

ECMSAS 2010:
“REGIONAL COOPERATION IN SOUTH ASIA: THE IMPACT OF POLICY
AND PERCEPTION AND THE INDIA-PAKISTAN RELATIONSHIP” PANEL

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ECMSAS PANEL 21

“Regional Cooperation in South Asia: the impact of policy and perception and the India-Pakistan relationship”

As one South Asian Head of Government and recent SAARC Chair acknowledged in Europe in 2009, without an improved and stronger India-Pakistan relationship, regional cooperation will remain a pipe dream. This panel seeks to explore the impact of policy and perception in strengthening regional cooperation and stability as well as considering the India-Pakistan relationship in this context. If by virtue of its size, location and economic potential, India assumes a natural leadership role in the region, the over-bearing presence of a neighbour with clearer aspirations for global leadership has also been a source of apprehension for other South Asian countries. Most efforts at fostering cooperation are constrained under the pressure of this dichotomy in regional relations. At the same time the need for coordinated and collaborative action by South Asia governments and businesses in trying to address the regional impacts of the global finance, food and fuel crisis has emphasised the value of understanding differences and similarities across national boundaries. As cooperation among nations is shaped by policies and sustained by perceptions, an examination of regional policies and national perceptions in South Asia could help in identifying the real challenges to cooperation in the region. The panel will invite papers which focus on regional interactions through and beyond SAARC for ascertaining the degree to which national policies and public perceptions impact the process and prospects of cooperation in the region.

Panel convenor

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List of participants

1. Chris Ogden (c.c.ogden@sms.ed.ac.uk), University of Edinburgh, UK

‘Overcoming the Past: the Role of Memory and Myth in the India-Pakistan Relationship’

What role does history have in India-Pakistan relations? How does the way this history has been remembered impact upon their contemporary relationship? This paper analyses these questions by providing an ideational form of analysis that

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focuses upon India-Pakistan relations from their mutual independence onwards. As such, it pinpoints how and when history has been utilised as a selective tool of remembrance and justification. The paper argues that it has been this selective use of the past that has created self-reinforcing national myths and memories, which have in turn been used to justify national “self” images based upon an exclusionary “other”. Overall, the paper finds that such dichotomies are integral to our understanding of the contemporary dynamics of these two South Asian neighbours. Furthermore, it is through an appreciation of these selective and identity-driven dynamics that the past can be overcome, and is thus a vital component for the future improvement of India-Pakistan relations.

2. Madhavi Bhasin (madhavibhasin@gmail.com), University of Calcutta, India

‘India’s Role in South Asia – Perceived Hegemony or Reluctant Leadership?’

“The Indian elephant cannot transform itself into a mouse. If South Asia is to get itself out of the crippling binds of conflicts and cleavages, the six will have to accept the bigness of the seventh. And the seventh, that is India, will have to prove to the six that big can indeed be beautiful.”- Bhabani Sen Gupta.

The enabling and constraining capabilities of India with regard to promoting regional cooperation in South Asia were discussed even before the conceptual journey of the South Asian Association for Regional Cooperation (SAARC) began in 1983. By the virtue of its size, location and economic potential, India assumes a natural leadership role in the region. But the over-bearing presence of a neighbour with aspirations for global leadership has also been a source of apprehensions for the other South Asian countries. India claims a leadership position for herself, while her South Asian neighbours accuse her of exercising hegemony. Most efforts at fostering cooperation are defeated under the pressure of this dichotomy in regional relations. As cooperation among nations is shaped by policies and sustained by perceptions, an examination of regional policies and national perceptions in South Asia could help in identifying the real challenges to cooperation in the region. The present paper focuses on the regional interactions through and beyond the SAARC forum for ascertaining the degree to which national policies and political perceptions impact the process of cooperation in the region.

The policy-perception variable in regional relations would be explored by examining the following trends:

- a. Benefits of free trade vs. arguments of India’s economic supremacy.
- b. Support for democratic form of government vs. fear of India’s interference in domestic matters.
- c. Advantages of creating a regional security complex vs. phobia of India’s politic-military dominance of the region.
- d. Collective regional stand on global issues vs. India’s use of regional consensus as a stepping stone to global power status.

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The paper would examine several policy proposals and reactions of all regional states to these proposals for unravelling the mystery of what determines the course of cooperation in South Asia – policies or perceptions.

3. Arif Zaman (arif.zaman@henley.com) and Satish Thota (satish.thota@gmail.com),
Henley Business School, UK

‘Regional Trade in South Asia - Towards Stronger Linkages and Growth: Policy, Perception and Practice and the South Asia Free Trade Agreement including a study on business perceptions of opportunities between India and Pakistan’

South Asia’s economies are amongst the fastest growing in the world. Despite well-documented obstacles including conflict and high fiscal deficits in some countries, less readily acknowledged is that South Asia has achieved impressive economic growth and poverty reduction in the past decade. The South Asia Free Trade Agreement (SAFTA), which became operational in July 2006, has immense potential to increase intra-regional trade which is currently constrained to less than 2% of GDP. With the implementation of SAFTA, it is estimated that the current level of intra-regional trade could rise from \$6 billion to \$14 billion.

Concurrent streams of multilateralism, regionalism and bilateralism are ongoing in South Asia. South Asian countries are involved in 22 multilateral and 21 bilateral arrangements besides SAFTA. Bilateral negotiations are not limited to initiatives outside the region, with India and Bangladesh, Bangladesh and Sri Lanka, Pakistan–Sri Lanka FTAs recently agreed or in advanced stages of discussions. These bilateral agreements that are prevailing / emerging in South Asia, unlike SAFTA, are not part of the SAARC process but are more liberal in nature and have been implemented much faster as compared to SAFTA. However if the main message from the experiences of regional trade arrangements (RTAs) in other parts of the world is that RTAs can spur growth and poverty reduction, the results are by no means automatic.

Compared to the initial optimism, recent analysis in fact indicates that SAFTA may have a rather limited impact on liberalising trade in the region. This is because of the fairly restrictive “sensitive lists” that member countries have put up, rather strict rules of origin, and a slower time frame and scope of trade liberalisation compared to the recent bilateral and regional trade arrangements that SAARC members have signed or are considering. Tariff reductions alone will not necessarily lead to immediate economic gains for the economies of South Asia. The benefits from ‘deep integration’ of South Asian markets are likely to be more significant.

Recent evidence from ADB suggests that contrary to popular intuition, India and Pakistan are not the most important markets vis-à-vis each other. More than 60% of the increase in exports to the region for both India and Pakistan are directed towards Bangladesh. This seems to indicate the relative lack of complementarities between India and Pakistan, but the existence of complementarities of between India and Bangladesh, and Pakistan and Bangladesh. More than 50% of Pakistan’s gains from SAFTA, are from increased exports to Bangladesh in textiles alone.

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SAFTA faces many challenges. Some characteristics of the South Asia region (for example, small regional market relative to the world both in terms of GDP and trade flows, high level of protection among SAARC countries) increase the probability that SAFTA is likely to be largely trade diverting. In cases where imports from the partner may be threatening an inefficient domestic competitor, bureaucratic discretion may be employed to block entry of the imports. The third challenge is that SAFTA overlooks the role of the services sector. The welfare effects of trade preferences for services are likely to be more positive compared to trade preference for goods, as preferential liberalisation in services leads to trade creation with little or no trade diversion.

Barriers and constraints impeding trade in the region are many and varied and require awareness, attention and action. Freedom of movement should also be allowed for more people to people contacts across borders and the visa regime in South Asia needs to be more open. The SAARC region lacks adequate communication infrastructure and some countries follow a restrictive policy when it comes to developing regional communication links. In particular an ‘open sky’ policy should be adopted in South Asia to fly unhindered within the region and telecommunications links should be uninterrupted and penetrable in the region (all eight SAARC countries have been experiencing booming mobile markets, the fastest of any region in the world). To enhance business and trade, there needs to be adequate infrastructure for transportation of goods. Regional banking facilities should exist to expedite business transactions for increased business activity. To enhance trade and ensure smooth business, mutual certification and standards must be accepted throughout the region. Non-Tariff Barriers are restrictive to trade and not only add to costs and increase time for delivery.

Two specific opportunities where there has been growing momentum and which address real needs are in the areas of services and energy. Firstly South Asia is the fastest growing region in the export of services and including services and investment in SAFTA as soon as possible will drive innovation across the region and signal that the region is serious in its desire to integrate with the global economy. South Asia needs to take advantage of its geographical proximity and build new partnerships in various sectors including the capital markets, banking, IT and telecommunications, aviation and medical services. Secondly South Asian growth is becoming constrained by significant shortages in energy supply and unless corrective steps are urgently initiated and implemented it may be difficult to sustain the achieved and aspired growth rates. Fostering of cross border energy investments and promotion of regional energy trade in order to take full advantage of the energy resources available within the region and its neighbourhood are important elements of the solution to this problem.

A four-track policy can help navigate the way forward. The first is on Indo–Pakistan trade, building on several key developments in 2008 such as improved air links. Agreement between India and Pakistan to renew direct cross-border trade would advance regional integration, strengthen trust and lay the foundation for progress in SAFTA. A second track is collaborative movements to improve trade facilitation customs, and ports. Bilateral and plurilateral trade agreements with countries outside South Asia provide another track. India and Pakistan have embarked on a series of bilateral initiatives with other countries. While these cannot substitute for multilateral

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initiatives, they may offer some new market-widening opportunities. The fourth track relates to SAFTA itself. Beginning the SAFTA discussions with a clear objective of increasing cross-border trade and new import competition in national markets is paramount. Moreover focussing on services and energy trade is not only possible, but recognises latent opportunities and needs and could have a dramatic impact within a shorter timeframe while signalling to the international community that South Asia really is a region on an emerging cusp.

The role of the private sector is vital for success through the positive intervention of SCCI and in Public-Private partnerships. There need to be effective forums for dialogue: Government should engage in dialogue with the private sector on a wide range of investment climate reform matters such as trade policy – trade agreements between countries of the region, and at WTO level; regulatory frameworks (including tax and competition policy); and strengthening public administration. Business needs to encourage governments to accelerate and deepen SAFTA. SCCI has also emphasised its commitment to creating regional economic cooperation and focusing on poverty alleviation and employment generation in the region.

The paper will include a study on business perceptions of opportunities between India and Pakistan. This considered the importance of trade and business co-operation between India and Pakistan. It was found that India – Pakistan volatile relations is the main obstacle for South Asia integration; improving trade volumes between these two can help to integrate South Asia further. A broad range of recommendations are advanced.

4. Dr. Rajesh Kumar (guptakrajesh2001@yahoo.com), PPN College, Kanpur, Uttar Pradesh, India

‘Economic Engagement Strategy and India-Pakistan Relations’

Kashmir constitutes the foremost foreign policy challenge for India. Ever since the fruits of India’s economic liberalization program became conspicuous, leading defense and security analysts have been advocating the use of the economic engagement strategy as a viable alternative for conflict resolution between India and Pakistan. Economic engagement strategy has also been termed as the China Model. What is exactly the China Model? It basically refers to the idea that India and Pakistan should move ahead full throttle on the economic front without letting the Kashmir dispute getting in the way, just like India and China have done. The argument is that economic cooperation will lead to the traditional rivals developing a stake in each other’s security, which will ultimately culminate in the political cooperation.

The background of this model is that India and China fought a bitter war in 1962. The resulting humiliation changed Indian strategic thinking entirely. The diplomatic relations between India and China were severed off for a long time. In 1988 Indian Prime Minister Rajiv Gandhi traveled to Beijing and the two countries agreed to put border dispute on backburner while concentrating on improving economic relationship. Interestingly, improvement in trade relationship resulted in the betterment of political ties also. It was in this backdrop that K. Natwar Singh, the then

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Indian foreign minister proposed the China Model for improving relations with Pakistan immediately after assuming charge. Pakistan has expressed extreme distaste regarding the China Model.

The proposed paper argues that there are subtle differences in India-China and India-Pakistan cases and the so-called China Model is not likely to be successful in resolving the Kashmir dispute. Ignoring the border dispute and improving economic relationship worked in the case of India and China but due to various factors, this strategy of economic engagement is not likely to be successful in resolving the Kashmir dispute. Buoyed by the success story of India's economic liberalization program and improving relationship with China, the trade integration enthusiasts are ignoring certain basic ground realities. The paper will also make recommendation for an alternative model for conflict resolution between India and Pakistan.

5. Muhammad Atif Khan (atifir@hotmail.com), Institute D'Etude Politiques, France

‘The role of the media in harmonising the relationship between India and Pakistan: Conceptual and Applied Perspectives’

The concept of global village has not only become the cause of change in social and economic trends, but the information explosion also affected state decision making process. Neo-liberalist paradigms also suggests that in contemporary world affairs, State is not the sole actor in decisions of keeping relationship with other states, rather some non state actors must be considered as the determinants of foreign policy. Media, Indeed, gathers a much important position in this field of emerging variables.

It's the journalists who tell the stories. Their constructed stories about peace and war process can have an important impact on the process itself. Citizens are actually audience, that is the receivers of the News. They learn through these stories. Is the peace process is improving or moving backward? Does the overall level of hostility and violence appear to be rising or declining?. Although these audiences also decode these communications by their own interpretations, news stories remain a major source of reference for public discourse. This dependence enhanced manifold in two milieus. First in the time of crisis, and second in the states where the literacy rate is lower.

Coming back to the pavilion, in the history of Indo- Pak relationship, the role of media is enhanced due to the presence of both abovementioned variables in this specific scenario. In the most part of their relationship remained in crisis while the lower literacy rate was another reason for making media the most important determinant in visualizing and reinforcing negative stereotypes of other state as eternal enemy. With this background in mind, a paper is proposed to be present in this conference.

This proposed paper will, however, present an innovative idea to utilize the resources of Media in normalizing the relationship and then accelerating the peace process between India and Pakistan.

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The research will be divided into two parts. The first Section will present a conceptual framework of the media role in Indo–Pak relationship. In this part we shall analyze and then explain some basic characteristics of both Indian and Pakistani media and their respective capabilities to act as a harmonizing factor in relationship between two countries. In the second part, a focus will be on the practical role the media of both countries are playing. This will address the ground realities irrespective of their theoretical capabilities. In the end, however, some policy suggestions will be given to explain how the media can play a constructive role; particularly in post Mumbai attacks, for ameliorating the worsening situation between these two neighbour countries of South Asia.

The importance of this paper lies in two grounds. First, though much research in western academia is conducted, since last decade, on finding and exemplifying the role of media in Peace process and conflict management. Yet almost all of the work was done finding relationship between media and foreign relations of the developed world. The formulation of foreign policy in developing world, due to obvious reasons, maintains many differences as compared to the developed one. In this scenario, a need arises to devise a framework for the role of media in the foreign relations of developing world. This proposed paper will try to fulfil this existing vacuum.

Secondly, the proposed paper is also important in the specific milieu of Post Mumbai attacks where India and Pakistan, both Nuclear Powers, are standing at loggerheads with one another. This worsening situation is demanding the decrease of tensions between two neighbour states as early as possible. This paper will suggest some policy recommendations for the media of both India and Pakistan to act as a harmonizing factor in this crisis.

6. Tridivesh Singh Maini (isastsm@nus.edu.sg), Institute of South Asian Studies
National University of Singapore

‘South Asian Cooperation and the Role of the Punjabs with a focus on sub-regional initiatives’

This paper suggests means to strengthen cooperation between India and Pakistan in particular, and in the South Asian region in general. The importance of border provinces is emphasised for resolving disputes between countries because they share a common cultural heritage and can reap mutual economic benefits. This is supported by a study of the two Punjabs in India and Pakistan. Other sub-regional initiatives, like Bengal-Bengal, Sri-Lanka-Tamil Nadu, Rajasthan-Sind are examined vis-a-vis SAARC.

The paper begins by highlighting the achievements and failures of SAARC. The ongoing Indo-Pak peace process has addressed a major impediment to cooperation and growth within SAARC. It has also assuaged the apprehensions of the smaller nations by stressing the advantages of regional integration. The paper suggests that though Kashmir no longer paralyses the organization's functioning, it has not disappeared completely from the SAARC agenda. It is suggested that while Kashmir is a source of disagreement between the two countries, it need not restrict mobility, economic exchanges and intellectual collaboration between them. Another reason for

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SAARC's failure is the lack of a sound model for regional cooperation. The paper suggests a functional and developmental model for integration in South Asia that lays the stress on greater political cooperation and equitable distribution of economic gains. These models attempt to concretize economic and political relations before resolving the conflict.

The paper recounts the role of Punjabi culture, initiatives taken by the two Punjabs to increase connectivity, the economic interests binding both sides and the role of the Punjabi diaspora in strengthening cross border cooperation. A comparison can be made on the connectivity initiatives taken in the two Kashmirs and Punjabs. Both sets of border states have introduced cross-border bus services. It is argued that the cultural heritage can encourage adoption of economic strategies to access larger markets in different parts of the world. Diaspora can play another important role by encouraging and funding educational exchanges for students in their home country.

The paper also highlights the role of non-governmental consultative committees to encourage cooperation in agriculture, removing trade barriers, improving infrastructure at the Wagah post, and allowing free movement of commercial and private vehicles.

The paper makes several recommendations to encourage cooperation within South Asia. These include encouraging free movement of people by easing visa regimes and building a well-knit South Asian economy by opening transit facilities, encouraging the role of the private sector, joint agricultural research, encouraging free trade zones in border areas like Jammu and Kashmir and Northeast India, and involving South Asian diaspora in development process.