

# PROSPECTS OF REGIONALISM: COMPARATIVE ANALYSIS OF SAARC AND ASEAN

Rahila Asfa\*

Dr. Mughees Ahmed†

## Abstract

*The purpose of this research paper is to conduct a comparative study of the ASEAN and SAARC to highlight the prospects of regionalism in South Asian and South East Asian region. The socio-political hindrance in the economic development of South Asia is one of the major failures of SAARC. ASEAN illustrate an ideal example for the South Asia to acquire economic liberalization and regional stability. People-oriented approach of ASEAN member states pave the way for socio-economic development in South East Asia. Likewise, South Asian states would strive for socio-political stability by following people oriented approach and economic liberalization in the South Asian region. On the other hand, the increasing ties between ASEAN member states and SAARC would be a better opportunity for South Asian states to develop a stable regional environment.*

**Keywords:** *Regionalism, Economic Liberalization, Collective Security, Conflict Management.*

## Introduction

In the globalized world, regional divisions are becoming more prominent in the form of economic and political blocs. Regionalism turned out to be 'an agent of cooperation' in many cases, for instance, Association of Southeast Asian Nations (ASEAN) and European Union (EU). But it is not true for all regional organizations, as there are certain political factors which hamper the prospects for regional organization to be an agent of cooperation, as in the case of South Asian Association for Regional cooperation

---

\* Rahila Asfa, Lecturer, Department of Political Science and International Relations, Government College University, Faisalabad.

† Dr. Mughees Ahmed, Chairman/Associate Professor, Department of Political Science and International Relations, Government College University, Faisalabad.

(SAARC). ASEAN and SAARC present the prospects of regionalism in distinct manners.

The former places regionalism at the ebb of political cohesion and economic liberalization, while the later depicts lackadaisical patterns of political and economic amalgamation in practicality. Since many scholars regard ASEAN as a model for SAARC, most of the activities of SAARC are subject to bilateral relations of Pakistan and India. Furthermore, the uncertain behavior of the member states raises many questions regarding SAARC and AESAN. What are the prospects of regionalism in the world of economic liberalization? What are the prospects of regionalism in the South Asian region while politico-strategic rivalry between India and Pakistan is prevailing? How SAARC is different from ASEAN? Comparatively, what are the successes and failures of SAARC and ASEAN? This discourse is an attempt to answer the above mentioned questions through comparative study of ASEAN and SAARC in accordance to regionalism perspectives.

## **Conceptual Framework**

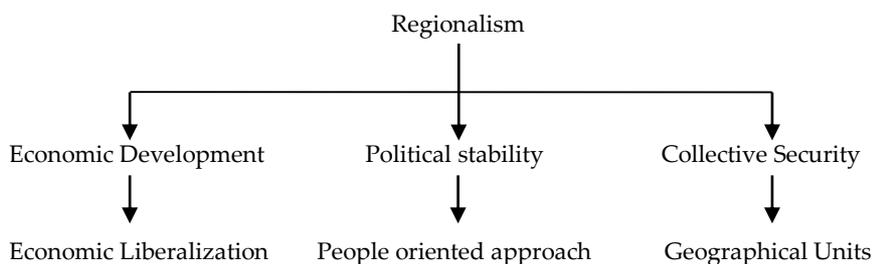
### **Regionalism**

“In present times regionalism has become the ‘central concept’ for organizing world politics. Even when regionalism accomplished little, such as during the cold war, regional organizations continued to proliferate. Following the end of the cold war such regional organizations acquired a great profile, particularly after the United Nations (UN) eagerly partnered them in peace-building efforts in many of the world’s conflict zone.”  
(Sridharan, 2008: 1)

Even though the concept of regionalism is ambiguous in international affairs, it can be defined through traditional lines to the

modern connotation (Hagerty, 2006). Regionalism has been described as a bloc set up, with political or economic motive for development and prosperity, by member states of a certain region. It also refers to the expression of a common sense of identity and purpose combined with collective action and implementation. The traditional concept of region is based on the defined geographical lines along with cultural homogeneity. On the other hand, new concept of regionalism includes states as 'geopolitical units' and describing them as 'socially constructed' (Liu & Regnier, 2003). The key features of regionalism may include strategic dynamics, political alignments, economic interactions, and cultural commonalities. Majority of the regional organizations in international system started on political foundations, which later on has been transformed into economic ones. There are varying forms of regional organizations based on economic, political and security foundations. Economic liberalization taking place all over the world is leaving an immense impact on the emerging political scenarios in different regions of the world. Likewise, the financial crises are also hampering the economic activities making capitalism falling short. Figuratively regionalism can be seen in Figure 1.

Figure 1



The emergence of regionalism can be viewed with the establishment of European Economic Community for integration of European states during early 1950's. The foundations were laid on the political gains rather than economic benefits due to cold war episode (Leigh,

2006). Consequently, a pace has been set for the other regions to build up regional blocs on political or economic agendas. Many developing states opened up the path for regional stability by establishing regional blocs, including American, African and Asian region. ASEAN has been one of the significant example of regional bloc established in 1967 to enhance peace and security within the region by conflict management at one hand and to hold economic costs and benefits for the region. Later on, in the post-cold war period the wave of regionalism has brought liberal economic policies based on free market economy regional blocs have shifted regional cooperation via multilateral trading system, for instance, North American Free Trade Area (NAFTA), Asia-Pacific Economic Cooperation (APEC) and the European Union (EU). Unfortunately, the South Asian region remained far behind the economic liberalization and free trade. The initiative was taken by establishment of SAARC in 1985 for promotion of economic, scientific and cultural cooperation.

The prospects of regionalism in South Asia and Southeast Asia are an outcome of political crisis and, later, of globalization. Regionalism provides an institutional structure for economic development and prosperity of the state and citizens of South Asia and Southeast Asia. ASEAN has achieved most of the objectives and goals in the region but SAARC is very slow in pace to achieve the desired objectives in the South Asian region. There is a need of feasible implementation of strategies in the SAARC which will pave the way for positive implication of regionalism in South Asia. The political and economic development in the regions can only be achieved with effective policies and their implementation.

### **SAARC: Intra-Regional Trade**

“SAARC was created for cooperation in the socio-economic fields, based on respect for the principles of sovereign equality, territorial integrity, political

independence and non-interference in the internal affairs of member states. Cooperation within the organization was designed to compliment both their bilateral and the multilateral relations. In accordance with article X of its charter, all decisions within the grouping are taken on the basis of unanimity, while bilateral and contentious issues are excluded from its deliberations (Inayat, 2007: 35).”

South Asia is one of the unique regions of the world with multiethnic and multilingual identities. An effort has been made in 1985 for regional cooperation in socio-economic spheres through establishment of a regional bloc called SAARC. It is the principal regional organization in South Asian region aiming at economic development through intra-regional trade. It is a unified entity working on defined objectives, including the promotion of welfare of the people of South Asia and socio-economic development in the region. The sensitivities of the two dominant and rival states India and Pakistan have had kept aside the security concerns based on political rivalries in the SAARC charter. This organization has developed slowly on institutional lines while building up its programs. The political economy of the region led to the establishment of South Asian Preferential Trade Agreement (SAPTA) and later South Asian Free Trade Agreement (SAFTA). SAARC has developed regional centers of different scientific and technological fields in different cities of SAARC member states. It includes agricultural regional centre in Dhaka, tuberculosis and HIV Aids in Katmandu, Documentation centre in New Delhi and energy centre in Islamabad.

SAARC provides an ideal multilateral mechanism for member states to pursue economic gains and to attain a powerful position in the international arena. The potential in the SAARC may lead to a strong economic bloc in Asia but the scenario is still hampering for

such achievements. The member states of SAARC have failed to achieve their objectives in practicality. As Manmohan Agarwal rightly stated:

“Despite periodic hope that SAARC is progressing, it remains more dead than alive” (Agarwal, 2004).

There are a number of challenges that SAARC is facing at the moment. One of the significant challenges is the reluctant behaviors of the member states for compromising on trade liberalization and investment. Another major challenge is the deteriorated relations between member states, specifically India and Pakistan. There has been a politicization of the organization through mingling the political disputes along with economic lines. Another important challenge is the materialization of SAPTA and SAFTA in the region through intra-regional trade.

Even though there are many challenges that SAARC has been facing, it has full potential to work effectively and actively in the international scenario where liberalization of economy is signifying need of strong regional blocs. The addition of Afghanistan in SAARC is a good initiative for South Asian regional stability. At the same time, many states have had requested SAARC to grant observer status including UAE, South Korea, European Union (EU), Iran and Mauritius.

### **Pakistan’s Role in SAARC: Parity and Disparity**

The inherent problem of asymmetry between India and other member states of SAARC has been reflected in the economic and technological development of SAARC since its inception. The credentials of India and Pakistan political rivalry put both the states as the dominant one in the South Asian organization. There are certain agreements which have been signed between India and Pakistan, which ultimately paved the way for peace and stability in the region. But the historical animosities, hawkish mind set, non-

conciliatory approach of India, terrorism and water issues between India and Pakistan became the main source of hurdle for peace and stability in the region. The approval of MFN status to India by Pakistan is one of the positive developments for enhancement of free trade in the region. On the other hand, as for regional dialogue partner, Pakistan through the platform of SAARC, Pakistan has also attained member status in ASEAN Regional Forum (ARF) as a dialogue partner, which has enhanced the credibility of Pakistan in both the regions, South Asia and Southeast Asia. In order to achieve full potential as a dialogue partner Pakistan is boosting up its trade with ASEAN member states (Luce, 2003). Pakistan has increased its bilateral relations with Malaysia and Singapore to augment the perspective of South Asian states on ASEAN.

### **ASEAN: Economic Development and Integration**

Association of Southeast Asian Nations (ASEAN) came into existence with the Bangkok Declaration in 1967 for cooperation and integration of member states as a single entity representing common objectives and principles in the international world politics. The ten founding member states of ASEAN had been in conflict with each other and political rivalries, on the other hand cold war and spread of communism was at its peak. Vietnam, Laos and Cambodia were a part of the cold war theater. The Bangkok Declaration or ASEAN Declaration focused on the cooperation in economic, socio-cultural and scientific spheres and the promotion of peace and stability in the region by following the international law in the region. ASEAN is basically a development-oriented organization working for single market and production base. In the mean time another important objective of the organization is to provide political security and response to common threats. The organization has established ASEAN Free Trade Area (AFTA) in 2003 for intra-regional trade. Likewise, ASEAN has also established ASEAN Regional Forum (ARF) in 1994 for regional peace and stability in the challenging environment of globalized world. The objectives of ARF are to

promote confidence building measures, preventive diplomacy and effective approaches to conflict management. India has been a member of ARF in 1996 to achieve its increasing engagement in Asia-Pacific region. As India has been progressing on its “Look East” Policy in political, security and economic spheres, she has been developing stronger ties with ASEAN. But China’s presence in the ASEAN market has not led Indian ambitions grow stronger.

The major development stages of ASEAN include its establishment in the first ten years of the establishment of organization along with solidarity and dialogue for resolution of political conflicts between the member states. In the next twenty years an expansion in the members of ASEAN can be observed. Later, they formulated their vision of the organization which is based on ‘ASEAN Community’ (vision 2015). ASEAN vision community is based on political-security, economic liberalization and socio-cultural development with ‘oneness’.

### **Analytical Note**

#### **Comparative Analysis of SAARC and ASEAN**

While comparing SAARC with ASEAN presents a very interesting picture of both the organizations. The development progress of SAARC is slow because of certain political and economic factors within the region. On the other hand, ASEAN stems to resolve the political conflicts between the member states for economic development and regional well being.

**Table 1: Basic Information about ASEAN and SAARC**

	<b>ASEAN</b>	<b>SAARC</b>
Establishment	August 8 <sup>th</sup> , 1967 (40 Years)	December 8 <sup>th</sup> , 1985 (26 years)
Member	10 States	08 States
Charter	15 December, 2008	08 December, 1985

	<b>ASEAN</b>	<b>SAARC</b>
1 <sup>st</sup> Formal Summit	Indonesia (Bali) 23-24 February, 1967	Bangladesh (Dhaka) 7-8 December, 1985
Secretariat	Jakarta (Indonesia)	Kathmandu (Nepal)
Population	530 Million	1.5 Billion
Area	44,79,210.5 Km Sq.	4,637,496 Km Sq.
Religion	Muslim, Buddhist, Hindu, Christian	Hindu, Muslim, Buddhist, Christian
Government	Democratic, Monarchy, Autocracy	Autocracy
Nature of Economy	Manufacturing and agriculture, Single market and community is expected by 2020	Agriculture and Manufacturing, Single market and community are future targets
Attitude towards new technology	Technology adoption rather than innovation	Technology adoption rather than innovation
Spending on research and development	About 0.5 per cent of GDP	About 0.5 Per cent of GDP

Compiled by author, information from [www.asean.org](http://www.asean.org), [www.saarc-sec.org](http://www.saarc-sec.org)

### **Political Issues and Conflict Management**

“Also, unlike SAARC, ASEAN has largely managed to keep problematic bilateral issues between its members from derailing regional initiatives. SAARC’s regional initiatives have been sidelined when bilateral disputes flared up in the region” (Dash, 1996).

The political issues, which were prevailing in Southeast Asian region when ASEAN was established, range from claims on certain territories to terrorist attacks on major cities of the region. Despite

the conflictual situations among member states, like Malaysia-Indonesia, Philippines-Malaysia and secession of Singapore from Malaysia, the expansion of ASEAN members took place from five to ten in the 21<sup>st</sup> century. Both SAARC and ASEAN member states maintain distinct religious, cultural and linguistic communities, likewise, territorial issues are part and parcel of both the regions along with insurgencies and separatist movements at common border areas. As both the states share commonalities in the sphere of political security, there are differences as well. The geographical location of ASEAN member states provide distinct leverage in the geopolitics of the Southeast Asian region, while the South Asian States are more close and connected to each other but due to trust deficit they are unable to have coherent security policies regarding the region. Another significant difference between ASEAN and SAARC member states is on the issue of nuclearization. ASEAN preserves the policy of nuclear weapons free zone while in SAARC the two major member states India and Pakistan are nuclearized states. The issue of nuclear proliferation in the South Asian region makes clear distinction between SAARC and ASEAN.

The case history of SAARC describes that the bilateral conflicts are hampering the economic development through intra-regional trade. The comparison of SAARC and ASEAN depict the presence of political conflicts among the member states. But the ASEAN member states put aside all the political conflicts for socio-economic development in the region. On the contrary, the SAARC member states have a different approach towards conflict management. The member states do not intend to resolve the political issue at one hand. On the other hand, member states do not even put aside their conflicts while considering economic prosperity in the region. India does not give political weight to smaller states like Myanmar in the region. Likewise, the historical conflicts between India and Pakistan do not allow them for conflict management and conflict resolution. The SAARC member states must envision the ASEAN for putting

aside the political conflicts to foster economic development in the region. ASEAN member states put in their best efforts to keep aside the bilateral conflicts between the member states. Eventually, this led to the economic development and prosperity in the Southeast Asian region.

### **Economic integration: Successes and Failures**

“Regional cooperation among countries is subject to economic costs and benefits, either through effects on price, competition or on patterns of trade, mainly manufactures or industrial (dis)location or investment or diversion. These economic aspects are crucial in influencing the survival of any economic integration” (Aslam, 2009: 63).

The member states of ASEAN are eager for economic partnership and in order to avoid any drawback or loss they have maintain a policy of non-intervention in the internal political or economic matter of each member state. On the other hand, ASEAN is facing certain problems as well, for instance, arms confrontation among certain members states with minor problems at borders. Sometimes, such issues do effect the economic cooperation but it is not hampering the economic activities at large scale in the region. One can observe the compromising behavior among the member states through foundation of PTA, AFTA, and the latest ASEAN community.

The SAARC has not yet been able to achieve its economic goals because of the political concerns between India and Pakistan. Majority of SAARC member states are developing. Even though, there has been an increase in trade with other states and economic blocs but the intra-regional trade has not been fully sprouting in the region of South Asia (Raipuria, 2001). However, there are certain initiatives taken by India and Pakistan for free trade at intra-regional level. India has granted “zero duty” access to Afghanistan,

Bangladesh, Maldives and Bhutan in 2007. On the other hand as Pakistan has recently granted Most Favored Nation (MFN) status to India, this will help Pakistan to capture a big market in the region and to save some of its imports from around the world through India, as India is considered to have a second giant economy in Asia after China (Qamar, 2005). Historical records show that the graph of intra-regional trade in South Asia is not up to the expectations.

**Table 2: Intra-regional Trade Share of South Asia's Total Trade, 1985-2004 (%)**

Country	1985	1990	1995	2000	2004
Afghanistan	11.4	14.5	11.1	29.7	35.3
Bangladesh	4.7	6.0	12.8	7.9	10.5
Bhutan	n.a	n.a	n.a	n.a	n.a
India	1.7	1.6	2.7	2.5	3.0
Maldives	12.5	12.7	14.3	22.2	19.8
Nepal	34.3	11.9	14.8	22.3	47.2
Pakistan	3.1	2.7	2.3	3.6	5.0
Sri Lanka	5.5	5.6	7.8	7.4	15.1
South Asia	3.0	2.7	4.2	4.0	5.3

Source: Saroj Rani (2009)

What lies distinct in the case of ASEAN and SAARC in struggle for economic liberalization is the gap between intra-regional trade growths. The focus should be on filling the existing gaps in economic liberalization in South Asian region. In SAARC the tariff cuts were subject to the trade liberalization while this was not the case in ASEAN Free Trade Area (AFTA). In AFTA the tariff level is 0-5 per cent in all the goods which came into force in 2003. The ASEAN member states are interdependent on each other in

economic terms, whereas SAARC member states are tied in the web of complex historical conflictual situations, particularly India and Pakistan.

**Table 3: International Trade by Region (2006-2007)**

(\$ million)

Region	2006				2007			
	Exports		Imports		Exports		Imports	
	Amount	%Share	Amount	%Share	Amount	%Share	Amount	%Share
ASEAN	12,604	9.98	18,090	9.75	16,384	10.05	22,675	9.01
CIS	1,286	1.02	3,717	2.00	1,506	0.92	3,668	1.46
EU	26,785	21.21	29,809	16.06	34,507	21.17	38,432	15.28
SAARC	6,464	5.12	1,506	0.81	9,622	5.90	2,112	0.84

Source: Department of Commerce (2008), Development Partnership Programme for South Asia, Asian Development Bank.

### **Social and Cultural Programs and their Implementation**

A social structure of the societies in a particular region fabricates the wide picture of their cultural, ethnic, religious and linguistic background. Consequently, this amalgamation of the social fabric provides a better holistic view of the region in general. ASEAN has put a particular emphasis on the promotion of social and cultural development in the region through Socio-cultural community in the community vision of ASEAN for 2015. The vision of socio-cultural community includes human development, social welfare and protection of the citizens, social justice and rights, endurance of environmental stability and building a common ASEAN identity. The 'oneness' and sense of belongingness among the member states has been paving the way for further development in the ASEAN, unlike SAARC.

The problem with SAARC is the ineffective implementation of the objectives related to socio-economic development of the

communities in the region. As the only actor which is relevant to the relationship between nations is the state, state must play an effective role through the platform of SAARC to develop oneness among the nations of South Asian region. On the other hand, it is the multilingual and multiethnic societies of the South Asian region, which are a hindrance to socio-cultural community vision of SAARC. The absence of socio-cultural ties in South Asian region has widened the gap among different societies of the region. This is also hindered the corridor of community building in the region. Other than the lack of social ties another element which may not be wiped out is mistrust among South Asian societies. The need is to bring the vision of ASEAN community in the South Asian region for the better development.

### **Conclusion and Recommendations**

The true meaning of regionalism in terms of economic integration can only be achieved with effective strategies in practicality. ASEAN would play a role of model organization for SAARC to implement the policies effectively.

South Asia has not developed its community vision yet and it is still in consideration phases. Right over here, there is a gap which needs to be removed through emergence of 'SAARC community stage'. South Asian states must develop itself as a community following the model of ASEAN. The peace and stability will be achieved through people to people interaction and free market economy.

SAARC has taken initiatives through establishment of SAPTA and SAFTA for free trade and economic development, but the picture is still bleak due to other factors becoming a major impediment in the economic development and prosperity of the region. The urgent need for better regional prospects is to minimize the problematic elements. In addition to this, SAARC must unlock the opportunities for better communication between inter-state and regional level, at

socio-economic level. The political mistrust and lack of infrastructure, physically, financially and institutionally will be solved through community vision and its implementation in practicality. Likewise, it would also be achieved through increased bilateral dialogues and economic ties with ASEAN member states.

The state of Pakistan must give the transit trade facility to India and Afghanistan and other Central Asian states. Pakistan's geo-political location has been describing the economic opportunities which will allow the South Asian region to be economically stronger. Pakistan has been following its 'look east policy' towards Southeast Asian states, which will further make the bright prospects of strong economy in the South Asian region. The political and bilateral animosities must also be kept aside from SAARC platform and must be dealt with conflict resolution techniques. The two dominant states of SAARC, i.e. Pakistan and India, must pave the way for economic well being of the region and the citizens of the region through economic liberalization and intra-regional trade investments. As MFN status has been granted by Pakistan to India, a path for economic development can be achieved through this initiative. It would be most beneficial for the betterment of South Asian member states and citizens of the states.

As for ASEAN the vision of ASEAN community 2015 has broadened and strengthened the future prospects of regionalism in Southeast Asia. On the other hand, the ASEAN has achieved much due to its people-oriented policies, along with political disputes. Southeast Asia can develop the strong connection with South Asian states through free trade and people-friendly bilateral ties. The communication between two regions can give better platform for economic development and scientific and technological growth at the intra-state level as well as inter-regional level. If the level of communication and economic ties between ASEAN and SAARC member states would be achieved, it will open the gateway for an outcome based regional association among the two.

## **References**

---

- Agarwal, M. (2004). Regional Trading Arrangements in the Era of Globalization: An Indian Perspective. *International Studies*, 41(4), 411-423.
- Aslam, M. (2009). New Regionalism in East Asia: Lessons for Pakistan". In Nuri, M. H. & Hussain, A. (Eds.). *Regional Cooperation in Asia: Options for Pakistan*. Islamabad: Islamabad Policy Research Institute.
- Dash, K. C. (1996). The Political Economy of Regional Cooperation in South Asia. *Pacific Affairs*, 69(2).
- Hagerty, D. T. (Ed.). (2006). *South Asia in World Politics*. Karachi: Oxford University Press.
- Inayat, M. (2007). The Broadening Horizon of SAARC. *Regional Studies*, XXV(3), 35-45.
- Leigh, A. W. (2006). Towards a Conceptual Framework of Regionalization: Bridging 'New Regionalism' and 'Integration Theory'. *Review of International Political Economy*, 13(5), 750-771.
- Liu, F. & Regnier, P. (Eds.). (2003). *Regionalism in East Asia: Paradigm Shifting?*. London: Routledge Curzon.
- Luce, E. (2003). India Forsakes World Trade Organization for Bilateral Trade Deals with Neighbors, *Financial Times*, 16 October 2003.
- Qamar, A. (2005). Trade between India and Pakistan: Potential Items and the MFN Status. *State Bank of Pakistan-Research Bulletin*, 1(1), 45-57.
- Rani, S. (2009). *Regional Economic Integration: A Comparative study of Central Asian and South Asian Regions*. New Delhi: Kalpaz Publication.
- Raipuria, K. (2001). SAARC in the New Millennium: Need for Financial Vision. *South Asian Survey*, 8(1).
- Sridharan, K. (2008). *Regional Organizations and Conflict Management: Comparing ASEAN and SAARC*. Singapore: Crisi State Research Centre.