

## **SAARC and Indo-Pak Relationship**

Mussarat Jabeen<sup>\*</sup>  
Muhammad Saleem Mazhar<sup>†</sup>  
Naheed S. Goraya<sup>‡</sup>

### **Abstract**

The basic aim of the South Asian Association of Regional Cooperation (SAARC) was to support the regional states so that they may emerge as developed countries undermining their long history of enmities. Initially, both Pakistan and India refused to join it because of their allegations and fears towards each other. However, the proposal was materialized after much consideration with expectation of collaboration between the rival states. The activities of SAARC also motivated the small states to increase cooperation among them by strengthening mutual relations. In the past, India and Pakistan rarely displayed some collective and cooperative measures' orientation in their bilateral relations. This study is to identify those areas where both the neighbors are constructing bilateral cooperation under the SAARC to address the controversial issues, which may repel hostilities and facilitate the two states to enhance cooperation for development and strengthen friendship and understanding between their people.

**Key Words:** Organization, cooperation, economy, rivalries, issues,

### **Introduction**

The regional organizations are made to develop an area in terms of economic and social development through collective efforts. They also facilitate the states to emerge as developed countries undermining their long history of enmities and hostilities. The European Union is such example, which integrated the European nations and strengthened the economy of the member countries. Following this precedent, South Asian countries integrated themselves in the way of the European Union by retaining their individual identity and sovereignty under South Asian Association of

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<sup>\*</sup> Assistant Professor in the Department of International Relations & Political Science, University of Sargodha, Sargodha.

<sup>†</sup> Director Centre for South Asian Studies, University of the Punjab, Lahore.

<sup>‡</sup> Senior Research Fellow cum Lecturer & Ph. D. scholar in the Centre for South Asian Studies, University of the Punjab, Lahore.

Regional Cooperation (SAARC). The region of SAARC lies in the south of Himalayas and is surrounded by Hindukush Mountains and consists of seven countries. India, Bangladesh, Pakistan, Bhutan and Nepal are located in Indian Sub Continent while Sri Lanka and Maldives are part of Indian Ocean.

The concept of SAARC was first motivated by President Zia-ur- Rahman of Bangladesh in 1980 to develop cooperation among the regional countries of South Asia. He perceived the regional cooperation in terms of a potential for peace keeping if it is executed in good faith by all the participants, which would not only offer economic progress but also reduce the political dividends<sup>1</sup>. After mutual consultation, the foreign secretaries of the seven states conducted a meeting at Colombo (Sri Lanka) in April 1981. This was followed up by a committee of all members to identify areas for cooperation. Five areas were chosen for regional cooperation. These areas were: agriculture, rural development, telecommunication, health and population. Later new areas of cooperation were added in the following years including transport, postal service, science and technology, arts, culture and support<sup>2</sup>. There were also prospects of one market and might be of one currency and relaxation of visa or one visa.

The idea of common forum received immediate approval from the regional states. Sri Lanka, Bhutan and Maldives found no reason to be hesitant about their participation in the proposed forum. However, the core countries—India and Pakistan were reluctant to join it despite recognizing the significance of cooperative measures. India was not quite sure, if all the states were really committed to the concept and Pakistan was thinking in terms of its own vision of economic requirements and identity that needed to be recognized and accepted. Other reason was unsettled issues between the two countries but there was chance that by doing so, it was likely to bring India around to the need of dealing with other states of the region on the basis of equality and not of domination.

### **Formation of SAARC**

The idea to bring the South Asian region closer was moving towards its practical form and arrangement for holding the first summit in Dhaka (December 1985) were being made when drastic changes occurred in the domestic power structure of Bangladesh and a coup overthrew Zia-ur-Rehman while Indian Prime Minister Indira Gandhi was also assassinated. However, the first summit held at Dhaka at fixed time on 8 December 1985 and leaders of all the seven countries joined a multilateral summit for informal consultation at regional level, for the first time. After four and half years of ground work, SAARC was established ultimately. Its objectives as defined in the Charter are:

- To promote the welfare of the people of South Asia and to improve their quality of life;
- 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 realize their full potential;
- To promote and strengthen collective self-reliance among the countries of South Asia;
- To contribute to mutual trust, understanding and appreciation of one another's problems;
- To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields;
- To strengthen cooperation with other developing countries;
- To strengthen cooperation among themselves in international forums on matters of common interest and
- To cooperate with international and regional organizations with similar aims and purposes<sup>3</sup>.

Keeping in view the conflicting position of mutual relationship of the regional states, it was decided that contentious issues would be not included in the agenda. However, SAARC meetings would provide informal opportunity to discuss such issues on the sideline of association. Afghanistan was added to the regional grouping at the behest of India on November 13, 2005<sup>4</sup>. It gained status of a full member on April 3, 2007<sup>5</sup>. After the inclusion of Afghanistan, the total number was raised to eight. Afghanistan's entry into SAARC is significant in the context of current political scenario. Afghanistan is major think thank for the US due to its pro-American Karzai Government. Pakistan's relations with Afghanistan are not encouraging while India has been enjoying cordial relations with Kabul since partition except occasional tension. In April 2006, formal requests for the observer status were made by United States, South Korea, and the European Union and this status was conferred to them as the foreign ministers of the SAARC countries agreed in principle for this change<sup>6</sup>. On March 4, 2008, Iran submitted its request for the same status after the entrance of Mauritius and gained this status<sup>7</sup>. China also supported the emergence of SAARC, viewing it as a regional grouping that would not only foster cooperation but also reinforce the sovereignty of the member states<sup>8</sup>. In the list of observers, China, Australia, Japan, and Myanmar are also included.

The highest authority of the association rests with the heads of state/government who meet annually at summit level. Sixteen meetings of the heads of the state/government have been conducted to date. These meetings were held in Dhaka (1985), Bangalore (1986), Kathmandu (1987), Islamabad (1988), Male (1990), Colombo (1991), Dhaka (1993), New Delhi

(1995), Male (1997), Colombo (1998), Kathmandu (2002), Islamabad (2004), Dhaka (2005), New Delhi (2007), Kathmandu (2008) and Thimphu (2010) respectively. The Council of Ministers is second in ranking after the summit. It is responsible of formulating policies, reviewing progress, searching new areas of cooperation, establishing additional mechanism on different matters. The Council meets twice a year and may also meet in extraordinary session by mutual consent of the member states. Next is the Standing Committee comprising of foreign secretaries, which is entrusted with the task of overall monitoring and coordination of the program. The SAARC Secretariat was formed at Kathmandu on January 16, 1987 to coordinate and monitor the implementation of SAARC activities and as a channel of communication between SAARC and other international organizations<sup>9</sup>.

### **Diversities in SAARC Countries and Route to Development**

Almost all SAARC countries have similar character in their low level of socio-cultural and economic conditions but they differ in size of their territory and in terms of population. SAARC covers 21 per cent of the world's population and 3-5 per cent of total area but it accounts for only 0.25 per cent of the world's Gross Domestic Product (GDP). About half of the world's poor inhabit in this part of the world. The per capita Gross National Product (GNP) of all the members together is barely around US \$ 350 only<sup>10</sup> The Human Development Institute of Pakistan (HDIP) reported in 1998: "South Asia has failed to close its income gap with the development world in last three decades. For instance, South Asia's average per capita GDP was 12 times lower than the average US level in 1990 – exactly the same as it was in 1965. East Asia moved much faster to close its income gap; the US income per capita was six times the East Asian average a generation ago but is only twice as high now". Economic structure of these countries is basically agrarian. Current international economic order has been operating against the basic interests of poor countries due to the growing protectionist measures among the rich countries. In open market, poor countries are facing tough competition due to the monopoly of rich countries in production.

In bilateral relations, South Asian states exhibited asymmetrical and combative trends towards each other. The ethnic and cultural diasporas with scattered minorities inhabiting in different states, provide a prepared potential for sparking off fanatical outburst and turmoil. However, on occasion, some cooperative and collective steps were taken in determining the external relations. For example, in 1950s, India, Pakistan and Sri Lanka promoted 'Colombo powers collectively and later the Afro-Asian movements'<sup>11</sup>. All these states are members of Non-Alignment Movement as well. Despite these collective measures, they have not been able to settle their territorial disputes or conflict over sharing of river-water. They failed to evolve a common regional policy.

The initial objective of this regional forum was to improve the bilateral relations in the areas of common interests and raising the quality of life by enhancing the economic and social cooperation in the region. The past quarter century has witnessed the evolving of SAARC into a fraternity that promoted collective measures, joint efforts and collaboration. The organization is generating a favorable environment to achieve objectives of its Charter. Apart from economic and social development, it is to urge the member countries to construct the mutual trust, understanding and appreciation of each others' problems in the region. Since its origin, the summits of the heads of state/government have been leading towards the expansion of areas of mutual interest and cooperation. Several result-oriented programs that confer tangible benefits to the people have been introduced from its platform apart from formal goals. These meetings facilitate discussions on bilateral issues. Its regular meeting and contacts are generating awareness of the commonality of problems among the members and learning from each other's experiences is beneficial for addressing the similar issues. SAARC region is constituted by the most of third world countries, therefore the pace of economic development is slow and these states need to contribute for making South Asia as a future's growing economic bloc in the world. In this way, this region can emerge as a future global power and centre of trade.

In spite of these mutual activities, SAARC is not successful to overcome divergence of interests. India is the largest country of the region and its position in SAARC is much greater and stronger than any of the other member in terms of area, population economic advancement, scientific and technological enrichment. Before the inauguration of the forum, regional states were looking away from each other. Sri Lanka increased its relations with South East Asia and Nepal was under the umbrella of to China while Pakistan had inclinations towards China and Middle East. All of them were away from India due to bilateral tensions. India's hegemony was visible in its relation with other regional states, such as having Tamil issue with Sri Lanka, harsh trade treaty with Nepal (a land locked state), Ganges water issue with Bangladesh and above all the Kashmir dispute with Pakistan. These all remained source of tension with the biggest state of the region. However, today situation is changed as it has tried to make itself a stronger link between all the countries. But its position with Pakistan is still same due to the unresolved issues.

### **Divergent and Convergent Interests of India and Pakistan**

The Sub Continent has been one of the greatest cradles of the ancient human civilization. It is the birth place of Buddhism and Hinduism as well as a great center of Islam. The region has imprinted indelible impacts upon the culture of Asian mainland. Despite it, the region is often referred high-risk conflict zone due to the historic enmity of India and Pakistan. The religious and linguistic based majority and minority characters are major variables that have profound impact upon the intra region relations in the Sub Continent. These dangerous trends are highlighted in Indo-Pak relations and old partiality between Hindus and Muslims are main characteristics of their mutual relations. Parochialism embitters the secular approach of India towards Pakistan. Indo- Pak difference depict several dimensions ranging from territorial disputes to demarcation of land and maritime boundaries, disputed lands to waters-courses, illegal immigration to limited or large-scale wars and fears of hegemony towards the peripheral states. Sir Creek, Baglihar Dam, Siachen Glacier, and Wullar Barrage are threat perceptions between the two armed forces. All this historical orientation of differences converges on a single ground of Kashmir dispute. However, this problem is the core issue and any hope for peace and cooperation in South Asia lies in the resolution of this conflict. From 1947 to 2010, both countries fought three wars in 1948, 1965, and 1971 (East Pakistan Debacle), apart from militaristic conflict of Kargil in 1999 when both were nuclear powers. The partiality, suspicion, and mistrust are dominant characteristics of their relations. Even if one issue is to be solved, another would rear its ugly head because of the fundamental Hindu-Muslim division. However, SAARC is the best hope to improve the situation.

### **Efforts of Friendly Relations under SAARC Summits conducted in India and Pakistan**

India and Pakistan have been locked in long standing conflicts since 1947. However, many initiatives have been taken from time to time to reduce the hostility by managing the differences through peaceful efforts. The SAARC is the most important forum in this direction as its agenda is to suggest that South Asian states should join together to form a tighter union. Mohammad Khan Junejo, the former Prime Minister of Pakistan, inaugurated a SAARC Ministerial Meeting on International Economic Issues in 1986 and stated that “the unilateral and limited measures adopted by the major industrialized countries in response to crisis situation cannot resolve the fundamental problems of the world economy which are structural and interdependence in nature and SAARC countries should consider the feasibility of joint negotiating agreement with the industrialized nations”<sup>12</sup>. All members of SAARC endorsed his views but the nature of North-South conflict kept the countries away from negotiating any individual agreement with other powers for their own benefit. Indian Secretary Rasgotra expressed hope for

cooperation on the matter of common interests among the countries of South Asia on international forum<sup>13</sup>.

The second SAARC Summit was held at Bangalore (India) from 16-17 November 1986 and the joint statement expressed many new ideas for expanding and strengthening cooperative programmes under the SAARC. However, India and Pakistan did not take any specific step on the sideline of the association. India tried to present a united front for outsider world through this forum. General Zia, the former President of Pakistan, also put it in first SAARC Summit: "actuated by a deep sense of solidarity, the South Asian countries acting in concert, could exercise a collective influence far greater than the sum of their individual contribution"<sup>14</sup>. Despite the joint statement in the wake of SAARC summits, the two states failed to resolve their differences as the SAARC is not aimed to allow India to interfere with its grand designs for South Asia. If Indian intension is true to take its neighbors along with it, then SAARC would be a forum of mutual cooperation.

The fourth SAARC Summit was held in Islamabad from 29-31 December 1988. The then Indian Prime Minister, Rajiv Gandhi gave an optimistic assessment of trends and development in region calling them beginning of a "new dawn" in Pakistan. He also praised Pakistan's Prime Minister Benazir Bhutto for "encouraging prospects of enduring friendship and goodwill between the two countries". He mentioned Indian military actions in Maldives 1987 and Sri Lanka on Tamil issue in 1988 as examples of Indian friendly manifestation towards its neighboring countries<sup>15</sup>. Basically, India desires that all regional countries should let it determine the policies and goals of the region. India also wants them to turn for help in solving problems. Reference of Sri Lanka and Maldives was to establish the notion that small neighbors are not capable to solve their problems without Indian assistance.

Nevertheless, the summit of SAARC at Islamabad succeeded in making a breakthrough in view of softening stand of India and Pakistan on the disputed areas. The Indian on their part pacified Pakistan's fears of economic domination and Rajiv Gandhi declared in Islamabad that "India was fully conscious of its special responsibilities and that it would not seek to secure any unfair advantage at the expense of any other partner"<sup>16</sup>. Pakistan responded positively. Thus the successive summits afterwards showed a trend of including core economic areas within SAARC. Following this practice, the regional actors can promote cooperation in less controversial areas including transfer of technology and bilateral trade.

In 1990s, India's relations with Pakistan were tense due to the allegation of insurgency in Kashmir sponsored by Pakistan. To reduce the tension and bring down the hostilities, the then Indian Prime Minister Narasimha Rao and

Nawaz Sharif, the then Prime Minister of Pakistan, conducted six meetings from 1991 to 1993 to reduce the tension and the two countries agreed on a number of confidence building measures (CBMs) to avoid military confrontation<sup>17</sup>. The 8<sup>th</sup> summit was conducted in India (New Delhi) from 2 to 4 May 1995. This summit was held under the clouds of tension and mistrust between Pakistan and India. Pakistan's former President Farooq Ahmad Khan Leghari participated in this summit. All the heads of state expressed their satisfaction on the achievements of the first decade of SAARC. They endorsed proposal of the Council of Ministers to convene a commemorative session of the council on the theme "SAARC Vision for the Second Decade" to explore the areas on which member countries should focus<sup>18</sup>.

### **Gujral Doctrine and its Initiatives**

Indar Kumar Gujral became the Foreign Minister during 1996-97 and later Prime Minister of India and moved in the pursuit of a cooperative neighborhood and peaceful South Asia. He advanced a concept known as Gujral Doctrine, which envisaged a new approach of bilateralism in the disputed areas and tried to improve relations with the neighboring countries. He took this initiative and pushed forward to reduce the hostility and mistrust of "Big India" and tried to improve the image of India among its neighbors and bringing change in international situation through bilateralism. Gujral expressed five principles and hoped that if these principles were scrupulously adhered to, the regional relationship in South Asia including the difficult one between India and Pakistan could be fundamentally readdressed. He also maintained that the implementation of these principles would generate a climate of close and mutual cooperation in the region. He argued that weight and size of India was an asset and it was required to be regarded positively by the regional states<sup>19</sup>.

The components of Gujral Doctrine were nothing new except the novelty of the principle of non-reciprocity. But this principle was presumably to be confined to the smaller neighbors – Bhutan, Bangladesh, Nepal, and Sri Lanka. The non-reciprocity also meant that solution to one bilateral problem would not be linked to the concessions by other countries. Use of bilateralism between the two unequal players inevitably yields result in favor of stronger party. These comments came from India to justify the rationale of Doctrine as it stated: "Surely India cannot stick to its principle of non-reciprocity if any of the neighboring countries believe in internationalizing bilateral issues or supporting elements inimical to India's interest"<sup>20</sup>. However, Gujral Doctrine could not melt the ice of Indo-Pak relations despite the resumptions of dialogue in 1997. In fact, Doctrine was considered to be an Indian attempt to isolate Pakistan and to build up relations with the other South Asian countries as Pakistan name was not included in the list of neighbors mentioned in the Doctrine<sup>21</sup>. J.N. Dixit sums up Indo-Pak relations



at this juncture, as “Pakistan has remained and will remain antagonistic and intrusive vis-à-vis India, despite the interlude of the Gujral Doctrine and the restoration of the cosmetic dialogue between the two countries. The more important is the fact that the Pakistani power structure expected Gowda and Gujral Government in India to be vulnerable and indecisive. Such expectations augmented adventurous trends in Pakistan’s India’s policies”. It also added that Pakistan tried to sabotage the assembly elections in Jammu and Kashmir in 1996. Pakistan-sponsored intrusive violence and terrorism that had generated instability in the state and other parts of India. Pakistani leadership was responsible of encouraging controversies between India and its other neighbors<sup>22</sup>. Bilateralism was not properly followed in case of Pakistan.

### **Exploring Cooperation and Undermining Hostilities**

In 1997, I. K. Gujral and Nawaz Sharif met on the sideline of 9<sup>th</sup> summit held in Male and decided to resume the talks at secretary level<sup>23</sup>. These talks were proved fruitless. Meanwhile, the two countries declared nuclear tests on 11<sup>th</sup> and 28<sup>th</sup> May 1998 respectively. Both countries developed their nuclear program owing to different reasons. India claimed its nuclear programme as multipurpose and one reason was to equate China in nuclear capability and was also wary of Sino-Pakistan relations while Pakistan’s aim was to balance the nuclear factor in the region. Harald Muller assessed about this situation, that Indian nuclear weapons are not for security or prestige in the first place as it is too often assumed. They are the instrument of political power, for dominant in the Sub Continent and achieving equality with China. They are the instruments for increasing tension with Pakistan by enhancing the influence of radical elements within Bharatya Janta Party (BJP) and in India largely<sup>24</sup>.

The 10<sup>th</sup> summit was held at Colombo (Sri Lanka) in July 1998, in the aftermath of nuclear tests of India and Pakistan. These tests drew the global attention and the major Western powers imposed sanctions on India and Pakistan. Serious doubts were expressed on the smooth continuation of SAARC process in the wake of overt nuclearization of South Asian region. The informal bilateral meeting between the prime ministers of India and Pakistan on the sideline of SAARC summit acquired a great significance. However, the summit went ahead with its usual business<sup>25</sup>.

BJP also took another step in 1999 and the Indian Prime Minister A. B. Vajpayee paid an official visit to Lahore on February 20-21, 1999. India and Pakistan concluded ‘Lahore Declaration’ along with the memorandum of understanding and joint statement. It was emphasized to discuss and resolve their conflict in future under the auspices of SAARC<sup>26</sup>. The Lahore

Summit was first ever meeting between the two leaders after Simla Agreement of July 1972 and first bilateral summit in post-nuclearization scenario. Both countries reiterated their pledge to resolve Kashmir dispute through peaceful measures. However, New Delhi's stance was not changed about Indo-Pak relations and insisted Pakistan to avoid hostage to one issue. Islamabad's viewpoint was different, whatever was gain in other areas in terms of normalization, that was neither significant nor permanent unless the core issue of Kashmir was resolved<sup>27</sup>. After the Lahore Summit, India and Pakistan faced the Kargil conflict and the US had to involve in the area to manage the crisis. In May 2001, while accepting the invitation, the then Pakistani President Musharraf visited India on July 14-16, 2001 but the visit did not produce the desired results and the Agra Summit was taken as a failure. After the Agra Summit and terrorist attacks of September 11, 2001, the security sensitivities increased against each other, which were further deepened after attack on Indian Parliament in December 2001, which worsened the situation and troops of both countries locked in an impasse until October 2002. The tension between the two countries delayed the SAARC Summit.

The 11<sup>th</sup> Summit was scheduled to be held in Nepal in the second half of 1999 but was postponed in the aftermath of Kargil conflict (1999) and military coup in Pakistan, which brought military in power. India showed strong reservations against the participation of military leader in the SAARC summit and delayed the summit by not confirming its availability. The summit requires the assurance of all member countries for their participation on a fixed date and in case a country does not confirm the date, the summit is not conducted. In the past years, India also showed such rudeness to attend the Dhaka Summit in 1993 in the aftermath of the demolition of Babri Mosque in India and the events leading to the postponement of 11<sup>th</sup> SAARC Summit were to remind that the political and security considerations could not be ignored in the process of regional integration. However, the 11<sup>th</sup> Summit was held in January 2002 at Katmandu (Nepal) whereas 12<sup>th</sup> Summit took two years and was conducted at Islamabad from January 4-6, 2004<sup>28</sup>.

### **Cooperative Measures during the 12th SAARC Summit**

The 12<sup>th</sup> SAARC Summit of Islamabad provided an opportunity to improve relations and President Musharraf outlined four-fold strategy as the basis for dialogue with India. These included;

- Kashmir,
- Peace and Security,
- Economic cooperation and
- Denuclearization of South Asia.

India also moved with diplomatic and economic proposals. The summit produced Islamabad Declaration along with the social charter, South Asian Free Trade Agreement (SAFTA) and Additional Protocol on blocking the financing of terrorism. All heads of states ensured their commitment to the economic prosperity and stability in the region. It was emphasized that SAFTA would “ensure equitable distribution of benefits of trade and cater to the special needs of the small and least development countries (LDCs) by providing them special and preferential treatment”<sup>29</sup>.

This summit was important and productive despite the restriction in the SAARC Charter, which does not allow discussion or deal on bilateral disputes and regional conflicts with political orientation. In fact, this summit was conducted after tension and both countries held discussion on the sideline of the SAARC to improve the situation. An Indo-Pak joint press statement was released on January 6, 2004, which pressurized the normalization of relations through a composite dialogue on contentious issues including Kashmir. The statement stressed mutual trust and need of greater flexibility. The most positive factor of the SAARC was several round of composite dialogue. The joint statements and declarations concerning the issues ranging from political to diplomatic and economic to strategic produced a peaceful environment and reduction of the trust deficit between the two countries<sup>30</sup>.

Both countries tried to improve their relations through diplomatic moves and CBMs. Renewed links benefited the people across the borders. A ceasefire along the line of control near Siachen Glacier was agreed on November 2003, following the annual meeting of SAARC. This provided an opportunity to composite dialogue between the two neighbors for mutual differences as this situation had seriously affected the activities and function of SAARC. Above all, the opening of 5 bus routes on LoC on November 7, 2005 in the wake of devastating earthquake, which hit Pakistan on October 8, 2005, was one of milestones in India Pakistan relations. Through these steps, people on both side of border got benefit in political, social and economic sphere but major challenges remained unaddressed. However, positive aspects of these crossing points are the provision of an opportunity to reunite the divided families and to facilitate those CBMs that the two governments have been putting in place to blunt the edge of hostility that has characterized their relations for more than six decades. Contrary to the past, a new element of tolerance has also dominated the current situation and there were no wild counter attacks or sympathy for those who killed a state minister with dozens of other people in a devastating explosion on October 18, 2005 in Occupied Kashmir<sup>31</sup>.

Despite all this development, a great deal depends on, the way India decides to implement its grand designs in the region. As far as the majority of the states of the region are concerned, they take guidance from India for their territorial integrity and way of life. If territorial and other disputes are solved within region on amicable basis, a climate of tolerance would prevail in the region and it will possible to root out the hostilities of views regarding the intervention of external powers. After Islamabad, the 13<sup>th</sup> SAARC Summit was held in Dhaka in November 2005. The reactivation of the regular annual summits was a way to link India and Pakistan on composite dialogue because the sideline talks held during the 12<sup>th</sup> SAARC Summit were helpful to conduct negotiation on the bilateral issues. The 14<sup>th</sup> SAARC Summit was conducted in New Delhi on April 3-4, 2007. It was another attempt to scale the mountain of difficulties between the two countries. This meeting was to impress upon the participants of the official SAARC Summit that South Asian countries will continue to lag behind in development until they realize the meaning of cooperation. It was first meeting for Afghanistan which got membership in the Dhaka Summit of 2005. After the inclusion of Afghanistan, controversies between Pakistan and Afghanistan can block the path of cooperation and increase hurdles in making SAARC an active organization<sup>32</sup>.

### **SAARC and Trade between India and Pakistan**

Trade is one of the major areas of economic cooperation but before 1985, the intra-regional SAARC trade was 2.5 percent of their world's trade. The SAARC has taken important steps to expand cooperation among members in the core economic areas. A regional study conducted on Trade, Manufacturing and Services (TMS) in 1991, was the first significant effort to strengthen the cooperation in this important field through SAARC. The study outlined a number of proposals and recommendations for promoting regional cooperation in this part of the world<sup>33</sup>. Recognizing the importance of economic cooperation in South Asia, another high-lever Committee on Economic Cooperation of the commerce secretaries was established in July 1991 and the first meeting of the Commerce Ministers of SAARC was held in New Delhi from January 8-9, 1996. After that, several ministerial meetings were held including Islamabad and Dhaka meetings, which focused on enlarging the scope and coverage of the regional economic cooperation<sup>34</sup>.

Indian exports to Pakistan were not significant in the early eighties. They were nearly \$ 2 million in 1980 and around \$ 6 million in 1983. These increased by 83 percent in 1984 and marginally by 9 percent in 1985. Thus the data available about the pre-SAARC period indicated that Indian exports to Pakistan were having a continuous raising trend as they increased 5 times from the figure of 1980 to 1985. This situation was changed in the post-SAARC period. The exports increased by 8 percent in 1986 but decreased

by 8 percent in 1987. However, in the following years, there was a significant increase in the exports, which was 3 times high from the prior position. In 1990, the highest exports were \$ 43 million while in 1991; the exports came down to \$ 38 million due to the low growth rate<sup>35</sup>. In coming years, mix trends dominated this area but the interaction and contacts between the business communities increased on both sides of the borders. In fact, Indian exports to Pakistan have never been constant due to the uncertainty and tension in their relationship. However, India's imports from Pakistan were not only significant but also substantial among the SAARC countries<sup>36</sup>. There is a great scope for regional cooperation in the international forums and common grievances of the member states can be redressed through SAARC platform. In the case of trade, SAARC has to lead member states to a joint front vis-à-vis developed world to improve their trade relations.

In the late 2000, the idea of regional cooperation in South Asia was once again mooted when the then Indian President G. N. V. Sampath proposed the creation of a trade bloc, consisting of South Asian countries. It is revealed about India and Pakistan that two neighbors have to concentrate on hard as well as soft issues. Through this forum, they have three areas for cooperation:

- Fisheries
- Marine Environment
- Scientific Research

Scientific research offers a promising basis for cooperation both in the domain of fisheries and marine environment<sup>37</sup>.

## **SAPTA**

While realizing the need of intra-regional trade, the SAARC countries decided to integrate the economic cooperation under the South Asian Preferential Trade Agreement (SAPTA). This agreement was signed in April 1993 at the Dhaka Summit and came into force in December 1995. SAPTA was the origin of economic cooperation in the region. However, this was the feeble form of cooperation due to the preferential trading arrangement leading to the free trade area, which was primarily envisaged as the first step towards the transition, including custom union, common market and economic union. Generally, in a preferential trade area, the member countries partially bring down tariff on each other's goods but they prefer goods of each other as compared to the rest of the world<sup>38</sup>. No doubt, the scope of economic cooperation achieved so far by SAARC has remained limited to certain relatively non-controversial areas owing to the existing disparities in the resource potential among the member countries.

## **SAFTA**

At the 9<sup>th</sup> Summit, the heads of state/government recognized the importance of achieving a free trade area by the year 2001 and reiterated their desire for trade liberalization to fulfill the needs of smaller and the least developed countries and the benefits must acquire equality<sup>39</sup>. South Asian Free Trade Agreement (SAFTA) was introduced to this regional organization during the 12<sup>th</sup> Summit at Islamabad. This agreement was to extend the economic relation, covering 1.4 billion people in the area with specific products of regional countries in the free trade area. SAARC Chamber of Commerce and Industry (CCI) is an important forum to bring closer the members in this particular field. Pakistan was nominated and headed the chamber after fourteen years. The chamber is headed by all the member countries including Pakistan, India, Nepal, Bhutan, Bangladesh, Sri Lanka and Maldives in rotation for two years. The purpose of CCI is to increase the global linkages, providing services to private sectors and working closely with the governmental organizations for the promotion of economic cooperation in this region. SAFTA went into force on January 1, 2006. It was suggested to develop trade relations among members of SAARC, particularly India, Pakistan and Sri Lanka were required to bring the duties down to 20 percent by 2007. During the next five years' phase ending in 2012, the 20 percent duty was suggested to be reduced to zero on trade of all products. The least developed nations in South Asia consisting of Nepal, Bhutan, Bangladesh and Maldives have an additional three years to reduce the tariffs to zero. India and Pakistan have signed the agreement but did not ratify it<sup>40</sup>. SAPTA and SAFTA are introduced with a hope to promote the economic cooperation and making South Asia a common market of one billion people.

On the part of SAARC, calls for the political goodwill led the leaders to get rid of distrust, mutual suspicions, and the fear perception. Besides building responsible behavior in conflicting areas, it reduced fanning to flames these issues, which had been a common practice in the previous decades. The cooperative activities of India and Pakistan are important due to their centrality in terms of location, size and power resources, which is critical variable in determining relationship. Both the countries have to extend assurance to each other of economic and political goodwill. Identifying unity in South Asia, it is essential to respect all the countries. It is need of the time that the people should make joint efforts to overcome their economic problems to overpower the poverty, a dominant feature of the region. Both countries are in a position to find the path towards the peace of region. Moving towards this direction, cooperative policies and effective measures are required to bring harmony among the people. All this demands a collective understanding and a devise to ascertain opinion in a positive direction.

## **Security Issues and SAARC Forum**

Apart from the objectives and principles, there is a general provision in SAARC Charter that decisions on all matters would be taken unanimously but contentious and bilateral issues are excluded from the consideration of the association. This clause prevents Pakistan to get support of the regional countries in its disputes with India. The tension between India and Pakistan and their stand on Kashmir are rooted deeply in the principle of Two-Nation Theory. India considers the area as integral part of the Indian Union and none of the accords had solved Kashmir issue yet. Diversity of opinion prevails in both countries regarding this particular issue and the region is facing security threats. In this scenario, SAARC is required to evolve such a security framework in regional terms that majority among states tend to be guided by it on intra regional rivalries and fear perception. In the past, political and security factors such as Pakistan's entry into Western alliances or Indo-Russian alignment had influenced the foreign policy perception of these two states to a greater extent. The security of two states is conditioned with their antagonism towards each other.

United Nations wanted the South Asia as a Nuclear Weapon Free Zone and a common stand on the Non-proliferation Treaty (NPT). But the nations of the region have failed to evolve a common regional policy in these areas. Instead of achieving their goals, they are engaged in the efforts to win support of nations outside the region. Even at times, Pakistan has to raise the question of safety of minority rights in India in the Organization of Islamic Conference (OIC) and it showed sympathy for their plight<sup>41</sup>. The two neighbors never responded coherently to Afghan imbroglio or US aggression against Iraq in 2003. Sri Lanka also made attempts to get support from the extra regional countries against Indian intervention in its internal affairs<sup>42</sup>. Though the involvement of these external powers have more negatives sides than the positive. The feeling that the extra-regional links would balance India's dominant position in the region is not compatible with the regional understanding in South Asia in which India has the central role.

## **Terrorism**

Terrorism is a global phenomenon which is easy to distinguish but difficult to define. The heads of the state/government expressed serious concern on the spread of terrorism within and outside the region and reiterated their unequivocal condemnation of all acts, methods, and practices of terrorism as criminal. They emphasized that highest priority should be accorded to enactment of enabling legislation at the national level to give effect to the SAARC Regional Convention on the suppression of terrorism. They

underlined that cooperation among SAARC member states was vital if the scourge of terrorism was to be eliminated from the region. Since the 12<sup>th</sup> SAARC Summit, extreme emphasis has been laid upon the greater cooperation among the SAARC members to fight terrorism. It is also recognized that drug abuse and drug trafficking is an organized crime along with terrorism and pose a serious threat to the security and stability of this region. The member states are required to combat this menace. The SAARC ratified convention on narcotics and urged all the member states to follow up action for the effective implementation of the convention.

In new trends of globalization, India and Pakistan have to solve contentious issues on the sideline of SAARC Forum. It is no longer a sensible course and economic situation would not allow permanent hostility. Both countries need to reassess their foreign policies. Earlier they have exploited the Cold War tension between the superpowers to achieve their ends usually in the opposite directions. Leaders of the two countries are masters of density of their respective countries if they fail to proceed in this direction, no other would save them on their behalf. The scope of SAARC has to be widened to the extent of security question and as a medium to conduct protracted initiatives and remedial measures.

### **Silver Jubilee Year of SAARC and 16<sup>th</sup> SAARC Summit-2010**

The year 2010 was the Silver Jubilee Year of SAARC and 16<sup>th</sup> SAARC Summit was also held in this year at Thimphu (Bhutan) from 28 to 29 April. The leaders from all the member countries participated and shared their feelings of satisfaction on the achievements of SAARC during the last twenty five years, since its establishment. The Leaders underscored its relevance as a platform of regional cooperation and emphasized the need to develop a 'Vision Statement' at Silver Jubilee Year. They also suggested the establishment of a 'South Asia Forum' for conducting debates, discussion, and exchange of ideas for future development. The Forum will consist of think tanks, scholars, political leaders and other eminent personalities of the respective fields from all SAARC member states. The Forum would provide guidance to chalk out a comprehensive program for future course of SAARC. It also recommended necessary improvements in the existing mechanisms. Such a forum could function on public-private partnership and enhance multi-direction cooperative activities beyond governments. Keeping in view the 25<sup>th</sup> anniversary, the leaders emphasized effective communications and public diplomacy among the states and suggested to increase the interaction among the different sections of the South Asian community, particularly students and youth, media, private sector, think tanks, civil society and institutions of economic development. Next summit is expected to be hosted by Maldives in 2011<sup>43</sup>.



## **Conclusion**

SAARC is the first major step of long journey towards the regional integration on the pattern of the European Union. Increasing regional cooperation among SAARC countries proved to be of immense socio-economic and political importance, which is the ultimate goal of the SAARC. This forum has increased a great scope in the economic activities among the regional countries owing to their common concerns regarding their similar problems. Though the regional cooperation has accelerated the economic development and strengthened the mutual trust yet much mistrust lies between India and Pakistan as none of them trusts the other. The ethnic and cultural minorities inhibiting in the two states have provided a prepared stage for sparking off the fanatical outburst and turmoil. SAARC has guarded and addressed the controversial areas on sideline of its plate form by extending opportunity of interaction and contacts between the societies and people to people contacts between the two countries. It is also strengthening mutual understanding and goodwill. A number of initiatives have been taken by the two states under the auspices of SAARC for the economic growth, cultural development and collaboration in social, cultural technical and scientific fields. The enhanced cooperation has generated CBMs and led to the composite dialogue, which in turn has brought non-economic benefits for the two states and a steady and positive improvement in their bilateral relations.

The fundamental asymmetry at varied levels has not been addressed yet. India and Pakistan have long time victims of their skeptical mindsets. Their stereotype images and perception has led them into the continuing rivalry and are a hurdle in opting the peaceful means of conflict resolution. Basically, each one is plagued by an array of political and security crisis, regime instability and secessionist movement of an explosive potential. Each alleges to be a victim of the low intensity war and subversion of the other. To counter such tectonic challenges and resolving disputes in a befitting manner, is a difficult task but the resolution would ensure a lasting goodwill and harmony. The charter prevents to bring contentious issues in the SAARC. But this forum provided immense opportunities to both countries to reassess their foreign policies in order to address the security question. Indian aspiration to be a world power also demands the peace process. It is essential that the regional environment should be conducive for the bilateral relations. Addressing the core disputed areas between India and Pakistan; SAARC is not as successful as ASEAN or European Union. However, the two states are reaping high benefits in trade and identifying the new areas of cooperation. Fighting over Jihad, extremism and terrorism in Kashmir are not solution to the problems of those millions of people who are crying out for poverty and are deprived of basic needs like food, shelter and security. The forum is constructing mutual trust and understanding among the member

states on economic areas, which would lead to the cooperation among them in political sphere too. The respective position of India and Pakistan on agenda pattern and frame work of the dialogues is needed to determine through negotiation. Moreover, two countries have respective position over the language of issues but cannot change the status of conflict except the mutual consent and will. Political dialogue is often conducted on the sideline of SAARC meetings and the SAARC is a useful channel for the protracted initiatives and remedial measures.

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