

## **SAARC Prospects and Challenges**

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### **ABSTRACT**

SAARC has an ambitious charter for regional cooperation and regional integration with an emphasis on trade and economic relations, socio-economic development, eradication of poverty free trade zone, education, health care, countering terrorism, and disaster management. SAARC has also established institutional infrastructure to pursue cooperation in the areas of mutual interest.

However, the performance of SAARC has been below expectation. Bilateral and regional trade is limited and cooperation in other areas is either poor or negligent. The major reason for the poor performance of SAARC is geographic imbalance in terms of size, population economic, resources, industrialization and military power. It is an India centric region and India has often used its advantages to keep the smaller states of the region under diplomatic and military power. Consequently a strong element of mutual distrust is noticeable in SAARC meetings and in their bilateral interaction.

On more than one occasion SAARC summit conference had to be postponed because India refused to participate in the conference if it is held in Pakistan. Despite the difficulties of SAARC, it has the potential to become an active and result-producing regional organization. India needs to be magnimous towards other states. India and Pakistan should resolve their bilateral problems so that they participate in SAARC without reservation. If India Pakistan issues are resolved or managed properly, SAARC can become a more active organization. This will benefit all people and governments of SAARC area.

**Key Words:** SAARC, SAFTA, SAPTA, India, Pakistan

### **Introduction**

SAARC was established in December 1985 to promote economic cooperation and development, welfare of the people and for the close cultural and historical links among the South Asian Countries unfortunately these expectations could not be fulfilled as divergence of perception on certain issue among the member states adversely affected the organization's capacity achieve its declared objective.

One of the main factors that caused this problem was an imbalance among the member states in geographical, economic and military terms. India being a big market with its huge military potential has been a major obstacle in the way of development a consensus among the member states to resolve various issues that the region is faced with. India's policy of imposing its will on the smaller states, the major obstacle to creating the organization field to develop mutual trust and

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understanding among the members that is essential for an organization to be successful.

“Though India has bilateral problems with the all South Asia countries, it was the enmity between Pakistan and India that hindered the smooth progress of SAARC. In this situation smaller member countries find themselves helpless to make an effective effort or contribution towards the success of SAARC. They urge both India and Pakistan to hold dialogue on all outstanding issues, particularly matters relating to peace and security, and encourage them to find mutually acceptable solutions that address the root-cause of the tension including Kashmir. Pakistan was always prepared to hold a serious constructive and result-oriented talks with India.” (The Pakistan Times, 1989).

“Another hurdle lies in the charter of SAARC that forbids the discussion of bilateral issues. During the course, however, it appeared that development in many areas was not possible due to the prevailing mistrust and hostility among the member countries, which was the result of the bilateral disputes. As a result, mutual confidence and understanding could not develop. Mistrust could only be removed if controversial issues are satisfactorily resolved”(The Pakistan Times, 1989).

“The fears of SAARC countries about India’s domination in the region were confirmed in 1999 when India violated the charter of SAARC forced Nepal to postpone the forth coming SAARC summit on the pretext that it could not hold talks with a military leader in Pakistan. Other SAARC members criticized India decision, which could not be termed fair and based on principle, as India had worked with military leaders in the past at this forum”(The Nation, 1999).

India has often refused to cooperate with Pakistan. More than one SAARC summits were postponed because India refused to participate in it as it was being held in Pakistan.

Situation raised the question of credibility of confidence-building measures in South Asia. Will the SAARC countries be able to trust India in future remains doubtful? There seems a little hope that SAARC would be able to unite the regional countries and that it could be as successful as other regional organizations. The SAARC countries lack the-political will to reach a mutual understanding on all regional, social and economic issues, not to deal the political issues.

Both India and Pakistan having equipped themselves with nuclear weapons find no compulsion to make a compromise on compulsion to make a compromise on controversial issues. Keeping in view the regional political scene, and in the absence of mutual trust, “SAARC can not be expected to emerge as a successful or effective organization. In the long standing hostility between India and Pakistan the future of SAARC seems quite bleak”(Dawn, 2000).

## **SAARC and the Political Dynamics of South Asia**

SAARC agenda is the acceleration of “economic growth, social progress and cultural development in the region, promotion of active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields and strengthening of cooperation among the member states in international form on matters of common interest”(Regional Economic Cooperation: Initiative within the SAARC Region, 1998).

“The countries of SAARC cover one-fifth of the world population and constitute an important force in the developing world. But the per capita income of the region is less than one-fifth of the world average. These countries suffer from tremendous balance of payments burden; in tolerate unemployment, ever increasing growth rate of population, poverty, continuous food crises, very low rate of economic growth, unskilled man power and mass illiteracy”(South Asian Regional Cooperation: Problems and Prospects in South Asian Economic , 1996).

Since the formation of SAARC, promotion of intra-regional trade and expansion of trade with other developing countries remain a major focus on the agenda to promote co-operation. Through various SAARC summits, continuous efforts are taken for the expansion of intra-regional trade. SAARC is also working for the establishment of Preferential Trade Arrangement and Free Trade Areas.

The concept of regional economic co-operation is gaining importance for the past four decades. The commendable progress achieved by the European Economic Community in promoting trade within the region by a abolishing tariff and non-tariff barriers and cooperation in the field of investment, technology, finance and payments encourage a number of other countries to form regional grouping and work for the improvement of the region. South Asian countries were following inward looking policies over a period of more than thirty years.

The main obstacle in this way of progress is India- Pakistan rivalries, which caused this inward looking. Only recently they realized that these inward looking policies have been remaining as an important obstacle to promote their economic, trade and exports. Therefore it is the need of hour that they should start to liberalize their economies and they also should try to have a higher degree of economic cooperation among the countries of the region.

There exists a considerable potential for increasing the level of intra-regional trade flows and India should play a significant role to improve the intra-state and intra-regional trade. India should take efforts to expand trade with other South Asian countries. Trade complementariness has grown in the other regions mainly on basis of manufactures. However, this has not taken place in SAARC due to small size of the manufacturing sector and the restricted range of products. The cotton fabrics are the major manufactured items. Raw cotton fabrics are the major manufactured items. The cotton fabrics are exported by India. Raw cotton and rice are the principal commodities of Intra-state and intra-regional trade and both are exported by Pakistan. Tea is exported by Bangladesh, India and Sri Lanka while

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jute and jute products are mainly from Bangladesh. India had the largest volume of intra-regional trade in 1990 followed by Pakistan, Bangladesh and Nepal.

The reason for that was the situation, nature and stature of India in South Asia; that is, no two countries of the region share common borders, all share common borders with India except Sri Lanka that is an island country separated from India by a small strip and ironically, all the states have political disputes with India: “the most serious one of course the one on Kashmir between India and Pakistan; the two most important countries of SAARC upon whom mutual relationship depends the success or failure of SAARC”(Ilyas, 2004).

It was this peculiar location of India and the presence of serious political (India centered) disputes India perceived that the evolving grouping might prove embarrassing by making a common voice against her and pressurizes her into resolving the pending political disputes. Hence, India’s insistence on keeping bilateral political disputes from the purview of the prospective organization, which clause was subsequently in-corporated into the SAARC charter. This clause since then has been mainly responsible for the disappointing performance of SAARC in achieving its declared goals. Regionalism, to conclude with, succeeded substantially in Western Europe because:

1. The cooperating states had by then no substantial political border disputes;
2. They were scared and awed by the devastation of the cooperate and integrate to stop the recurrence of war.
3. Thousands of American dollars under Marshal Plan were flowing to Western Europe in line with American President Truman’s Doctrine of the containment of communism the world over and specially in Western Europe.

The South Asians don’t have the state of mind that prevailed in Europe in the aftermath of the war, to push them to follow the path of cooperation rather than of conflict. South Asians have to find out their own grounds for regional integration that fits in South Asian genius, rather than importing theories and models from other regions which took place in its own contexts and circumstances. One such model shall be, as is occasionally floated by South Asian Scholars, to try to resolve the political irritants first, especially between the two major players, India and Pakistan. Functionalism might have been successful as a model for Regional Economic Integration in Europe, but it has utterly failed in South Asia. South Asia is perhaps not a suitable region for functionalism to succeed for a long, “as the South Asians don’t realize ground realities by making SAARC an instrument of progressing towards the amicable resolution of political disputes, particularly between the two major actors India and Pakistan”(Ilyas, 2004).

The members of SAARC often express reservations about India’s political agenda. Some of them go to the extent of suggesting that India wants to impose its hegemony over South Asian States. The major problems emanate from the persistent antagonism between India and Pakistan. Although other states are

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working to strengthen regional cooperation, India and Pakistan are unable to pursue peaceful and cooperative relations. They are not only antagonistic in their bilateral relations, but have also fought three major wars.

“The Indians, of course, consider Kashmir to be an integral part of India and all Pakistani attempts to raise the issue at international forum not only invoke strong Indian reaction but are also viewed as a sinister Pakistani device to malign India. While India has been consistently attempting to hurry the issue by adopting the strategy of focus shifting, the Pakistanis never miss an opportunity to highlight the issue at appropriate forum” (Qureshi, 1991).

South Asia is an Indo-centric region because of India’s geographic location, size, population, resources and military power. India often asserts its dominant position but also discourages the states of the region to cultivate strong ties with the states outside the region that conflict with India’s regional agenda.

“It is a matter of fact, India has brought almost all South Asian states except Pakistan within the matrix of Its in formal regional security system. In the case of Nepal, Bhutan and Sri Lanka, formal treat is agreements and accords have linked these states with the Indian security system. An improvement in Indo-Pakistan relations and strengthening of SAARC structure can also help in maintaining peace in the region”(Qureshi, 1991).

Like many regional organizations, South Asian Association for Regional Cooperation (SAARC) was formed to provide a forum to the people of South Asia where they could work collectively for peace, development and economic cooperation in the region.

“However, despite having close geographical cultural and historical affinity; the organization has failed to achieve the desired results for holding summits from time to time and pledges made by the leaders of South Asia countries to develop the region into a potential economic market”(Mahmood, 2003).

The region is confronted with numerous ethnic, religious, economic and border disputes, it is mainly the tension between Pakistan and India over Kashmir that hindered the development of SAARC as a potential vibrant regional organization. Besides that the strategic imbalance in the region has been another factor, which obstructed the smooth process of SAARC. India is a huge country in the region with its geographical extent, military and economic potential. “Except Pakistan, which has now acquired the nuclear parity with India, other smaller countries, which are either dependent on India or less powerful, find themselves unable to turn” (Mahmood, 2003).

An important provision of the Charter is that bilateral and contentious issues are not discussed in the SAARC, India has been particularly keen on this provision since the composition of the South Asian region is that any bilateral issue would most likely to involve India as one of the parties. Indian point would only vitiate the regional atmosphere without resolving the given controversies. However, other South Asian countries do not agree with this view.

There has been a general perception in South Asia that bilateral contentious issues are the basic hurdles in establishing mutual trust among South Asian states.

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No substantial progress can be achieved in any field unless cooperation is based on trust. And trust can only be developed in the region when bilateral disputes and contentious issues are satisfactorily resolved. This pressure to include bilateral and contentious issues in SAARC deliberations increased with the passage of time.

Former president of Pakistan Farooq Ahmed Khan Laghari said: "That SAARC had not been able to take off because of the suspicions and insecurity generated by unsettled political issues in the region"(Pakistan Horizon, 1996).

Later, president of Maldives Maumoon Abdul Gayuum voiced a similar view saying that SAARC had fallen short of the expectations of many people possibly due to certain sensitive issues also to overcome past prejudices. At the Male Summit, he maintained that:

"Without the resolution of thorny bilateral issues, further progress in key areas of cooperation might not be possible. Without their settlement, the establishment of a free trade zone will remain an unrealistic goal. This approach was embodied in the declaration, which envisaged political dialogue of informal political consultations between member states for resolving their bilateral disputes" (Pakistan Horizon, 1996).

Pakistan and India are the two major countries in SAARC whose cooperation is needed to make this organization effective. Unless the relations between New Delhi and Islamabad improve SAARC would continue to face problems.

Indian decision to postpone the SAARC summit scheduled in November 1999, on pretext of military takeover in Pakistan, came as a severe setback to SAARC. The annual SAARC summit was to be hosted by Nepal. India forced Nepal to defer the meeting. The Indian foreign ministry spokesman is reported to have said, "On account of the military coup d'état and consequent concerns and disquiet expressed in the region and beyond, the government of India has chairperson in Nepal, the host country of the next SAARC chairperson in interest of SAARC and of a productive meeting, it would be appropriate to defer the summit for the time-being". This stand of India, however, surprised all the member countries and most of the members were averse to Indian stand however, they were left with no choice and succumbed to Indian pressure. Neither India call for postponement of the summit owing to the political changes in a member state was supported by the SAARC charter. The charter forbids the interference in the internal affairs of the member states. India's objection to military takeover in Pakistan contradicts its past practice of dealing — with martial law regimes of Ayub Khan, Zia-ur-Rahman and Ershad Hussain in Bangladesh. In the SAARC community, Bhutan is ruled by an absolute monarch while Nepal has been moving from dynastic rule to parliamentary democracy. In fact the idea of SAARC was conceived by military ruler Zia-ur-Rahman and espoused by General Zia-ur-Haq and the hereditary monarchs of the Himalayan states of Nepal and Bhutan. There is no provision in the charter of the SAARC or even the United Nations that military rulers are ineligible for membership.

## **Summit Conference Postponed**

Pakistan denounced India for forcing the postponement of the SAARC summit and accused it of compulsive hostility towards Pakistan. This represents a gross breach of the established norms of interstate relations, as well as the SAARC charter a foreign ministry statement maintained Expressing his concern over the Indian attitude, a Pakistan Foreign office spokesman termed the postponement of SAARC summit as highly regrettable. He maintained that such interference had been made for the first time and an extreme bad precedent had been set for SAARC. It would also prove highly harmful for the region. It also referred the statement of the present chairman of SAARC which contained several points: firstly, SAARC has no role of interference in political affairs of other countries; secondly, its charter doesn't allow such things; thirdly the summit meeting was postponed, it will inflict a big blow to the process of cooperation and economic development in the region.

“SAARC chamber of commerce and industry (SCCI) was set up in 1992 as the official recognition by all the regional governments. It consists of seven component members representing each country. Its mission is to enhance economic cooperation with a view to improving SAARC's position in the world trade as well as within SAARC itself. The share of SAARC in world trade, based on world development report 2002, is 1.3%. This shows that the scope of intraregional trade is very big” (Pakistan Horizon, 1996).

“The eleventh SAARC summit (Katmandu, 4-6 January 2002) provided further impetus to the regional economic cooperation to give effect to the shared aspirations for a more prosperous South Asia, the leader agreed to the cession of a phased and planned process eventually leading to a South Asia Eco Union and agreed to accelerate cooperation in the core areas of trade, finance and investment to realize the goal of an interfaced South Asia economy in a step by step manner. They expressed their determination to make full use of regional synergy to maximize. ‘The benefit of mobilization and liberalization and to minimize these negative impacts on the region” (Pakistan Horizon, 1996).

These goals cannot be achieved until the resolution of the political issues between the member states especially India and Pakistan within reference to Kashmir dispute. Favorable environment can only be created by resolving the contentious issues in this region. After creating a friendly atmosphere the two nuclear rivals (India and Pakistan), these trade and economic policies can only be implemented. The need improves the transport infrastructure and transit facilities in the region is very necessary. It covers three major segments of transport, i.e. land transport, divided into railways and roadways; sea transport sub divides into inland waterways and shipping; and air transport. These transport links had not been established between the member states. India and Pakistan have not yet gotten the benefits of trade through these transport links. Antagonism between these two (India-Pakistan) is a major hurdle in the way of progress in this South Asian region. Until the rivalries between India and Pakistan can reduce, people to people contacts cannot be established. This is the basic key to the development of

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this SAARC region through peace and friendly relations among the member states, dream of the regional prosperity can only be fulfilled.

## **Promotion of Tourism and SAARC**

The second SAARC summit in Bangalore in 1986 stressed the importance of the promotion of tourism in South Asia and in this context, emphasized on the need to promote people-to-people contacts in the region and promoting cooperation in the holding of training programmes, exchange of information and joint-venture investment among member countries.

It is envisaged that the scheme would facilitate exchange of organized group tours between the member countries with a provision for concessional airfare, and arrangement for limited convertibility of foreign exchange through a travel voucher system thereby providing for a new impetus for the promotion of tourism in the region.

Unfortunately, the decade of 1990 was full of rivalries between India and Pakistan. These are the two-core members of SAARC so in (the) context the tourism was not developed among the SAARC countries according to the expectation. Because India is the only country in the region which has border links almost all the member states of SAARC India-Pakistan rivalries in 1990-2000 affected this organized tourism programme badly. People-to-people contacts were not made completely among the region. So due to the Indo-Pakistan rivalries the objectives of this organized tourism were not achieved properly.

At the Eleventh Summit, the leaders recognized the immense tourism potentials of South Asia and underlined the need to take measures to promote South Asia as a common tourist destination through joint efforts in areas such as upgrading of infrastructure, simplifying air linkages and harmonizing administrative procedures and training and joint marketing.

## **Social Programmes**

The SAARC charter envisages the acceleration of social progress through active collaboration and mutual assistance among member states in the social field. "Social issues under the broad heading of Health and Population Activities were one of the original five areas of cooperation decided by member states. The primary focus of the Technical Committee thus set up in 1984 was on maternal and child health, primary health care, disabled, and handicapped persons, and combating major diseases in the region such as malaria, leprosy, tuberculosis, diarrhoea, rabies and AIDS." (Islamabad 1993).

## **Trafficking of Women and Children**

Due to the tension between India and Pakistan during 1990-2000 period, SAARC organization could not implement its agenda regarding women and children treatment. The leaders at their Eleventh Summit expressed their collective resolve to treat the trafficking women and children for commercial sexual exploitation-as a criminal offence of a serious nature. The leaders also agreed to mobilize necessary resources and to intensify broad-based action to achieve a set of priority goals in improving the social status of women and children.

Ministerial conferences on women were held in Shillong 1986, Islamabad (1990), Kathmandu (1993) and Dhaka (1995).

## **Poverty Alleviation**

The independent SAARC Summit (New Delhi 1995) approved the establishment of a three-tier mechanism for dealing with the poverty issues. The first-tier comprises the secretaries to the governments concerned with poverty eradication and social development in SAARC countries. The second-tier comprises Finance/planning Secretaries and the third—tier comprises Finance/planning Minister. By January 1996, the first round of meeting under the three—tier mechanism was completed.

“The Tenth SAARC Summit in Colombo (July 1998) noted that human resources development is a key element in any poverty eradication programme. The Summit thus directed the SAARC Human Resources Development Centre in Islamabad to look into the possibility of its contribution to the strengthening of the human resources development component of regional poverty eradication programme”.

Unfortunately, this poverty eradication programme cannot be fully implemented due to the continuous tension in the Indo—Pakistan relations. After May 1998, nuclear blasts made the Indo-Pakistan relation very tense. Arms race has been started in this region. Large amount of budget in (India-Pakistan) was spent on purchasing arms and development of the missile technology. Social sector is completely ignored by the governments in this region. Lack of understanding and mutual cooperation badly affected these social programs like poverty alleviation plans. Hostility between India and Pakistan affects entire SAARC region. Efforts can only be accelerated to implement these social action programs in the conducive, friendly and harmonious environment. In this context, the core issue between India and Pakistan is needed to be resolved immediately, so that the region of SAARC can develop such social activities.

## **Terrorism and Drug Trafficking**

The measures combating terrorism did not prove fruitful due to the noncooperation between India and Pakistan. India has violated the norms of human rights and

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committed state terrorism in Kashmir. More than 70 thousand people have been killed under the Indian act of state terrorism, how can country like India help to combat terrorism which itself engaged in state terrorism in Kashmir? This Indian attitude towards Kashmir created much tension in the region. This tension badly affected the regional environment.

At the eleventh SAARC Summit in Kathmandu in January 2002 the Heads of States reiterated their determination to prevent and suppress terrorism in all its forms and manifestations and reaffirmed their commitment to convention on Suppression of Terrorism. SAARC Terrorist offences Monitoring Desk (STOMD) and the SAARC Drug agencies Monitoring Desk (SDOMD) were established in Colombo. They agreed on the need to maintain regular flow of relevant information to enable the Monitoring Desk to function effectively.

## **People-To-People Contacts**

In order to facilitate closer and more frequent interaction and cooperation among the peoples of the region, the SAARC visa Exemption Scheme initiated in 1988 operational on May 1, 1992. Under the scheme visa requirements are waived for specified categories of persons to travel within the SAARC region. This scheme was expanded in 1999 following consideration of the recommendations of an Expert Group.

At present categories eligible for visa free travel under the scheme include Supreme Court Judges. Member of National Parliament, Government Ministers, other high level official of Government, official, of SAARC Secretariat and its affiliated bodies and leading businessmen in the region. Unfortunately, during the decade of 1990s misunderstanding and rivalries increased between India and Pakistan, the people— to-people linkages however effected by this trends and attitude between these two nuclear rivals in the South Asian region. India has border linkages with most of the SAARC countries, so hostility between India and Pakistan affected the entire activities in the SAARC region.

## **Towards SAFTA**

The political differences between India and Pakistan are of such a nature that they constitute strong impediments to cooperation on the trade and economic front. It is only after a great deal of hesitation that Pakistan has agreed to expand the list of items permitted for imports from India from 579 to 650. "It has also agreed to give lower tariff on 120 items. But the essential condition of any trade bloc, that members must accord Most Favoured Nation (MFN) status to one another has not been implemented by Pakistan. India thus does not enjoy the MFN status in Pakistan, despite all the high talk of trade and economic cooperation in the region."

The fourth and the final round of inter-governmental group from SAARC countries will be very crucial as the list of commodities for the tariff concessions

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under SAFTA will be expanded. It is believed that the consensus over 1200 items will be opened for tariff reductions amongst these nations.

“At present, India’s imports from SAARC are of very low value its imports from the member-countries constitute just 0.7% of its total imports. Similarly, bilateral trade with other members is also negligible, as most of the members are preoccupied with trading with advanced countries. Taking each member individually in the matter of imports, we find that India’s imports from Pakistan are just 0.3% of its total imports. The same is the case in imports from Nepal. India’s imports from Sri Lanka and Bangladesh constitute 0.1% of its total imports” (Pakistan Horizon, 1996).

“India’s exports to SAARC nations constitute 2.8% of its total exports during the last 5 years. Individually, India’s exports to Pakistan were 0.2% of its total exports. To Nepal, India’s exports comprised of just 0.5% of its total exports, while Sri Lanka’s share in India’s exports accounted for barely 0.9% of the latter’s total exports. India’s exports to Bangladesh constituted 1% of its total exports. India thus is in a position to raise its imports from the SAARC region substantially if there is a serious effort on the part of the members to enhance intra-group trade. India’s exports to the individual member countries are varied — ranging from fruits, vegetables, sugar, coffee, paper, cotton yarn, cotton fabric, light engineering goods and pharmaceuticals, etc. Most of its trade, as that of other members of SAARC, is confined to food items, textiles, basic products from it among its fellow member nations” (Pakistan Horizon, 1996).

### **Pakistan-India Trade pre and post- SAFTA’**

The economic and trade relations between Pakistan and India since 1947 has been overshadowed by the geo-political conflicts. The love-hate relationship had seen many ups and downs.

“A continuous five decades of mutual political hostility, wars and suspicion compounds the challenges to SAFTA or any other Pak-India trade relations. Both sides till recently viewed progress on trade issues as extending a favour to the other country, rather a benefit to one’s own country. Both sides are dominated by hawks that encash the already fragile relations to maximum. Some 2000-2001 estimates put India exports at \$186 million to Pakistan, (out of \$40 billion in total exports), Pakistan exported \$65million (out of a total of \$8.8 billion).” Thus the bilateral trade between India and Pakistan is almost low less than 1 per cent of their respective global trade.

### **History of Bilateral Trade**

The history of the Pak-India trade is also very unique as in the pre-partition days the exploitation of Muslims in Bengal was the main reason of the division of Bengal. Immediately after independence, India was Pakistan’s biggest and most important trading partner. In 1948-49, 56 per cent of Pakistani exports were

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directed to the Indian market, and 32 per cent of its imports came from India. At that time despite the bloodshed, the trade flourished with almost free flow of goods and services.

Pakistani exports mainly comprised of raw material like jute, and cotton, etc and the imports from India were finished goods. However, by the early 1950s as Pakistan started its nascent industrialization, trade between the countries reduced to a trickle and despite some ups and downs has not revived since.

The 1965 events brought the trade to absolute nil. Then there was a revival of sorts in the late 1970s and the 1980s. The problem that lies at the back of the mind of all in Pakistan, the debacle is the sheer size of Indian market size and central location, 80 per cent of intra-regional trade in South Asia is to or from India. All Indian neighbours and especially Pakistan share concerns about being overwhelmed by Indian exports at predatory (dumping prices).

Pakistan did not extend the Most Favoured Nation (MFN) principle to India, but maintains a positive list of 600 goods that may be legally imported from India. As Pakistan has signed WTO and its imports cannot be taxed above the WTO ceilings. While India has not signed the same treaty and Pakistani exports can be heavily taxed.

“Imports can be restricted either by increasing the bound rate of tariffs or by claiming quantitative trade restrictions or quotas on them. Normally, the safeguard action has to be taken in a non-discriminatory manner that is against the imports of all countries affecting the local industry. However, in special circumstances, quantitative restrictions may be applied to only one country in case imports from that country have increased in disproportionate percentage in relation on the total increase of imports of the product concerned in the representative period” (The Pakistan Times, 1989).

## **Conclusion**

The SAARC Charter outlines attractive goals and objectives that are meant to promote closer economic, social, culture and trade relations in South Asia. The organization has passed several resolutions and documents to pursue these objectives. Necessary has also been created to realize the major goals of the charter.

However, the performance of the SAARC is below the expectations because of intra-region conflicts and divergent foreign policy agendas. India wants to assert its centrality in the region while other states of the region want to preserve their autonomy and believe in equality and respect for sovereignty as the keys for regional cooperation. The most serious problems are between India and Pakistan, mutual distrust has adversely affected the performance of SAARC. This organization has a lot of potential for promoting economic relations, trade, tourism, education, health care, agricultural development, communication and human development, women issues and control of drugs and terrorism.

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Hopefully, the member states, especially India and Pakistan are able to overcome their distrust of one another and agree to work together for the welfare of the people of South Asia that constitute over 20% of humanity.

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