go beyond the stage of bureaucratic velleity and must, in addition, be integrated in national economic policies for which liberalisation and structural adjustment strategies entail a reduction in public expenditures. One also relies on the competency and dynamism of NGOs to transmit in situ these slogans.

The mobilisation of NGOs, moreover, enters into the framework of the promotion of people-to-people contact. Thus, to the purpose of awakening SAARC consciousness among the people of the region, a South Asian Audio-Visual Exchange (the SAVE programme) was instituted, in 1986, enabling radio and television in the member States to exchange programmes. In the same spirit, the first South Asian Festival of SAARC Countries, with the purpose of highlighting the cultural heritage of the region, took place in India, in 1992. As concerns education, a system of SAARC Chairs, Fellowships and Scholarships was established in order to develop the interaction and exchange of information between students and researchers of the subcontinent. The crossing of borders within the region varies from one extreme to the other—from an "open border" in the case of that between India and Nepal, to a restricted entry system regarding the border between India and Pakistan—it appeared important to generally facilitate movements within the region through the institution of a system of visa exemption. Its scope remains somewhat elitist as it presently concerns only supreme court judges, parliamentarians, directors of academic institutions, presidents of national chambers of commerce and industry, and decision-makers in the SAARC organisational structure.

To prevent that regional cooperation be monopolised by State actors who are quick to cross swords, the summit in Kathmandu, in 1987, recognised the importance of non-governmental organisations and professional bodies in the private sector as relays for various SAARC programmes. An NGO regional forum was launched in 1991, with the hope than non-governmental activists would be able to discuss a regional agenda unfettered by official sensitivities or government interference. A SAARC Chamber of Commerce and Industry, based in Karachi, was formally inaugurated in February 1994. On another register, there exists since 1993 an Association of SAARC Speakers and Parliamentarians, as well as SAARCLAW, an association of jurists and lawyers created in October 1991.

(6) To strengthen cooperation with other developing countries;
(7) To strengthen cooperation among themselves in international forums on matters of common interest.

The first objective relating to South-South cooperation has gone unheeded. The summit meetings were, on the other hand, occasions to express dissatisfaction towards developed countries and international bodies regarding a certain number of practices affecting the national economies: determination in terms of trade, dwindling access on concessional terms to resources from multilateral financial institutions, inadequate transfer of technology as well as flow of investment, discriminatory conditionalities on international trade whether as "social clauses" or "environmental clauses", etc. The adoption of a common South Asian perspective on economic, social and environmental issues naturally belonged to the subjects on which a point of understanding was relatively easy to pursue. To that end, a first ministerial meeting on international economic issues was held in Islamabad in April 1986. The goal is, through intra-SAARC consultations, to project collective positions to ensure a balanced equitable outcome in large international negotiations, such as those of the Uruguay Round in the framework of GATT, or at international conferences such as the United Nations Conference on Environment and Development (Rio de Janeiro, June 1992), the World Population Conference (Cairo, September 1994), the World Summit on Social Development (Copenhagen, March 1995), or the fourth World Conference on Women (Beijing, September 1995).

(8) To cooperate with international and regional organisations with similar aims and purposes.

India is the country which initially showed the greatest reticence to open SAARC to external assistance, arguing that this was contrary to the virtues of self-reliance emphasised in the Charter and invoking the dangers of neo-colonialism and external pressures. It was, however, soon necessary to bow before the evidence that the financial resources which the member States were prepared to put at the disposal of the SAARC programmes were not sufficient for one to be able to disregard external surpluses and expertise. In this regard, one should mention the existence, since 1993, of a SAARC—Japan Special Fund, while on the bilateral level, Japan has become the leading creditor country in South Asia. Several instances of inter-institutional cooperation were established—or, are being studied—whether it would be with the European Union, ASEAN, the Asian Development Bank, APEC, or with diverse bodies of the United Nations, among which are the United Nations Conference on Trade and Development, the United Nations Children’s Fund, the Economic Social Commission for Asia and the Pacific, the International Telecommunications Union and the United Nations Development Programme.
Thus it is to be observed that, in ten years of existence, SAARC has provided itself with an institutional framework, has seen the development of numerous programmes of cooperation in the economic, cultural, scientific and technical domains, has made it possible to increase contacts at the highest political levels and has given experts, scholars and academicians the opportunity to exchange ideas at innumerable conferences and seminars on SAARC. This is a far from negligible and virtually unexpected balance, if it is seen in comparison with bilateral political relations, which have not always been on a fair course.

The spirit of SAARC, which one had hoped in 1985 at the Dhaka summit would inspire a detente in bilateral relations, gave way to realpolitik. A few days after the summit, while rumours about an Indian strike against Pakistani nuclear facilities have been going round for some time, Zia-ul-Haq and Rajiv Gandhi met to declare that their two countries prohibited attacks on each other’s nuclear installations and facilities. It was necessary, however, to wait three years before this agreement was formalised during a visit by Rajiv Gandhi in Islamabad for the fourth SAARC summit, in December 1988, which represented the first official visit of an Indian head of government in Pakistan since 1960. In the meantime, Indo-Pakistani relations once again entered a phase of conflict. A risk of conflagration had barely been avoided in the first months of 1987, when extensive Indian military manoeuvres in the Rajasthan desert had put the Pakistani army in a state of alert. Also to be mentioned is the sporadic fighting which takes place in the heights of the Siachen Glacier (Kashmir), to which both parties lay claim.

The cordial ties which Rajiv Gandhi was able to form with Benazir Bhutto, who had just democratically acceded to the office of Prime Minister, at the SAARC summit in Islamabad, only lasted for a short interval as new clouds menacingly approached when, the following year, the development of an insurrectionary movement in Kashmir opened once again a prolonged period of glaciation in Indo-Pakistani relations. Nawaz Sharif, who succeeded Benazir Bhutto in the autumn of 1990, left no doubt whatsoever about the substance of his thought when, during the seventh summit meeting in Dhaka, in April 1993, he declared that “progress has to depend on the freedom of oppressed and subjugated people, which must be an international responsibility”.

Once the risk of Indian dominance of SAARC had been removed, the Pakistani Government began to see in this Association a tribune from which it could "expose the hegemonism" of India and hoped to be heard by other States

neighbouring India. This found expression in a demand, repeated at various meetings on the regional level, that the division, deemed artificial and inhibitive, which precluded the evocation of political issues, be revoked to the extent of amending the chaster. The Pakistani President, Farooq Leghari, expressed this sentiment once again at the New Delhi summit, in May 1995, by declaring that "the fact is that the Association has not taken off. The reason is not too far to seek. The suspicions and insecurities generated by the unsettled political issues in our region stand in the way of SAARC moving forward at the pace it should be".  

Pakistan invariably sided with the smaller States of the region every time the latter were engaged in arm-wrestling with the New Delhi Government and wished that the regional forum would take cognisance thereof. The ethnic problem in Sri Lanka also disturbed until recent years the meetings of the Association. At the meeting of the Foreign Ministers in New Delhi, in June 1987, a few days after the parachuting of food supplies by the Indian air force to the Tamil population on the Jaffna peninsula under siege by Government military forces, the Sri Lankan delegation attempted to rally the other member States around it to propose an amendment to the Charter with the aim of including bilateral disputes in the discussions. Eventually, the Sri Lankan delegation had to withdraw its request which, in any case, was doomed to failure in the face of firm opposition from India. The latter, through its Foreign Minister, Natwar Singh, stated that "a bilateral issue between India and Sri Lanka should not have any effect on the Association. If other countries gang up against India, they would be destroying SAARC as an institution". Even though the other member States have at one time or another wished that bilateral issues would be discussed within SAARC, India continues to hold that the existence of political contentions must not hinder the smooth running of the cooperation, and that they would gradually disappear, beginning with the least sensitive issues.

This is the price to be paid for more than forty years of competitive politics and economics which, although they were rational to the extent of consolidating the security perceptions of a nation, the political fortunes of a government or national economy were nevertheless counterproductive in so far as they led to discord and conflict and irrationally sustained the quest of national self-sufficiency.

TOWARDS A NEW WISDOM?

The fact that SAARC arose of a Bangladeshi initiative and Sri Lanka had to press for the adoption of SAPTA is symptomatic of a regional cooperation in which the Indo-Pakistani relationship, far from playing the role of a driving force in the process of cooperation, over which everyone is in agreement in thinking that it is the key to success, is neutralised. India has not been the catalyst for which its economic potentialities predestined it, because it has anticipated the suspicion of its neighbours. Pakistan views SAARC through a political prism and ensures that the pre-eminence of India in the power pyramid will not be enhanced. South Asia may never emerge as a strong political or trading bloc because of the mutual suspicions and hostilities between India and Pakistan.

Above all, the danger is that, faced with the slow progress made by SAARC, a certain lassitude sets in among the countries of the region which would then be tempted—if they are not already—to seek a sometimes illusory satisfaction with other regional organisations. Sri Lanka at one time considered joining ASEAN at its creation in 1967. Thus, even though Sri Lanka welcomed the first conference of Foreign Secretaries of South Asia, it—without success—formally submitted an application to ASEAN in May 1981. Pakistan seems to be more interested by ECO, enlarged since November 1992 to include Afghanistan, Azerbaijan, Kirghizia, Kazakhstan, Tadjikstan, Turkmenistan and Uzbekistan. India, for its part, has become a dialogue partner of ASEAN and has expressed its interest, as has Sri Lanka, in APEC. These three countries could, moreover, find themselves in the Indian Ocean Rim, now being studied, which would bring together the littoral countries on the Indian Ocean, South Africa and Australia. Even Bangladesh glances at this idea and at the prospect of a regional grouping with the Muslim countries of East Asia. In order to revive the interest of the international community in SAARC, the granting of an observer status at SAARC meetings, based on the model already implemented in the framework of ASEAN, is being studied.22

At the eighth summit of SAARC in New Delhi, the Indian Prime Minister, P.V. Narasimha Rao, at a time when Asia is the part of the world displaying the greatest dynamism, entreated the other Heads of State or Government "to ensure through our visionary actions that South Asia is part of the resurgence and does not


SAARC: The First Decade 19
become a backwater of the new Asia."\textsuperscript{23} Beginning its second decade of existence with the coming in effect of SAPTA, SAARC has made a small step in the right direction. Studies carried out between 1991 and 1994 by Indian, Pakistani and Sri Lankan researchers—the Coordinating Group for Studies on South Asian Perspectives—arrived at the conclusion that, although regional cooperation was certainly not the panacea likely to resolve all the problems of the region, "more modestly, it can be argued that regional cooperation in all the economic and non-economic areas is, according to these studies, at least a necessity if not a sufficient condition for ameliorating many of the economic, social and political ills that are faced by the SAARC countries"\textsuperscript{24}. The political will which is frequently mentioned as the critical enabling or constraining factor to a successful regional cooperation may derive strength from the involvement of all major social and economic players and enable the political decision-makers to strike a new balance in inter-state relations between the claims of security and a higher level of development.

\textsuperscript{23} Frontline, June 2, 1995: 40.
\textsuperscript{24} Waqif (1994, vol. 13, p. 146).
ECONOMIC PROFILE OF SAARC COUNTRIES

Indra Nath MUKHERJI

PHYSICAL FEATURES

The present relief features of the Indian subcontinent have evolved as result of changes which have taken place over a million of years. The collision between two ancient land masses has resulted in the formation of a well-integrated Indian subcontinent. It consists of three structural components: 1) the Great Mountain Wall of the North, 2) the Northern Plains, and 3) the Great Peninsular Plateau.

In Central Asia, not far from India, lies the well known Pamir Knot. It is often called the roof of the world. From this knot run several mountain ranges, one of them being the Karakoram range.

To the south of Karakoram lie two parallel ranges, known as Ladakh and Zaskar ranges.

The Himalayas extend from the Indus to Brahmaputra in the east, covering a distance of 2,500 km. The width of the Himalayas varies from 400 km in the west to 150 km in the east.

The Himalayas are young fold mountains, having three distinct ranges running parallel to one another.

To the south of the Great Himalaya lies the middle or lesser Himalaya. They are called the Himachal.

There are important passes in the Himalayas. The pass in Sikkim is known as Nathula and lies between India and Lhasa.

Several big rivers originate from the Himalaya. However, the three major rivers of the subcontinent, the Indus, the Sutlej, and the Brahmaputra originate beyond the Himalaya in Tibet.

The Northern Plains of India are made up of fine silt called alluvium brought down by the rivers of the Himalayas in the north and the peninsular plateau in the
Such a plain is called an alluvial plain. The Northern Plains are divided into two river systems- the Indus in the west and the Ganga-Brahmaputra in the east.

The Indus Basin, located in the States of Jammu and Kashmir, Himachal Pradesh, and Punjab, is over 2900 km in length. Its main tributaries are Sutlej, Beas, Chenab and Jhelum. The plain is very fertile and has a fine network of canals.

In the Ganga Basin the Ganga rises in U.P. at Gangotri and after reaching Hardiwar, it enters the Northern Plains. The Ganga river system drains most of Haryana, Southeast Rajasthan, northern Madhya Pradesh, Uttar Pradesh and Harayana.

The Brahmaputra originates in Tibet near the source of Indus and the Sutlej. The river is as long as the Indus, but most of its course lies in Tibet. In Arunachal Pradesh it is known as Dihang. After the confluence of Lohit, Dihang, and Dibang, it is known as Brahmaputra. In northern Bangladesh it is known as Jamuna and in the central part it is called Padma. Further south, the Ganga and the Brahmaputra meet and the joint stream is called Meghna.

The Ganga-Brahmaputra delta is the largest and the fastest growing delta in the world. Besides being well watered, it is also the most fertile.

The Great Peninsular Plateau is the oldest structure of the Indian subcontinent. In fact, the slow but steady movement of this landmass towards north and north-east has been responsible for the creation of the Himalaya and the Northern Plains in place of the Tethys of geological time. The Peninsular Plateau is subdivided into the Central Highlands and the Deccan Plateau.

The northern part of the peninsular block is called the Central Highlands. It is made of hard igneous and metamorphic rocks. The Deccan Plateau extends from the Vindhyas to the southern tip of the Peninsula. The north-west part of the Deccan Plateau is made up of igneous rocks of volcanic origin.

The Deccan Plateau has a coastal strip in the east and in the west. The west coastal plain extends from Gujarat to Kerala. The coastal strip along the Bay of Bengal is broad and more level unlike the western strip.

The physiographic divisions of the Indian subcontinent are complimentary to each other. The Peninsula is the stable block which has provided the building material for the Northern Plains and the Mountains. The Northern Mountains are the major source of water, and girdle the subcontinent for thousands of kilometres. This partially enclosed character of the subcontinent has helped in strengthening the forces of homogeneity of the people inhabiting it. The physical features of the Indian subcontinent has been presented in Map 1.
DEMographic PROFILE

South Asia has a population of over one billion, which is growing at an average of over two percent per annum. Since the sixties, while the birth rate has declined by a little less than one-third, the death rate has declined by one-half. It is this differential rate of decline which explains the current population pressure in this region. There is, nevertheless, a wide range of variation between countries of this region as may be seen in Table 1 and Map 2. On the one hand, we notice a country like Pakistan having a population growth rate of over 3% during the period 1980-93, while in Sri Lanka the population growth rate was half that of Pakistan.

Table 1
Demographic indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>115.5</td>
<td>2.5</td>
<td>18</td>
<td>6.3</td>
<td>830</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>1.6*</td>
<td>2.2</td>
<td>6</td>
<td>5.4</td>
<td>34</td>
</tr>
<tr>
<td>INDIA</td>
<td>898.2</td>
<td>2.0</td>
<td>26</td>
<td>3.0</td>
<td>268</td>
</tr>
<tr>
<td>MALDIVES</td>
<td>NA</td>
<td>NA</td>
<td>31</td>
<td>NA</td>
<td>757</td>
</tr>
<tr>
<td>NEPAL</td>
<td>20.8</td>
<td>2.7</td>
<td>13</td>
<td>7.8</td>
<td>146</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>122.8</td>
<td>3.1</td>
<td>34</td>
<td>4.5</td>
<td>162</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>17.9</td>
<td>1.5</td>
<td>22</td>
<td>1.6</td>
<td>268</td>
</tr>
</tbody>
</table>

* relates to 1992 Data.

In between, we notice Nepal, Bangladesh, Bhutan and India having population growth rates of 2.7%, 2.5%, 2.2%, and 2% respectively in diminishing order. Another disquieting feature is that, in India, the most populous country, there has been only a marginal decline in the population growth rate since the sixties.
A reflection of the rapid population growth rate is the high fertility rates among the populations of this region. The fertility rate varies from as high as 6 in Pakistan to as low as 2.5 in Sri Lanka.
Some countries in South Asia have the highest density of population in the world. Bangladesh has the highest density of population in the region which is also one of the highest in the world. India and Sri Lanka have population density less than half of that of Bangladesh. Again Nepal and Pakistan have population density which is half of that of India and Sri Lanka. The population density of South Asian Countries (SACs) as also within these countries is illustrated in Map 3.

The population of SACs is predominantly rural. The percent of urban population is highest in Pakistan (34%), and the lowest in Bhutan (6%). However, the pace of urbanisation has been rapid in most of these countries, the highest rate of growth in urban population being 7.8% in Nepal, and the lowest being in Sri Lanka (1.6%).

The composition of labour force further reflects the agrarian nature of the South Asian economies. Nepal and Bhutan have more than 90% of these countries' labour force dependent on agriculture. This is followed by India (62%), Sri Lanka (49%), Pakistan (47%), and Maldives (25%) as may be seen in Table 2.

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>AGRICULTURE</th>
<th>INDUSTRY</th>
<th>SERVICES</th>
<th>LABOUR FORCE**</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>59</td>
<td>13</td>
<td>28</td>
<td>47</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>92</td>
<td>3</td>
<td>205</td>
<td>46</td>
</tr>
<tr>
<td>INDIA</td>
<td>62</td>
<td>11</td>
<td>127</td>
<td>38</td>
</tr>
<tr>
<td>MALDIVES</td>
<td>25</td>
<td>32</td>
<td>43</td>
<td>27</td>
</tr>
<tr>
<td>NEPAL</td>
<td>93</td>
<td>1</td>
<td>6</td>
<td>40</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>47</td>
<td>20</td>
<td>33</td>
<td>28</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>49</td>
<td>21</td>
<td>30</td>
<td>41</td>
</tr>
</tbody>
</table>

* Percentage distribution
** Percentage of total population
No. of inhabitants per sq km.

- 1000 - 6605
- 600 - 1000
- 300 - 600
- 100 - 300
- 11 - 100

Area excluded from study

? Data not available

NOTE: The values represented are population estimates that have been made using latest data available and the annual population growth rate for the period 1980-93

Source: Encyclopedia Universalis, 1989
Human Development Report, UNDP 1994

Economic Profile of SAARC
LEVELS OF DEVELOPMENT

The levels of development of SACs may be examined either in terms of per capita incomes, or in terms of a composite index: the Human Development Index (HDI). The levels of development in terms of per capita incomes and its growth rate are presented in Table 3 and Map 4. It will be seen that in terms of GNP per capita Maldives has the highest per capita income, followed by Sri Lanka and Pakistan. India’s per capita income is lower than that of Pakistan but higher than that of Bangladesh. Both Bhutan and Nepal have the lowest per capita income.

Table 3
GNP per capita and its Annual Growth Rate (%)

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>GNP PER CAPITA (US $) (1991)</th>
<th>GNP ANNUAL GROWTH RATE(%) (1980 - 91)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>220</td>
<td>4.2</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>170</td>
<td>9.0</td>
</tr>
<tr>
<td>INDIA</td>
<td>310</td>
<td>5.5</td>
</tr>
<tr>
<td>MALDIVES</td>
<td>700</td>
<td>10.2</td>
</tr>
<tr>
<td>NEPAL</td>
<td>170</td>
<td>4.7</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>420</td>
<td>6.5</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>560</td>
<td>4.0</td>
</tr>
</tbody>
</table>


The annual rate of growth in per capita income of all SACs during the period 1980-91 recorded 4% and above. It was again the highest in Maldives followed by Bhutan, Pakistan and India. The annual rate of growth of the remaining countries is around 4%.
Since the level of per capita income presents only a partial picture of development, the United Nations Development Programme (UNDP) has been devising a more composite indicator of development, the Human Development Index (HDI) which combines both human as well as income based indicators. In its latest Report (1995) the UNDP takes account of three human development indicators: life expectancy at birth, adult literacy rate, and combined gross enrolment ratios (at all levels-primary, secondary, and tertiary). The real per capita income is based on purchasing power parity (PPP) and not on official exchange rates. The components of HDI are presented in Table 4 and illustrated in Map 5.

<table>
<thead>
<tr>
<th>Table 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Components of Human Development Index</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>CODES*</td>
</tr>
<tr>
<td>COUNTRIES</td>
</tr>
<tr>
<td>BANGLADESH</td>
</tr>
<tr>
<td>BHUTAN</td>
</tr>
<tr>
<td>INDIA</td>
</tr>
<tr>
<td>MALDIVES</td>
</tr>
<tr>
<td>NEPAL</td>
</tr>
<tr>
<td>PAKISTAN</td>
</tr>
<tr>
<td>SRI LANKA</td>
</tr>
</tbody>
</table>

* Codes Used: A: Life expectancy at birth (years); B: Adult literacy rate (percent), 1992; C: Combined First, Second, and Third-Level gross enrolment ratio (percent), 1992; D: Real GDP per capita (PPP $), 1992; E: Human development index; F: Human development index ranking.

** Human development index: High: 0.804 - 0.950; Medium: 0.503 - 0.798; Low: 0.207 - 0.483


It will be observed that except for Sri Lanka and Maldives, all other SACs may be classified as having low HDI. Bhutan has the lowest ranking among the SACs, followed by Nepal, Bangladesh, India and Pakistan. While in terms of PPP the SACs fare better in their per capita incomes, all of them, with the exception of Sri Lanka and Maldives, fare badly in terms of their other human development indicators such as life expectancy, adult literacy rate, and combined enrolment ratios.
Both Sri Lanka and Maldives stand out as quite exceptional in respect of these indicators in relation to other SACs.

_Economic Profile of SAARC_
One of the reasons for the low level of HDI in SACs is the low share of expenditure on health and education in the total public expenditure. During the period 1986-92, Sri Lanka, Nepal and Bangladesh spent between 10-16% on these heads whereas the shares of other SACs varied between 3-10%, as may be seen in Map 6.
The low level of expenditure in some of the SACs may be explained from the relatively high level of public expenditure devoted to defence expenditure, as may be seen in Map 7.

Economic Profile of SAARC
This share was the highest for Pakistan during the same period, being about 28% of the total public expenditure. In India and Bangladesh the share varied from 10-20%. The share was lower in Nepal and Sri Lanka. However due to ethnic unrest, this share in Sri Lanka has been rising in recent years. The magnitude of resource use imbalances in respect of defence and military expenditure is further illustrated in Table 5.

Table 5
Military Expenditure and Resource Use Imbalances

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>DEFENCE EXPENDITURE*</th>
<th>MILITARY EXPENDITURE**</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>1.3</td>
<td>41</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>NIL</td>
<td>NIL</td>
</tr>
<tr>
<td>INDIA</td>
<td>2.5</td>
<td>65</td>
</tr>
<tr>
<td>NEPAL</td>
<td>1.1</td>
<td>35</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>7.7</td>
<td>125</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>4.9</td>
<td>107</td>
</tr>
</tbody>
</table>

* As % of GDP/GNP (1992).
** As % of combined education and health expenditure (1990-91).
Source: Key Indicators of Developing Asian and Pacific Countries, ADB, 1993.

It will be seen that the ratio of defence expenditure to GDP is disproportionately high in Pakistan, being as high as 7.7% of the country's GDP. In Sri Lanka too, the ratio appears to be quite high, reflecting the ethnic turmoil through which this country has been passing in recent years. The other countries, including India, have relatively much more modest ratios.

The resource use imbalance gets further reflected when we compare military expenditure in relation to these countries' combined expenditure on health and education. It will be apparent that in both Pakistan and Sri Lanka, the military expenditure exceeds the combined expenditure on health and education. India spends on military more than half of what it spends on health and education.

Due to the high share of public expenditure on defence, the expenditure on health services is adversely affected which is well reflected in the very low
doctor-patient ratio (number of doctors for every lakh of inhabitants) as may be seen in Map 8. While in India and Pakistan this ratio is 40 and 34 respectively, in Bangladesh this ratio is 15. In Nepal, Bhutan and Maldives this ratio is even more unfavourable, being less than 10.

Economic Profile of SAARC
The sectoral composition of the GDP of SACs again reflects the dominance of the agricultural as well as the service sectors in all SACs. The sectoral composition of GDP is presented in Table 6. Except for Bhutan and Nepal, the services sector accounts for a larger share of GDP than the agricultural sector. Except for Maldives, the industrial sector is considerably smaller than the other two sectors reflecting the low level of industrial development in these countries.

Table 6
Production by Sector of Economy
(As per cent of GDP)

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>AGRICULTURE</th>
<th>INDUSTRY</th>
<th>SERVICES</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>36</td>
<td>16</td>
<td>48</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>43</td>
<td>27</td>
<td>30</td>
</tr>
<tr>
<td>INDIA</td>
<td>31</td>
<td>28</td>
<td>41</td>
</tr>
<tr>
<td>MALDIVES</td>
<td>24</td>
<td>8</td>
<td>68</td>
</tr>
<tr>
<td>NEPAL</td>
<td>59</td>
<td>14</td>
<td>27</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>26</td>
<td>25</td>
<td>49</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>27</td>
<td>25</td>
<td>48</td>
</tr>
</tbody>
</table>

SAVING INVESTMENT IMBALANCES

Resource use imbalances contribute considerably to saving investment imbalances as well. All SACs have significant shortfall in the availability of domestic as well as national savings to finance their investments. This resource gap has to be financed through external resource inflows, either in private, or official. The levels of gross domestic savings as also gross domestic investment and resource imbalance in relation to gross domestic product are presented in Table 7.

Table 7
Savings, Investment, and Resource Balance

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>GROSS DOMESTIC SAVINGS</th>
<th>GROSS DOMESTIC INVESTMENT</th>
<th>RESOURCE BALANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>8</td>
<td>14</td>
<td>-6</td>
</tr>
<tr>
<td>INDIA</td>
<td>24</td>
<td>24</td>
<td>0</td>
</tr>
<tr>
<td>NEPAL</td>
<td>11</td>
<td>21</td>
<td>-10</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>12</td>
<td>21</td>
<td>-9</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>25</td>
<td>16</td>
<td>-9</td>
</tr>
</tbody>
</table>


It will be observed that in all SACs except India, the gross domestic savings falls considerably below gross domestic investment reflecting negative resource balances. The resource imbalance is the highest in case of Nepal, followed by Pakistan and Sri Lanka and Bangladesh.

Economic Profile of SAARC
INFRASTRUCTURE

An efficient transport and communication network as also expedient transit facilities are essential prerequisites of economic development in any country. Given the geographical contiguity of the SAARC countries, road, rail and inland waters are the most widely used modes of transportation in the region.

An adequate network of roads exists in the South Asian region connecting countries like Pakistan, India, and Bangladesh. There are two priority routes on the Asian Highway network which connects 14 countries from the Iran-Turkey border and passing through various cities of Pakistan, India, Bangladesh, Burma, Thailand and ending in Ho Chi Minh city in Vietnam. Countries like Sri Lanka and Bhutan are linked with the rest of the countries in the region by their ferry services and national roads respectively. The Maldives has no major network of national roads.

Most countries of the South Asian region are also linked through the Trans-Asian Railway. The central sector of the Trans-Asian Railway connects Pakistan, India, and Bangladesh. Nepal is connected with India through the Indian railway system. Sri Lanka is also connected with India through the combination of the Indian railway system and ferry services (Khan A. 1993). An illustration of the sub-continent's rail and road network is provided in Maps 9 and 10.
Source: Atlas of the different countries (cf. Bibliography)
Note: The classification of Roadways are different for each country.

Source: Atlas of the different countries (cf: Bibliography)
The present day global economy has shrunk with the rapidly developing communication linkages. The South Asian economies cannot afford to be left behind in the race for a niche in the global economy. Even though the communication linkages in these economies have been growing at a rapid pace, such linkages need to be further developed. The communication profile of the SACs is presented in Table 8.

Table 8
Communication Profile (1990)*

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>RADIO</th>
<th>TELEVISION</th>
<th>TELEPHONES</th>
<th>POST OFFICES</th>
<th>MOTOR VEHICLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>400</td>
<td>50</td>
<td>20</td>
<td>--</td>
<td>10</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>200</td>
<td>--</td>
<td>30</td>
<td>6</td>
<td>--</td>
</tr>
<tr>
<td>INDIA</td>
<td>800</td>
<td>320</td>
<td>80</td>
<td>18</td>
<td>70</td>
</tr>
<tr>
<td>MALDIVES</td>
<td>1200</td>
<td>250</td>
<td>370</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>NEPAL</td>
<td>300</td>
<td>20</td>
<td>30</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>900</td>
<td>180</td>
<td>100</td>
<td>12</td>
<td>80</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>2000</td>
<td>350</td>
<td>100</td>
<td>23</td>
<td>100</td>
</tr>
</tbody>
</table>

* per 1000000 Inhabitants
- - Data not available

It will be seen that Sri Lanka has the highest number of radio, TV sets, and motor vehicles per 100,000 population. Maldives has the highest number of telephones per 100,000 population. In terms of availability of telephones, Maldives ranks the highest and follows Sri Lanka in terms of availability of radio receivers. The other SACs are left far behind in terms of communication facilities.
TRADE DEPENDENCY

Foreign trade plays an important role in the development of all SACs. Generally the geographic size of a country is inversely related to their openness. The external orientation or trade dependency of a country is generally estimated by their trade/GDP ratio. This is presented in Table 9.

Table 9
Trade dependency among South Asian Countries
(External Trade as per cent of GDP)

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>1980</th>
<th>1985</th>
<th>1992</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>23.04</td>
<td>24.25</td>
<td>24.92</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>47.27</td>
<td>50.13</td>
<td>60.37**</td>
</tr>
<tr>
<td>INDIA</td>
<td>13.45</td>
<td>13.04</td>
<td>17.00*</td>
</tr>
<tr>
<td>MALDIVES</td>
<td>99.16**</td>
<td>113.06</td>
<td>240.73</td>
</tr>
<tr>
<td>NEPAL</td>
<td>14.49</td>
<td>19.98</td>
<td>26.17</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>33.68</td>
<td>29.16</td>
<td>34.72</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>74.22</td>
<td>53.32</td>
<td>79.00*</td>
</tr>
</tbody>
</table>

** Data pertains to 1990.
Source: Key Indicators of Developing Asian and Pacific Countries, ADB, 1993.

As expected, the trade/GDP ratio is observed to be higher in the smaller countries, viz. Maldives and Sri Lanka and Bhutan as compared to the other countries. India, the largest country, has the lowest trade/GDP ratio. Pakistan, Bangladesh and Nepal have higher trade/GDP ratios than India, but considerably lower than that of Maldives or Sri Lanka.

Also to be noticed is that following increasing liberalisation and globalisation of SACs, the trade/GDP ratios have been increasing in all these countries, particularly since the early nineties.
BALANCE OF TRADE

All SACs suffer from deficits in their balance of trade, their exports falling short of imports by a significant margin. In other words, their exports do not finance entirely their import requirements. Less than half of Nepal's imports are financed by exports while in Bangladesh this ratio is a little over half. Both Pakistan and Sri Lanka finance about 70% of their imports through their exports. India's dependency is the least as it is able to finance as much as 95% of its imports through its exports. The balance of trade of SACs is presented in Table 10.

Table 10
Merchandise Trade: 1993
(US $ Million)

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>EXPORTS</th>
<th>IMPORTS</th>
<th>BALANCE OR TRADE</th>
<th>EXPORT-IMPORT RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADEH</td>
<td>2272</td>
<td>4001</td>
<td>-1792</td>
<td>0.57</td>
</tr>
<tr>
<td>INDIA</td>
<td>21553</td>
<td>22761</td>
<td>-1208</td>
<td>0.95</td>
</tr>
<tr>
<td>NEPAL</td>
<td>390</td>
<td>880</td>
<td>-490</td>
<td>0.44</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>6636</td>
<td>9500</td>
<td>-2864</td>
<td>0.70</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>2896</td>
<td>4227</td>
<td>-1331</td>
<td>0.69</td>
</tr>
</tbody>
</table>

OFFICIAL DEVELOPMENT ASSISTANCE AND DEBT SERVICE RATIO

Since most SACs have significant savings investment gap as also export import gap, they have been dependent on external financial assistance, both from bilateral as well as multilateral agencies. The official development assistance (ODA) per capita of SACs is presented in table 11.

Table 11
Official Development Assistance (ODA) per capita: 1992

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>US DOLLARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>14</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>39</td>
</tr>
<tr>
<td>INDIA</td>
<td>3</td>
</tr>
<tr>
<td>MALDIVES</td>
<td>172</td>
</tr>
<tr>
<td>NEPAL</td>
<td>23</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>9</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>37</td>
</tr>
</tbody>
</table>


It will be seen that Maldives is the largest recipient of ODA per capita followed by Bhutan, Sri Lanka and Nepal. India is the lowest recipient.
External assistance, however, involves leads to the accumulation of debt obligations for the repayment of both principal as well as interest. The debt service burden, generally measured as a percentage of exports of goods and services, is indicated in Table 12.

Table 12
Debt Service as Percentage of Exports of Goods and Services

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>13.5</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>7.9*</td>
</tr>
<tr>
<td>INDIA</td>
<td>28.0</td>
</tr>
<tr>
<td>MALDIVES</td>
<td>3.7*</td>
</tr>
<tr>
<td>NEPAL</td>
<td>9.0</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>24.7</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>10.1</td>
</tr>
</tbody>
</table>

* World debt tables, World Bank, 1993-94

It will be seen as much as 28% of India’s exports of good and services is used up merely to retire past debt. The burden on Pakistan is also considerable, the debt service ratio being nearly a quarter of the country’s exports of goods and services. The debt burden on Nepal, Sri Lanka and Bangladesh is lower as these countries have been able to obtain more concessional aid from the donor countries. This is illustrated in Map 11.
STRUCTURE OF TRADE

In Table 13 the structure of merchandise exports of SACs is presented. It will be seen that "other manufactures" account for the bulk of SACs merchandise exports, of which "textile fibres, textiles and clothing" constitute the predominant part. "Other primary commodities" come next in importance. SACs are not yet significant exporters of machinery and transport equipment. Only India has developed some capability in this respect.

Table 13
Structure of Merchandise Exports: 1993
(percentage shares)

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>FUELS, MINERALS, METALS</th>
<th>OTHER PRIMARY COMMODITIES</th>
<th>MACHINARY &amp; TRANSPORT EQUIPMENTS</th>
<th>OTHER MANUFACTURES</th>
<th>TEXTILES FIBRES, TEXTILES &amp; CLOTHING</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>0</td>
<td>18</td>
<td>0</td>
<td>81</td>
<td>78</td>
</tr>
<tr>
<td>INDIA</td>
<td>7</td>
<td>18</td>
<td>7</td>
<td>68</td>
<td>30</td>
</tr>
<tr>
<td>NEPAL</td>
<td>0</td>
<td>16</td>
<td>0</td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>1</td>
<td>14</td>
<td>0</td>
<td>85</td>
<td>78</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>1</td>
<td>27</td>
<td>2</td>
<td>71</td>
<td>52</td>
</tr>
</tbody>
</table>

The structure of merchandise imports of SACs is presented in Table 14. It will be seen that all SACs are significant importers of manufactured products. They are also significant importers of machinery and transport equipment. Also, being deficient in raw materials and energy resources, they are significant importers of fuels and primary commodities. The SACs are yet to achieve full self sufficiency in foodgrains production as may be seen from the share of food in the total imports of these countries.

Table 14
Structure of Merchandise Imports: 1993
(percentage shares)

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>FOOD</th>
<th>FUELS</th>
<th>OTHER PRIMARY COMMODITIES</th>
<th>MACHINERY &amp; TRANSPORT EQUIPMENTS</th>
<th>OTHER MANUFACTURES</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>15</td>
<td>14</td>
<td>30</td>
<td>13</td>
<td>28</td>
</tr>
<tr>
<td>INDIA</td>
<td>4</td>
<td>30</td>
<td>10</td>
<td>14</td>
<td>42</td>
</tr>
<tr>
<td>NEPAL</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>14</td>
<td>17</td>
<td>6</td>
<td>35</td>
<td>27</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>16</td>
<td>9</td>
<td>3</td>
<td>21</td>
<td>51</td>
</tr>
</tbody>
</table>


A histogram showing the structure of exports and imports of SACs for the major commodities is presented in Chart 1.
STRUCTURE OF EXPORTS AND IMPORTS 1993
Major products exchanged as % of total trade

EXPORTS

Textiles

Primary commodities

IMPORTS

Food

Fuels

Primary commodities

Equipment


Chart 1

Economic Profile of SAARC
MAJOR DESTINATIONS FOR EXPORTS

As there is considerable discrepancy in the national trade statistics of Bhutan with the IMF Direction of Trade Statistics, it has been considered necessary to examine the official data of Bhutan. Bhutan's trade with SACs and the world is presented in Table 15.

Table 15
Bhutan's trade with South Asian Countries and the world: 1989
(Value in US $ Million)

<table>
<thead>
<tr>
<th></th>
<th>BANGLADESH</th>
<th>INDIA</th>
<th>SAARC</th>
<th>WORLD</th>
<th>SAARC AS % OF WORLD</th>
</tr>
</thead>
<tbody>
<tr>
<td>EXPORTS TO</td>
<td>7.78</td>
<td>60.76</td>
<td>68.63</td>
<td>69.78</td>
<td>98.35</td>
</tr>
<tr>
<td>[% OF TOTAL SAARC]</td>
<td>[11.46]</td>
<td>[88.53]</td>
<td>[100.00]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IMPORTS FROM</td>
<td>0.09</td>
<td>74.86</td>
<td>74.95</td>
<td>90.26</td>
<td>83.04</td>
</tr>
<tr>
<td>[% OF TOTAL SAARC]</td>
<td>[0.0012]</td>
<td>[99.9988]</td>
<td>[100.00]</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Bhutan's trade with other SAARC countries is assumed to be negligible.
(2) Bhutan's national currency (Noultrum) is converted to US $ on the basis of periodic average for the year 1989 as presented in ADB, Key Indicators, 1994.

It will be seen that in 1989 almost all of Bhutan's market was in South Asia. Further, more than 88% of Bhutan's export to the SAARC region was in India, the remaining going to Bangladesh. This is illustrated in Map 12.
India accounted for 87% of the total exports of Bhutan

Share in total external trade

87%

Note: Data regarding trade with other countries are not available for the year 1989

Source: Department of Customs and Revenue, Royal Government of Bhutan, 1989

The top ten markets of the remaining SAARC countries in 1993 are presented in Table 16.

Economic Profile of SAARC
<table>
<thead>
<tr>
<th>TOP TEN SOURCES</th>
<th>BANGLADESH</th>
<th>INDIA</th>
<th>MALDIVES</th>
<th>NEPAL</th>
<th>PAKISTAN</th>
<th>SRI LANKA</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>33.59</td>
<td>19.14</td>
<td>34.84</td>
<td>25.70</td>
<td>14.53</td>
<td>34.40</td>
</tr>
<tr>
<td>GERMANY</td>
<td>9.92</td>
<td>7.67</td>
<td>3.03</td>
<td>46.01</td>
<td>8.22</td>
<td>8.67</td>
</tr>
<tr>
<td>UK</td>
<td>8.60</td>
<td>6.27</td>
<td>18.18</td>
<td>2.31</td>
<td>14.53</td>
<td>8.61</td>
</tr>
<tr>
<td>FRANCE</td>
<td>5.62</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>3.82</td>
</tr>
<tr>
<td>ITALY</td>
<td>5.27</td>
<td>--</td>
<td>3.03</td>
<td>--</td>
<td>--</td>
<td>2.40</td>
</tr>
<tr>
<td>BEL-LUX</td>
<td>3.82</td>
<td>3.91</td>
<td>--</td>
<td>1.79</td>
<td>--</td>
<td>1.44</td>
</tr>
<tr>
<td>NETHERLANDS</td>
<td>3.29</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>5.65</td>
</tr>
<tr>
<td>HONG KONG</td>
<td>2.67</td>
<td>5.67</td>
<td>--</td>
<td>--</td>
<td>5.49</td>
<td>3.65</td>
</tr>
<tr>
<td>JAPAN</td>
<td>2.54</td>
<td>8.13</td>
<td>1.51</td>
<td>1.02</td>
<td>7.23</td>
<td>5.41</td>
</tr>
<tr>
<td>IRAN</td>
<td>1.27</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>1.82</td>
</tr>
<tr>
<td>UAE</td>
<td>--</td>
<td>3.59</td>
<td>--</td>
<td>--</td>
<td>6.41</td>
<td>--</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>--</td>
<td>3.50</td>
<td>3.03</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>EGYPT</td>
<td>--</td>
<td>2.30</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>--</td>
<td>--</td>
<td>18.18</td>
<td>6.42</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>THAILAND</td>
<td>--</td>
<td>--</td>
<td>15.15</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>CHINA</td>
<td>--</td>
<td>--</td>
<td>1.51</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>INDIA</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>4.37</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SWITZERLAND</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>3.85</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>AUSTRIA</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>1.79</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>CANADA</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>1.02</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SAUDI ARABIA</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>3.86</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>RUSSIA</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>1.54</td>
<td>--</td>
</tr>
</tbody>
</table>

TOTAL (TOP TEN) 76.59  60.18  98.46  94.28  62.59  73.21

It will be seen that USA alone accounted for about one-third of Bangladesh's total exports, while European countries including Germany, UK, France, Italy, Bel-Lux (Belgium & Luxemburg) and Netherlands together accounted for over 36%. The other important markets were Japan, Iran and UAE. This is illustrated in Map 13.
USA again was India's largest market accounting for nearly one-fifth of India's exports. Germany, UK and Bel-Lux were among the top ten markets, accounting for over 17% of India's total exports. Japan and Hong Kong were the other important markets. This is illustrated in Map 14.
As in case of Bangladesh, more than one-third of Maldives' exports found market in the USA. UK, Sri Lanka and Thailand were the next three important markets in importance, these together accounting for more than 50% of Maldives' export market. Among European countries, Germany and Italy were among the top ten, accounting for a little over 6% of Maldives' export market. Map 15 illustrates Maldives major markets.

_Economic Profile of SAARC_
As much as 46% of Nepal's export is marketed in Germany, and a little over a quarter in USA. Sri Lanka and India come next in importance, together accounting for a little over 10% of Nepal's total exports. Nepal's major destinations is illustrated in Map 16.
USA is the most important destination of Pakistan's exports, accounting nearly 15% of the total. Germany, UK and Japan follow in importance. Germany, UK, France, Italy, Bel-Lux and Netherlands together account for a quarter of Pakistan's market. The UAE is another important destination for Pakistan's exports. This is illustrated in Map 17.
The major destinations of export accounted for 73% of the total exports.

Major trading partners within EC

<table>
<thead>
<tr>
<th>Countries</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>9</td>
</tr>
<tr>
<td>UK</td>
<td>7</td>
</tr>
<tr>
<td>Belgium</td>
<td>6</td>
</tr>
<tr>
<td>France</td>
<td>4</td>
</tr>
<tr>
<td>Netherlands</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Direction of trade statistics, IMF 1994

More than one-third of Sri Lanka's exports is destined to the USA market. Germany, UK and Japan follow next in importance. Germany, UK, France, Italy, Bel-Lux and the Netherlands together account for about 30% of Sri Lanka's total exports. This is illustrated in Map 18.
MAJOR ORIGINS OF IMPORTS

The major sources of imports of Bhutan have been presented earlier in Table 15. It will be seen that most of Bhutan's imports are from the SAARC region, originating mainly from India. This is illustrated in Map 19.

The top ten sources of imports of the remaining SAARC member countries are presented in Table 17
<table>
<thead>
<tr>
<th>TOP TEN SOURCES</th>
<th>BANGLADESH</th>
<th>INDIA</th>
<th>MALDIVES</th>
<th>NEPAL</th>
<th>PAKISTAN</th>
<th>SRI LANKA</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAPAN</td>
<td>12.05</td>
<td>6.04</td>
<td>4.58</td>
<td>13.76</td>
<td>15.66</td>
<td>9.97</td>
</tr>
<tr>
<td>INDIA</td>
<td>9.47</td>
<td>--</td>
<td>3.66</td>
<td>15.90</td>
<td>--</td>
<td>5.84</td>
</tr>
<tr>
<td>HONG KONG</td>
<td>7.97</td>
<td>--</td>
<td>--</td>
<td>7.52</td>
<td>--</td>
<td>8.60</td>
</tr>
<tr>
<td>S. KOREA</td>
<td>6.95</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>4.70</td>
<td>--</td>
</tr>
<tr>
<td>CHINA</td>
<td>5.08</td>
<td>--</td>
<td>--</td>
<td>6.78</td>
<td>4.45</td>
<td>--</td>
</tr>
<tr>
<td>SINGAPORE</td>
<td>4.56</td>
<td>--</td>
<td>52.75</td>
<td>11.56</td>
<td>--</td>
<td>7.93</td>
</tr>
<tr>
<td>USA</td>
<td>4.33</td>
<td>9.61</td>
<td>--</td>
<td>--</td>
<td>9.26</td>
<td>5.19</td>
</tr>
<tr>
<td>UK</td>
<td>3.09</td>
<td>6.54</td>
<td>3.66</td>
<td>3.66</td>
<td>4.77</td>
<td>4.82</td>
</tr>
<tr>
<td>GERMANY</td>
<td>2.91</td>
<td>7.35</td>
<td>2.75</td>
<td>2.38</td>
<td>7.14</td>
<td>3.29</td>
</tr>
<tr>
<td>NETHERLAND</td>
<td>2.61</td>
<td>--</td>
<td>1.83</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>BEL-LUX</td>
<td>--</td>
<td>8.26</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>2.78</td>
</tr>
<tr>
<td>SAUDI ARABIA</td>
<td>--</td>
<td>6.45</td>
<td>--</td>
<td>--</td>
<td>5.33</td>
<td>--</td>
</tr>
<tr>
<td>KUWAIT</td>
<td>--</td>
<td>4.27</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>UAE</td>
<td>--</td>
<td>3.88</td>
<td>--</td>
<td>--</td>
<td>3.43</td>
<td>--</td>
</tr>
<tr>
<td>NIGERIA</td>
<td>--</td>
<td>3.36</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>AUSTRALIA</td>
<td>--</td>
<td>2.89</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>--</td>
<td>--</td>
<td>6.88</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>CANADA</td>
<td>--</td>
<td>--</td>
<td>5.04</td>
<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>THAILAND</td>
<td>--</td>
<td>--</td>
<td>4.58</td>
<td>12.80</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>--</td>
<td>--</td>
<td>2.29</td>
<td>--</td>
<td>5.06</td>
<td>4.36</td>
</tr>
<tr>
<td>FRANCE</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>2.00</td>
<td>3.71</td>
<td>--</td>
</tr>
<tr>
<td>IRAN</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>3.17</td>
</tr>
<tr>
<td>NEW ZELAND</td>
<td>--</td>
<td>--</td>
<td>--</td>
<td>8.99</td>
<td>--</td>
<td>--</td>
</tr>
</tbody>
</table>

TOTAL (TOP TEN) | 59.02 | 58.65 | 88.02 | 85.35 | 63.51 | 55.95 |

The major sources of import accounted for 59% of the total imports

Share in total external trade
- 12%
- 4%

Major trading partners within EC

<table>
<thead>
<tr>
<th>Countries</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>3</td>
</tr>
<tr>
<td>Germany</td>
<td>3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Direction of trade statistics, IMF 1994

It will be seen that Japan is the most important origin for Bangladesh's imports (12%), followed by India (9%), Hong Kong (8%), South Korea (7%) and China (5%). USA accounts for just a little over 3% of Bangladesh's total imports. The two European countries, among the top ten sources, Germany and Netherlands account for a little over 5% of Bangladesh's total imports. This is illustrated in Map 20.
USA is the main country of origin for India's imports, accounting for nearly one-tenth of the total. Bel-Lux is India's next most important source for imports followed by Germany, UK and Japan. The other sources among the top ten are, Saudi Arabia, Kuwait, UAE, Nigeria and Australia. Map 21 illustrates this.
More than half of Maldives' imports are from Thailand. The other important countries of origin are Sri Lanka, Canada, Thailand and Japan. UK, Germany and the Netherlands are among top ten sources for Maldives' imports. This is illustrated in Map 22.

*Economic Profile of SAARC*
India is the main country of origin for Nepal's imports, followed by Japan, Thailand and Singapore. Hong Kong is also an important source for Nepal's imports. Among the European Union countries, UK, Germany and France have a place among the top ten. This is illustrated in Map 23.
Japan is Pakistan's main source for imports, followed by USA and Germany. Apart from Germany, the two other countries in the European Union among the top ten sources are UK and France. Saudi Arabia, UAE and Malaysia are the other important sources for Pakistan's imports. This is illustrated in Map 24.

*Economic Profile of SAARC*
As in case of Pakistan, the most important source for Sri Lanka's imports is Japan, accounting for nearly one-tenth of the country's total imports. Following in importance are Hong Kong, Singapore, USA and UK. Germany and Bel-Lux are the two European countries among the top ten sources of Sri Lanka's imports. This is illustrated in Map 25.
INTRA-SAARC TRADE

We now turn to examine the share of intra-SAARC trade (both exports and imports), in the total external trade (exports and imports) of these countries. This is presented for 1993 in Table 18.

Table 18
Trade within SAARC as Per Cent of Total External Trade

<table>
<thead>
<tr>
<th>COUNTRIES</th>
<th>1980</th>
<th>1985</th>
<th>1992</th>
</tr>
</thead>
<tbody>
<tr>
<td>BANGLADESH</td>
<td>4.85</td>
<td>4.65</td>
<td>7.34</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>90.65</td>
<td>89.25</td>
<td>89.71*</td>
</tr>
<tr>
<td>INDIA</td>
<td>1.93</td>
<td>1.27</td>
<td>1.75</td>
</tr>
<tr>
<td>MALDIVES</td>
<td>24.29</td>
<td>11.13</td>
<td>10.08</td>
</tr>
<tr>
<td>NEPAL</td>
<td>45.69</td>
<td>33.23</td>
<td>14.23</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>3.63</td>
<td>2.76</td>
<td>2.99</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>6.70</td>
<td>5.50</td>
<td>6.03</td>
</tr>
</tbody>
</table>

* Data pertains to 1989 (Department of Revenue and Customs, Royal Govt. of Bhutan 1989).
Source: Key Indicators of Developing Asian and Pacific Countries, ADB, 1993.

It will be seen that trade within SAARC as per cent of total external trade is the highest in Bhutan. Nepal and Maldives too, have relatively high intra-regional trade as compared to the other countries. However the relatively larger countries, particularly in India have very small share of intra-regional trade in relation to their global trade. Besides in all the countries, except Bangladesh, the intra-regional trade in relation to world trade appears to have been declining over the decade of the eighties.

Economic Profile of SAARC
EVOLUTION OF TRADE WITHIN SAARC

Trade within SAARC as % of total external trade

| □ Bangladesh | ▲ India | □ Maldives | ○ Nepal | ● Pakistan | △ Sri Lanka |

NB: The bigger countries of the region have been indicated by shaded symbols while the smaller ones are in white.

Source: *Direction of Trade Statistics, IMF 1987, 1994*

**Chart 2**

A scatter diagram showing the percentage share of regional trade (exports and imports) of all SACs (except Bhutan) in relation to total external trade (exports and imports) is presented in Chart 2.

The share of intra-SAARC exports in the total exports of SAARC countries as also the shares of each SAARC country in the total exports to the SAARC region are presented in Table 19.
<table>
<thead>
<tr>
<th>Country</th>
<th>SAARC Exports</th>
<th>SAARC Imports</th>
<th>Srilanka Exports</th>
<th>Srilanka Imports</th>
<th>Pakistan Exports</th>
<th>Pakistan Imports</th>
<th>Nepal Exports</th>
<th>Nepal Imports</th>
<th>Maldives Exports</th>
<th>Maldives Imports</th>
<th>India Exports</th>
<th>India Imports</th>
<th>Bhutan Exports</th>
<th>Bhutan Imports</th>
<th>Bangladesh Exports</th>
<th>Bangladesh Imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986</td>
<td>2846</td>
<td>238</td>
<td>18</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11.87</td>
<td>3.84</td>
</tr>
<tr>
<td>1987</td>
<td>217</td>
<td>20.5</td>
<td>25</td>
<td>10</td>
<td>1</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>31.93</td>
<td>3.24</td>
</tr>
<tr>
<td>1988</td>
<td>65</td>
<td>4.1</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>67.75</td>
<td>5.47</td>
</tr>
<tr>
<td>1991</td>
<td>2277</td>
<td>1.5</td>
<td>0.4</td>
<td>0.6</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>7</td>
<td>4.71</td>
</tr>
<tr>
<td>1992</td>
<td>1168</td>
<td>6</td>
<td>0.7</td>
<td>0.4</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>12.7</td>
<td>0.4</td>
</tr>
<tr>
<td>1993</td>
<td>308</td>
<td>0.2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>36.7</td>
<td>1.84</td>
</tr>
<tr>
<td>1994</td>
<td>122</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>9</td>
<td>0.3</td>
</tr>
</tbody>
</table>

**Source:** Direction of Trade Statistics Yearbook IMF, 1994.

Figures in brackets give the percentage of total exports to the SAARC region. Figures for Bhutan obtained from partner country imports.

**Table 19**

_Intra-SAARC Exports and Imports, 1993_
It will be seen that intra-regional exports of Bangladesh were less than 3% of the country’s total exports. Pakistan was the main destination within the region, followed by India, Sri Lanka and Nepal. Map 26 illustrates this.
As for Bhutan, the IMF data obtained from partner countries appears to be highly underestimated and hence the data presented in Table 15 earlier. It is clear that intra-SAARC trade dominates Bhutan's total world exports. This is illustrated in Map 27.

Economic Profile of SAARC
It will be seen that less than 4% of India's world exports find market in the SAARC region. Within the SAARC region, more than half of India's exports find market in Bangladesh, followed by Sri Lanka, Nepal and Pakistan. This is illustrated in Map 28.
About 18% of Maldives' total exports are destined for the SAARC region, all of which finds market in Sri Lanka. This is illustrated in Map 29.
Nearly 11% of Nepal's total exports finds market in the SAARC region, of which nearly 58% finds market in Sri Lanka. This is illustrated in Map 30.
Pakistan exports a little over 3% of its total exports to the SAARC region, of which nearly half finds market in Bangladesh. Sri Lanka and India account for a quarter each of Pakistan’s total exports to the region. This is illustrated in Map 31.
The SAARC region accounts for a little over 2% of Sri Lanka's total exports, of which Pakistan accounts for more than half. Following in importance are the markets in India, Maldives, and Bangladesh. This is illustrated in Map 32. Intra-SAARC imports of member countries and its share in world imports, as also the distribution of shares within the region are presented in Table 20.
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>SAARC</td>
<td>68</td>
<td>55</td>
<td>52</td>
<td>50</td>
<td>49</td>
<td>48</td>
<td>47</td>
<td>46</td>
<td>45</td>
<td>44</td>
<td>43</td>
</tr>
<tr>
<td>SRI LANKA</td>
<td>8.42</td>
<td>2.98</td>
<td>3.63</td>
<td>3.97</td>
<td>4.42</td>
<td>4.59</td>
<td>4.49</td>
<td>4.28</td>
<td>4.00</td>
<td>3.79</td>
<td>3.60</td>
</tr>
<tr>
<td>PAKISTAN</td>
<td>1.57</td>
<td>1.22</td>
<td>0.64</td>
<td>0.61</td>
<td>0.52</td>
<td>0.42</td>
<td>0.39</td>
<td>0.38</td>
<td>0.37</td>
<td>0.36</td>
<td>0.35</td>
</tr>
<tr>
<td>NEPAL</td>
<td>5.45</td>
<td>3.89</td>
<td>0.76</td>
<td>1.03</td>
<td>1.17</td>
<td>1.24</td>
<td>1.37</td>
<td>1.51</td>
<td>2.00</td>
<td>1.39</td>
<td>1.38</td>
</tr>
<tr>
<td>MALDIVES</td>
<td>0.35</td>
<td>0.32</td>
<td>0.32</td>
<td>0.36</td>
<td>0.39</td>
<td>0.39</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
</tr>
<tr>
<td>INDIA</td>
<td>1.10</td>
<td>2.19</td>
<td>2.42</td>
<td>2.17</td>
<td>1.67</td>
<td>1.29</td>
<td>1.06</td>
<td>0.87</td>
<td>0.71</td>
<td>0.60</td>
<td>0.50</td>
</tr>
<tr>
<td>BHUTAN</td>
<td>NA</td>
<td>NA</td>
<td>0.09</td>
<td>0.11</td>
<td>0.14</td>
<td>0.14</td>
<td>0.14</td>
<td>0.14</td>
<td>0.14</td>
<td>0.14</td>
<td>0.14</td>
</tr>
<tr>
<td>BANGLADESH</td>
<td>11.96</td>
<td>4.02</td>
<td>3.94</td>
<td>3.94</td>
<td>3.94</td>
<td>3.94</td>
<td>3.94</td>
<td>3.94</td>
<td>3.94</td>
<td>3.94</td>
<td>3.94</td>
</tr>
</tbody>
</table>

Table 20: Value in US $ Million

Intra-SAARC Imports and its Share in World Imports, 1993
It will be seen that nearly 12% of Bangladesh's imports are from the SAARC region, of which India accounts for nearly 80%, the next important source country being Pakistan. This is illustrated in Map 33.
It will be noticed that more than 90% of Bhutan's imports are from the SAARC region, India being the predominant supplier. This has been observed from Table 16 presented earlier, using Bhutanese source. This is illustrated in Map 34.
Less than 1% of India's imports are from the SAARC region, nearly half of which originates from Pakistan, the remaining coming from Nepal, Sri Lanka and Bangladesh. This is illustrated in Map 35.
About 11% of Maldives' imports originates from the SAARC region, of which more than 60% is sourced from Sri Lanka, and one-third from India. This is illustrated in Map 36.
The SAARC region accounts for about 18% of Nepal's total imports, nearly 90% of which originates from India, and the remaining from Bangladesh and Sri Lanka. This is illustrated in Map 37.
Pakistan sources less than 2% of its imports from the SAARC region, nearly half of it originating from India, and about a quarter from Sri Lanka and Bangladesh. This is illustrated in Map 38.

Economic Profile of SAARC
Sri Lanka's imports from the SAARC region accounts for a little over 8% of the country's total imports. India supplies nearly 70% of Sri Lanka's total imports from the SAARC region, the other suppliers in order of their importance being Pakistan and Nepal. This is illustrated in Map 39.
REGIONAL COOPERATION

The idea of regional cooperation in South Asia was first mooted in May 1980. Following consultations amongst the countries of the region, Foreign Secretaries of the seven countries: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka met for the first time in Colombo in April 1981. This was followed, a few months later, by the meeting of Committee of the Whole, which identified five broad areas of regional cooperation. The Foreign Ministers, at their first meeting in New Delhi, India, in August 1983, formally launched the integrated Programme of Action (IPA) through the adoption of a Declaration on South Asian Regional Cooperation (SAARC). At the first Summit held in Dhaka on 7-8 December, 1985, the Charter was adopted establishing the organisation of South Asian Association for Regional Cooperation (SAARC). Till to date as many as eight Summits have been held, the last being held in Delhi in May, 1995. The holding of various SAARC Summits in the different years in the different capitals and cities of member countries is illustrated in Map 40.

A notable development in the field of regional cooperation was the Agreement on a South Asian Preferential Trading Arrangement (SAPTA) signed by the Council of Ministers at the Seventh SAARC Summit in Dhaka in 1993 and formally endorsed by the Heads of State or Government at the Eighth SAARC Summit at New Delhi in May, 1995. SAPTA provides a framework for the member countries to move step-by-step towards a free trade area in the region. The first round of negotiations, even though symbolic, has been concluded and all member countries have ratified the Agreement. The Agreement will become operative from December 7, 1995, marking a significant achievement by the end of the first decade of SAARC's existence.
SAARC - POLITICAL

Source: Atlas of the different countries (cf: Bibliography)

Economic Profile of SAARC
SAARC-ASEAN Linkages

The SAARC Charter provides a guide-line for Cooperation with other international and regional organisation.

The first landmark reflecting the strengthening of India's economic ties with ASEAN countries was the Meeting of ASEAN and Indian Senior officials on the Establishment of sectorial dialogue relations between ASEAN and India which was held in New Delhi on March 16-17, 1993.

The Meeting identified Trade Investment, Science, Technology and Tourism as possible areas for strengthening cooperation.

A further notable development in Indo-ASEAN relations was the decision by ASEAN to accept India as a full dialogue partner. This decision was taken at the ASEAN summit Meeting of December 14-15, 1995 in Bangkok.

As a dialogue partner, India can participate in the meetings of ASEAN and the partner countries' foreign ministers meet following annual ASEAN meetings. Further, as a member of ASEAN Regional Forum, India will be able to project its views on issues of security in the Asia-Pacific region, which additionally, may facilitate gaining membership of Asia Pacific Economic Community (APEC). The countries that constitute the ASEAN regional grouping have been illustrated in Map 40.

<table>
<thead>
<tr>
<th>ASEAN Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>INDIA</td>
</tr>
<tr>
<td>CAMBODIA</td>
</tr>
<tr>
<td>MYANMAR</td>
</tr>
<tr>
<td>LAOS</td>
</tr>
<tr>
<td>PHILIPPINES</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>GDP growth %</th>
<th>Inflation %</th>
<th>Exports ($bn)</th>
<th>GNP per Capita ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SINGAPORE</td>
<td>8.1</td>
<td>1.8</td>
<td>96.5</td>
</tr>
<tr>
<td>VIETNAM</td>
<td>8.5</td>
<td>19.4</td>
<td>3.9</td>
</tr>
<tr>
<td>THAILAND</td>
<td>8.5</td>
<td>5.8</td>
<td>43.5</td>
</tr>
<tr>
<td>BRUNEI</td>
<td>3.0</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>INDONESIA</td>
<td>7.4</td>
<td>9.8</td>
<td>40.1</td>
</tr>
<tr>
<td>MALAYSIA</td>
<td>8.9</td>
<td>3.9</td>
<td>58.1</td>
</tr>
</tbody>
</table>

List of Tables

Table 1: Demographic Indicators ............................ 24
Table 2: Composition of Labour Force ................. 26
Table 3: GNP per capita and its Annual Growth Rate (%) 28
Table 4: Components of Human Development Index .... 30
Table 5: Military Expenditure and Resource Use Imbalance 34
Table 6: Production by Sector of Economy (As per cent of GDP) 36
Table 7: Savings, Investment, and Resource Balance .... 37
Table 8: Communication Profile (1990) .................. 41
Table 9: Trade Dependency among South Asian Countries (External Trade as Per Cent of GDP) 42
Table 10: Merchandise Trade : 1993 ....................... 43
Table 11: Official Development Assistance (ODA) per capita: 1992 44
Table 12: Debt Service as Percentage of Exports of Goods and Services 45
Table 13: Structure of Merchandise Exports : 1993 (percentage shares) 47
Table 14: Structure of Merchandise Imports : 1993 (percentage shares) 48
Table 15: Bhutan's Trade with South Asian Countries and the World: 1989 50
Table 16: Top Ten Markets of SAARC Countries : 1993 (Percentage Share in total exports) 52
Table 17: Top Ten Sources of Imports of SAARC Countries: 1993 (Percentage Share in total imports) 60
Table 18: Trade within SAARC as Per Cent of Total External Trade 67
Table 19: Intra-SAARC Exports and its Share in World Exports: 1993 69
Table 20: Intra-SAARC Imports and its Share in World Imports: 1993 77
Table 21: ASEAN Countries ............................... 89

List of Tables .............................. 91
List of Maps

Map 1: Physical Feature
Map 2: Population and Growth Rate 1980-93
Map 3: Population Density
Map 4: GNP 1991
Map 5: HDI 1991
Map 6: Expenditure on Health and Education 1986-92
Map 7: Defence Expenditure 1986-92
Map 8: Doctor-Patient Ratio 1990
Map 9: Transport: Railways
Map 10: Transport: Roadways
Map 11: Debt Service Ratio 1992
Map 12: Bhutan: Major Trading Partners 1989 (Exports)
Map 13: Bangladesh Major Trading Partners 1993 (Exports)
Map 14: India: Major Trading Partners 1993 (Exports)
Map 15: Maldives: Major Trading Partners 1993 (Exports)
Map 16: Nepal: Major Trading Partners 1993 (Exports)
Map 17: Pakistan: Major Trading Partners 1993 (Exports)
Map 18: Sri Lanka: Major Trading Partners 1993 (Exports)
Map 19: Bhutan: Major Trading Partners 1989 (Imports)
Map 20: Bangladesh Major Trading Partners 1993 (Imports)
Map 21: India: Major Trading Partners 1993 (Imports)
Map 22: Maldives: Major Trading Partners 1993 (Imports)
Map 23: Nepal: Major Trading Partners 1993 (Imports)
Map 24: Pakistan: Major Trading Partners 1993 (Imports)
Map 25: Sri Lanka: Major Trading Partners 1993 (Imports)
Map 26: Bangladesh: Trade within SAARC 1993 (Exports)
Map 27: Bhutan: Trade within SAARC 1989 (Exports)
Map 28: India: Trade within SAARC 1993 (Exports)
Map 29: Maldives: Trade within SAARC 1993 (Exports)
Map 30: Nepal: Trade within SAARC 1993 (Exports)
Map 31: Pakistan: Trade within SAARC 1993 (Exports)
Map 32: Sri Lanka: Trade within SAARC 1993 (Exports)
Map 33: Bangladesh: Trade within SAARC 1993 (Imports)
Map 34: Bhutan: Trade within SAARC 1989 (Imports)
Map 35: India: Trade within SAARC 1993 (Imports)
Map 36: Maldives: Trade within SAARC 1993 (Imports)
Map 37: Nepal: Trade within SAARC 1993 (Imports)
List of Charts

Chart 1: Structure of Exports and Imports 1993
Chart 2: Evolution of Trade within SAARC

List of Maps
BIBLIOGRAPHY

Atlas


World Reports


Bhutan Trade, Department of Revenue and Customs, Royal Government of Bhutan, 1989.


Bibliography 95
Key Indicators of Developing Asian and Pacific Countries, Asian Development

Nepal Overseas Trade Statistics, 1992-93, Trade Promotion Centre, Kathmandu,

Statistical Yearbook for Asia and the Pacific 1992, ESCAP, UN, Oxford University
Press, New York.

The State of the World’s Children, UNICEF, Oxford University Press, New York,
1995.


York.

Books

AGWANI, M.S. (ed.), South Asia: Stability and Regional Cooperation, CRRID,
Chandigarh, 1983.

BAXTER, C. (ed.), Government and Politics in South Asia, Westview Press,

BHARGAVA, K.K., South Asia, Towards Dynamism and Cooperation, Popular

BHARGAVA, K.K., FAROOQ, S. & BONGARTZ, H. (ed.), Shaping South
Asia’s Future: Role of Regional Cooperation (edited Proceedings of the
International Conference held at Kathmandu, May 19&20, 1994), Vikas

BHARGAVA, K.K. & HUSSAIN, R.M., SAARC and European Union. Learning

BHASIN, A.S. (ed), Nepal’s Relations with India and China, Documents 1947-

BHASIN, A.S. (ed.), India-Bangladesh Relations, Documents 1971-1994,

CHAWLA, K.L., Economic Cooperation among Developing Countries with
Special Reference to SAARC, RBSA Publisher, Jaipur, 1991.

CHITTY, N., Framing South Asian Transformation: An Examination of Regional
Views on South Asian Cooperation, South Asian Publishers Pvt. Ltd., New
Delhi, 1994.

CHOPRA, P., Future of South Asia, Macmillan India Ltd., New Delhi, 1986.


COLOMBOGE, S.S., Payments and Monetary Cooperation, Coordinating group for Studies on South Asian Perspectives, CGSSAP/Friedrich Ebert Stiftung, Colombo, 1993.


Economic Cooperation in the SAARC Region: Potential, Constraints and Policies, issued under the auspices of Research and Information System for the Non-aligned and other Developing Countries. Interest Publications, New Delhi, 1990.


JETLY, N., Democratisation and Regional Cooperation in South Asia, CGSSAP/Friedrich Ebert Stiftung, New Delhi, 1994.


KANESALINGAM, V., Political Dimensions of South Asian Cooperation, Macmillian India Ltd., New Delhi, 1991.


MADAN, B.K., Payments Arrangements and Monetary Cooperation in South Asia, CSCD/Marga Institute, Colombo, 1985.

MADAN, B.K., Towards Monetary Cooperation in South Asia, Concept, New Delhi, 1986.


MAHMOOD, M., Regional Integration in South Asia: Perspectives and Prospectives, S. Chand & Co, Delhi, 1987.


MISHRA, P.K., South Asia in International Politics, UPH Publication, New Delhi, 1984.


MUKHERJI, I.N., Trade Liberalisation in South Asia, School of International Studies, Jawaharlal Nehru University, New Delhi, 1985.


NAHAR, E., SAARC: Problems and Prospects, Sehgal Publisher’s Service, New Delhi, 1992.


*Bibliography*


VENKATSUBULU, T., *India’s Trade with SAARC Countries*, Discovery Publishing House, New Delhi, 1996.


Articles


Bibliography


Digest Strategic, June, 1995, p. 775.


Frontline, May 7, 1993, p. 36.


*Bibliography*


**Working papers**


"CGSSAP (Coordinating Group for Studies on South Asian Perspectives), Perspectives on South Asian Cooperation", *Friedrich Ebert Stiftung*, Islamabad, 1994.


"Record of CSCD Meetings (1st to 17th meetings 1977-78 to 1993), Committee on Studies for Cooperation in Development in South Asia", *Marga Institute*, Colombo.


Newspapers


RAMACHANDRAN, R., "SAPTA to be Launched by December", *The Hindu*, Nov. 8, 1995.

3. AZIZ, A., Social and economic change in a Karnataka village, 18 p.
4. SCHARR, Ph., Well irrigation and socio-economic changes. A case study in Pollachi Taluk, Coimbatore District, Tamil Nadu, 38 p.
5. RACINE, J., To migrate or to stay? Mobility and retention of rural populations in South India: a field survey of villagers’ rationales in Mandya District, Karnataka, 34 p.
6. BUCHY, M., Colonial forest exploitation in the Western Ghats of India: a case study of North Kanara District, 56 p.
8. ROGER, D., Food practices and traditional medicine among the Muslims of Hyderabad, 32 p.
10. LANDY, F., To migrate or to stay in the Maidan: a survey in two rural systems in South Karnataka, 70 p.
13. BUCHY, M., British forestry in the Western Ghats (India) and French forestry in Indochina: a comparison, 22 p.
17. BOURDIER, F., Sickness and Health in the Village: An assessment of health conditions in South India (Coimbatore District), 70 p.
19. BÉNÉI, V., To Give or not to Give... From Brideprice to Dowry in Maharashtra (Pune District), 73 p.
The South Asian Association for Regional Cooperation (SAARC) comprises seven countries: Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. The basic aim of the association is to accelerate the process of economic and social development in member States through joint action in the agreed areas of cooperation. The first summit was held in Dhaka, Bangladesh, on 7-8 December 1985. The SAARC secretariat was inaugurated in Kathmandu, Nepal, on 16 January 1987. During the period 1985-1993, seven meetings of the Heads of State were held in Dhaka, Bangalore, Kathmandu, Islamabad, Malé and Colombo. At the Colombo summit, in December 1991, the Heads of State approved the establishment of cooperation in trade liberalisation, called SAARC Preferential Trading Arrangement (SAPTA), which came into effect from 7 December 1995.

This Atlas deals with the history of SAARC and shows the existing exchanges among these seven member countries as well as their trade relations with other countries of the world.


Cet Atlas présente l'histoire de la SAARC et met en évidence les échanges entre ces sept pays membres ainsi que leurs relations commerciales avec d'autres pays du monde.

Dr. Gilles BOQUÉRAT, Research Fellow at the Centre for Human Sciences, Cultural section of French Embassy, New Delhi
Prof. Indra Nath MUKHERJI, School of International Studies, Jawaharlal Nehru University, New Delhi

S. ARUNA, Research Assistant, French Institute, Pondicherry
S. ROBERT, Junior Researcher, French Institute, Pondicherry
G. VENKATASUBRAMANIAN, Research Assistant, French Institute, Pondicherry