

Twenty-First Century Regionalism Impact on South Asia

Huma Baqai & Sabiha Mehreen***

Abstract

The paper is an attempt to review twenty-first century regionalism and its impact on South Asia, which includes the rising role of China and Pakistan's pivot status as contributing factors to peace, growth, and development. This coincides with a more south-oriented world. The theory applied is Neo-Functionalism, which explains the European integration and may be used to explain the potential modern South Asian integration process with China as a pre-cursor. This will perhaps be a positive outcome of the twenty-first century regionalism. The paper dwells upon intra-regional integration, sighting Eurasian model of connectivity as an example, and how it can be a role-model for developing countries. The emphasis remains on improved relations between Pakistan and India as a pre-requisite for regionalism to take off in South Asia.

Keywords: Regions and Regionalism, Twenty-First Century Regionalism, Neo-Functionalism, Regional Integration, South Asia

Introduction

Regionalism has become an increasingly dominating trend in the contemporary world. The new debate in International Relations is centered on the twenty-first century regionalism. However, there is no consensus on the definition of regionalism. Largely because researchers do not agree on what constitutes a region.

Regions are frequently defined as groups of countries having geographic proximity. However, regional boundaries are unclear. Deutsch et al. (1957) view high levels of interdependence across multiple dimensions, including economic transactions, communications, and political values, as determining whether a group of countries composes a

* Dr Huma Baqai, Associate Professor, Social Sciences and Liberal Arts, Institute of Business Administration (IBA) Karachi, Pakistan.

** Ms Sabiha Mehreen, Research Associate, IBA Karachi. She is an MBA and also holds a Master's degree in International Relations.

region.¹ Thompson (1973) argues that regions include states that are geographically proximate, interact extensively, and have shared perceptions of various phenomena.² A long standing and broad definition of regionalism is a preferential trade agreement among a subset of nations.³ This will also be used as a working definition of regionalism for this paper to build upon twenty-first century regionalism.

The twentieth century regionalism revolved around goods crossing borders. The Regional Trade Agreements in twentieth century were mainly about trade barriers on borders. Twenty-first century regionalism is a response to globalization and pluralism hence highlights multidimensionality of regionalism. The twenty-first century trade demanded deeper discipline which were supplied from twentieth century regionalism. It is a shift from traditional thinking and may turn World Trade Organization inadequate, if not irrelevant. It includes tariff preferences, which focuses less on favored market access and more on disciplines strengthening international supply chains.⁴ The thrust of this regionalism has raised the significance of intra- and inter-regional arrangements.

Regional organizations, apart from economic cooperation and facilitation, provide nations with platforms to influence world affairs. European Union (EU) as a success story for European regional arrangement and regional economic integration gives inspiration to other regional bodies of the world.⁵ Despite Brexit and recent setbacks, because of the pandemic and rising xenophobia, it remains a body to reckon with.

While South Asia struggles with integration, the twenty-first century along with China's BRI may be an opportunity for the region.

¹ K.W. Deutsch & S. A. Burrell, *Political Community and the North Atlantic Area: International Organization in the Light of Historical Experience* (Princeton, NJ, 1957).

² W.R. Thompson, 'The Regional Subsystem: A Conceptual Explication and a Propositional Inventory', *International Studies Quarterly*, 17:1 (1973), 89-117.

³ J.N.B.P.K, Arvind, P. Krugman & L.H. Summers, *Trading Blocs: Alternative Approaches to Analyzing Preferential Trade Agreements* (MIT Press, 1999).

⁴ R. Baldwin. 'Multilateralising 21st Century Regionalism', In *conferencia dada en el Centro de Conferencias de la OCDE el mes de febrero, disponible en <http://www.voxeu.org/article/multilateralising-21st-century-regionalism>* (February 2014).

⁵ F. Arshad & L. Ali, 'Regionalism in South Asia and Role of SAARC', *Pakistan Journal of History and Culture*, Vol. 38(1) (2017), 123-142.

The twenty-first century regionalism and global trade governance is driven by a different set of political economy forces; it is a serious threat to the World Trade Organization centrality in global trade governance, as a rule writer.⁶ The multilateralism of the twenty-first century is much deeper, where the focus is to reduce overall discrimination, whereas South Asian regionalism is still shallow, tackling with discriminatory tariffs only.

The post-colonialism state-system of South Asia was not conducive to regional cooperation, because of unresolved conflicts that fester to-date. Thus, the South Asian Association for Regional Cooperation (SAARC), despite its late inception in 1985, remains a passive regional organization.⁷ All premise of regionalism among SAARC countries is rooted in the recognition that the various challenges that the region faces cannot be resolved through action in national domains alone.⁸

The rationale of SAARC's genesis clearly states in the charter, that:

in an increasingly interdependent world, the objectives of peace, freedom, social justice and economic prosperity are best achieved in the South Asian region by fostering mutual understanding, good neighborly relations and meaningful co-operation among the member states which are bound by ties of history and culture.

Perhaps it is time for South Asian countries to move beyond SAARC towards twenty-first century regionalism, which may serve regional integration objectives. Chinese regionalism is guided by a broader comprehensive concept of security that perceives economic development and security as intertwined. China's policy makers see spatial groupings as useful in facilitating China's acceptance into the South Asian regional economy.

China's efforts to join regional groupings in South Asia date back to early post-cold war period. In 1996, the then Chinese president Jiang Zemin spoke highly of SAARC and saw it playing a positive role in promoting peace, stability and cooperation in the region. China sought to engage with South Asia in multilaterals and at multiple levels. In

⁶ R. Baldwin, *21st Century Regionalism: Filling the Gap between 21st Century Trade and 20th Century Trade Rules*, [online] (Geneva: Graduate Institute, 2011), 3.

⁷ A. Reed, 'Regionalism in South Asia: Theory and Praxis', *Pacific Affairs*, 70:2 (1997), 235-251.

⁸ R. Baldwin, *21st Century Regionalism*, 3.

2000, it became a dialogue partner of the Indian Ocean Rim Association (IORA). There has been no looking back, since China is a prominent trade partner of every South Asian state including India and Afghanistan.

South Asia – The least integrated region

South Asia is home to one-fourth of world's population, has only 1.3 per cent of global income and 60 per cent of the world's poor.⁹ Distrust, rivalries and unhealthy competition has not allowed the region to achieve growth, development and peace it deserves. The rationale of vibrant trade, connectivity and economic ties must be released from the clutches of narrowly defined security constructs. In the twenty-first century, development is a direct outcome of connectivity. Only those countries and regions are poor that are lagging in connectivity; South Asia is no exception.

South Asia, bounded by the mighty Himalayas in the north and northwest and Indian Ocean in the south, forms a single geographical unit. It may be the least integrated region in intra-regional political and economic affairs, but is also the fastest growing region in the world, however this growth is happening with little regional cooperation. The relationships among nations have been marred by internal instability and mutual mistrust. The fears of political domination and economic exploitation remain on the table. The intra-regional trade is worth a mere 5 per cent.¹⁰ In comparison, the intra-regional trade in East Asia and Europe stand at 35 per cent and 60 per cent, respectively.¹¹

According to Asian Development Bank (ADB), it takes 32 days on average to complete trade-related procedures in South Asia, which is among the longest in the world. Nearly 70 per cent of the time is spent on the assembly and processing of large number of documents indicating high inefficiency at the institutional level. Improving trade facilitation systems to international standards could potentially see intra-regional

⁹ D. Iyer & F. Tariq (1 May 2017) 'South Asia and the Future of Pro-people development: the centrality of social justice and equality'. Available at: <https://ssrn.com/abstract=2932080> or <http://dx.doi.org/10.2139/ssrn.2932080>, (accessed 6 February 2019)

¹⁰ S. Kathuria, *A Glass Half Full: The Promise of Regional Trade in South Asia* (South Asia Development Forum. Washington, DC), © World Bank. Available at: <https://openknowledge.worldbank.org/handle/10986/30246> (accessed 1 February 2019)

¹¹ The World Bank, *The Potential of Intra-regional Trade for South Asia* (24 May 2016) [online]. Available at: <http://www.worldbank.org/en/news/infographic/2016/05/24/the-potential-of-intra-regional-trade-for-south-asia> (accessed 1 February 2019)

trade within South Asia rise by 60 per cent and trade with the rest of the world by over 30 per cent.¹²

Over 70,000 years ago and a myriad of civilizations later, a lot has changed within South Asia. What was once a region integrated through its politics and economics, has since turned into a group of nations so averse that they conduct more trade outside the region than within. For example, it is 20 per cent cheaper for India to conduct trade with Brazil, i.e., a country that is 14,766 km away, than with its immediate neighbor, Pakistan.¹³ This was an entirely different story at the time of subcontinent's partition when even immediately after the independence movement, 70 per cent of goods produced in Pakistan were exported to India.¹⁴ This is subject to the economic interdependence which can be revived through adherence to removal of non-tariff barriers, liberalization of visas and normalization of mutual relations.

History of regional integration

South Asia has not benefitted from its spatial continuity. History and subsequent investment in the politics of conflict has also contributed to the situation. The intra-regional trade as a share of regional Gross Domestic Product (GDP) hovers around only 1 per cent. Gravity models show that total goods trade within South Asia could be worth \$67 billion, rather than the actual trade of only \$23 billion according to the latest report of World Bank on Regional Trade in South Asia. For example, the volumes of formal trade between Pakistan and India, could be fifteen-fold more than the existing levels.¹⁵ Moreover, it has not happened in spite of being a win-win, all countries in the region, irrespective of size, location and endowments stand to gain from regional trade.

The real value regional economic activity has been consistently below potential; the gap based on the gravity model, as reported in the World Bank 2018 report has been widening, from \$7 billion in 2001 to \$44 billion in 2015, partly because of the significant acceleration in GDP

¹² South Asia least integrated region in world, *The Nation* (3 December 2012) [online]. Available at: <https://nation.com.pk/03-Dec-2012/south-asia-least-integrated-region-in-world> (accessed 4 February 2019).

¹³ The World Bank, Pakistan's trade with South Asia can rise by eight-fold – A new World Bank report (5 December 2018), [online] Available at: <https://www.worldbank.org/en/news/press-release/2018/12/05/pakistan-could-boost-trade-with-south-asia-eight-fold> (accessed 2 February 2019)

¹⁴ M. Syed, 'Pakistan-India Trade: Rationale and Reality, *Pakistan Horizon* 65:3 (July 2012), 85-101.

¹⁵ S. Kathuria, *A Glass Half Full*, Available at: <https://openknowledge.worldbank.org/handle/10986/30246> (accessed 1 February 2019).

growth in South Asia relative to the world over that period which brings us to the twenty-first century regionalism.

When the Indian Council of World Affairs conducted the Asian Relations Conference in New Delhi in 1947, it served as the first formal platform where questions regarding a (Post-Colonial) Asian identity, Asian unity, regional economy and the need of a wholesome regional cooperation got attention and emerged as 'collective concerns' for the region.^{16, 17} However, the period of divergence also began with the surfacing of convergence of interests, as both China and India stood at opposite poles for two reasons; each wanted to presume the leadership role in Asia and China objected to Tibet being presented as a separate state on Asia's map. Consequently, the Asian Relations Organization silently dissipated in 1957,¹⁸ followed by Sino-Indian war in 1962 and Pak-India wars 1965 and 1971. The disintegration of South Asia has the baggage of intra and extra region rivalries.

The Cold War also did not help. It has polarized South Asia even more. The ideological boundaries were created in the region which impacted regional integration. Within a decade, since the Cold War started, both the Baguio Conference held in 1950 and the Colombo Powers Conference in 1954, engaging Pakistan, India, Australia, Indonesia, Thailand, Philippines, Myanmar and Ceylon, failed to produce substantive reforms for regional cooperation, due to distinctive Cold War divisions.¹⁹ These unfavorable situations for dialogue among the countries made this period more about leaning into protecting the region from superpower politics and less about regional integration. Moreover, the bilateral relation between Pakistan and India became hostage to the Kashmir issue, and water and assets distribution only worsened the process.

Nonetheless, few notable outputs of the two conferences stood out. One of which included an agreement to convene a meeting of African and Asian nations to explore avenues of cooperation in 1955. A few promises to focus on cultural and energy-based cooperation were

¹⁶ C. Stolte, 'Orienting India: interwar internationalism in an Asian inflection, 1917-1937, PhD. Leiden University, 2013.

¹⁷ Indian Council of World Affairs, First Asian Relations Conference New Delhi March 23-2 April 1947 (2012) [online] Available at: http://icwadelhi.info/asianrelationsconference/index.php?option=com_content&view=article&id=51&Itemid=137 (accessed 1 February 2019)

¹⁸ K. Dash, *Regionalism in South Asia: Negotiating Cooperation, Institutional Structures* (New York: Routledge, 2008), 80.

¹⁹ S. Gupta, *India and Regional Integration in Asia* (Bombay: Asia Publishing House, 1964), 47.

also made. The vows yielded little substantive measure but they did manage to highlight the region's growing desire to move towards greater connectivity and non-alignment.²⁰ In essence, while a lot was being said, no machinery or institutional means to achieve said targets were being specified or worked upon.

The biggest output of this burgeoning third world movement came to be known as the Non-Alignment Movement, a political movement that brought the two continents of Africa and Asia together. It proved to be a remarkable platform as it, together with the UN, informally enabled the discussion on creating a 'South Asian Regional Forum'.

The final hiccup, before SAARC would come to fruition, came in the shape of regional dissent over India's prospects of dominance in South Asia. The Conference on Asian Economic Planners in 1961 in New Delhi successfully established the Asian Institute of Economic Development and a Regional Advisory Group on Economic Development and Planning in Asia, with a strong wave of opposition to India's intention to economically dominate South Asia.²¹ While the world was experiencing an exciting wave of 'old regionalism' during the 1950s and 1960's, especially the Western Europe, South Asia did not pick up on it until the 1980s.²²

What further contributed to the dysfunctionality of regional integration, was 1979 Soviet invasion and US proxy war in Afghanistan, where India had indirect stakes in the Afghanistan war. Pakistan and India opposed each other in Afghanistan, essentially a continuation of cold war dynamics. The defeated and marginalized northern alliance was supported by India, Soviet Union and Iran. The Taliban were frontline players of United States, Saudi Arabia and Pakistan.

South Asian Association for Regional Cooperation

The birth of SAARC was associated with deep seated suspicion between member states over the organization's larger aim. This suspicion was primarily derived from the varying political denominations South Asian countries shared (two dictatorships, two monarchies, one autocratic and

²⁰ K. Bajpai & S.P. Cohen, 'Cooperative Security and South Asian Insecurity', in J. Nola (ed.), *Global Engagement: Cooperation and Security in the 21st Century* (Washington, D.C.: The Brookings Institution, 1994), 452-453.

²¹ S. Gupta, *India and Regional Integration in Asia* (Bombay: Asia Publishing House, 1964), 83.

²² K. Dash, *Regionalism in South Asia*, 81.

two democracies).²³ Each denomination however, was driven by varying regional and international factors, as follows.

1. Regional factors

South Asia has been transforming post-partition as well as it was in its earlier history. Most South Asian states have witnessed regime change and all leaders in history had a distinctive approach to regionalism; they all wanted to consolidate their power.

By virtue of geography and economy, India remains the largest state of the region. Since independence, India has been engaged in seven wars, of which four were fought with Pakistan. Moreover, the country often uses coercive tactics against smaller states to compel them to tow its policies. It has acquired a number of smaller states both at the time of partition and after, on basis of its illegitimate power. It forcefully annexed the princely states of Junagarh, Jammu and Kashmir and Hyderabad Deccan in 1948. It had also captured Goa in 1961 and Sikkim in 1975. India is in constant state of tensions with both Pakistan and China. The sole objective of Indian foreign policy in the region is seeking hegemony. India's annexation of Sikkim in 1975 prompted a fear within smaller countries of the region.²⁴ In order to deter India's potential expansionism, the logic of regionalist entrapment (the creation of regional institutions to contain hegemonic dominance) was exercised.

1977, Bangladesh's President Zia-ur-Rehman visited India and discussed the issue of regional cooperation with Indian Prime Minister Morarji Desai.²⁵ This was perhaps the first time that a consolidated view among numerous South Asian leaders emerged. He carried out a string of engagements that helped create some semblance of unity between the South Asian states. He brought the King of Nepal on board in 1979 who had already been advocating for region integration on the issue of river water. In 1979, he met the Sri Lankan President J. R. Jayewardene to discuss the same.²⁶

Domestically, Bangladesh approached greater regionalism primarily because the then President Zia-ur-Rehman, who came to power via a coup, wanted to acquire legitimacy through international support. Then there were issues of being 'India-locked'. Bangladesh shared water and land resources with India and did not want to disrupt the

²³ S. Gupta, *India and Regional Integration*, 83.

²⁴ K. Dash, *Regionalism in South Asia*, 84.

²⁵ S.D. Muni & A. Muni, *Regional Cooperation in South Asia* (New Delhi: National Publishing House, 1984), 30.

²⁶ *Ibid.*, 31.

externalities; therein maintaining cooperation with Nepal and India would assure stability.²⁷ It was in favor of Zia-ur-Rehman and the Bangladesh government to build regional cooperation and take initiative of policy construction to ensure their military regime to be seen as legitimate in the world and stays in place for longer period.

Scholars of the region also propounded the initiative of regional cooperation as cultural, social and economic exchange of ideas starting taking place at a fairly rapid rate. To this extent, a Committee on Studies for Cooperation in Developments (CSCD) was also established.^{28 29 30} Most profound of all regional factors was the economic crisis faced by the South Asian nations. Almost all nations were facing an acute balance of payment crisis. The oil crisis of the 1979 only intensified their troubles. During 1974-75, the region experienced an all-time low growth rate of 2.2 per cent while the population growth increased by 2.4 per cent.³¹ And with the North-South negotiations at a half and developed countries pursuing a protectionist policy, South Asian countries were propelled to look inwards.

2. International factors

A number of South-South cooperation took place in the 1970s. The Non-Aligned Summits in 1976 and 1979 and Arusha Program of 1979 on collective self-reliance and the United Nations Conference on technical cooperation 1978, all showcased the need for a collective approach³² particularly one that was based around economic growth.

Moreover, the new regimes in South Asia encouraged world leaders like US's Jimmy Carter and UK's James Callaghan to visit South Asian states and compel leaders towards establishing amicable and cooperation based regional models. To that extent, they promised financial assistance on critical projects such as those on water sharing of Ganga and Brahmaputra.³³ Financial assistance made the prospects of cooperation more desirable. Soviet Union's invasion of Afghanistan that

²⁷ Z.R. Khan, *SAARC and the Super Powers* (Dhaka: University Press Limited, 1991), 31-34.

²⁸ M. Haas, *The Asian Way to Peace* (New York: Praeger, 1989), 131

²⁹ W.W. Rostow, *The United States and the Regional Organization of Asia and the Pacific: 1965-1985* (Austin: University of Texas Press, 1986), 139.

³⁰ K.P. Saksena, 'Institutional Framework', in B. Prasad (ed.), *Regional Cooperation in South Asia: Problems and Prospects* (New Delhi: Vikas Publishing House, 1989), 82.

³¹ S.D. Muni & A. Muni, *Regional Cooperation in South Asia*, 23.

³² *Ibid.*

³³ *Ibid.*, 26.

drastically shaped the South Asian security equation accompanied the Indo-Pakistan tensions rising along with the region's collective security tensions; pushing thus, the region together and apart at the same time.

In 1985, after much struggle and a hefty eight-year period of negotiations, SAARC finally became the ultimate emblem of regionalism in South Asia. Fast forward three and a half decade, SAARC could not lift off as a successful regional platform due to the authoritative and apprehensive behaviors of the two protagonists and regionalism as a process continues to be under a sporadic existential threat.

Possibility of regional integration in the light of Neo-Functionalism

Cooperation is trickier to track in the realm of international politics than a conflict. Almost every theory is either explaining when conflict emerges, when to expect it or when it will be less preferred as an outcome that will then result in automatic cooperation. Nonetheless, a few theoretical models have emerged trying to explain integration around the world. Neo-functionalism being one of them. It has been accredited for explaining the European integration and maybe used to explain the potential modern South Asian integration process triggered by Chinese interest.

As explained by Ernst B. Haas (1958), over and above technical issues, it is political parties, interest groups, and the views of political elites that influence cooperation. A spill-over from one functional area to another is also likely but conditional on the additional factors.³⁴ Neo-functionalism emphasizes cooperation between states at international and regional levels. It challenges the dominant schools of realism and neorealism which focused on conflict and competition between states.³⁵ For the adherents of this approach, cooperation between states in functional activities and regional cooperative arrangements is the precursor for peace, development, and economic integration.

Moreover, Neo-functionalism theory may provide the tools to understand the link between European integration and South Asian integration, now in process because of China's BRI initiative, in one of the least integrated regions in the world. Pakistan's potential to emerge as a corridor state in the region and a zipper state between the regions allows the exploration of twenty-first century regionalism in South Asia as the emerging ground reality.

³⁴ E.B. Haas, *The Uniting of Europe* (Stanford: Stanford University Press, 1958), 12.

³⁵ A. Hurrell, 'Explaining the Resurgence of Regionalism in World Politics', *Review of International Studies*, 21:4 (1995), 331-358.

Political integration is the process whereby political actors in several distinct national settings are persuaded to shift their loyalties, expectations and political activities to a new center, whose institutions possess or demand jurisdiction over pre-existing national states. The end result is a new political community, superimposed over the pre-existing ones.³⁶ This superimposed system can be suspected to emerge within South Asia following a merge in security and economic platforms. The hints for the transition have already started to emerge as India and Pakistan partake in a unique, first time joint military exercise through SCO. Cooperation is becoming a necessity too ubiquitous to be ignored. This seems to endorse neo-functionalists' key elements that include, the emergence of a 'regional' purpose and convergence of interests. Whereby nation-centric motives will work side by side the regions. Haas's argument focus on how values shape material as well as non-material interests.

Neo-functionalism, the theory accredited with explaining the European integration, can provide a stable premise in order to elucidate a rising South Asian integration. Though poles apart, South Asia and Europe can be comparatively analyzed in order to theorize the pattern with which South Asia may integrate in the future. Firstly, the inception of European Integration was not achieved amid a rosy political background. In fact, little transnational identity and/or trust bounded the European nations together as war wrecked the entire continent. Yet political will, perhaps propounded by the necessity to work together following the war was high. And the leading nations had liberal economies and pluralistic political set-up that are considered important variables in the road towards integration.

All these differences aside, South Asia has all the major conditions that once paved way for European integration. While it does not host pluralistic societies, it is as scattered and disoriented as Europe was post-World War, not perhaps, so much by the ravages of war, but by other equally damaging elements, a case in which neo-functionalism can explain a great deal.

European integration began with the economic sector, and the South Asia's emergence as the world's rising economic hub, together with China's unprecedented economic adventures, can prove for similar outcomes between the two regions. The key here lies in not looking at the specifics of how the integration will be achieved, rather the outcome that makes integration a possibility, since the implications are likely to

³⁶ *Ibid.*, 16.

cause (as they are) an institutional spill-over, as the cornerstone proponent of Neo-functionalism.

The two protagonists of the region

Perennial volatility between India and Pakistan, which has only escalated over time, remains the biggest impediment to regional integration. The seventy-one-year-old antagonism between two nuclear armed neighbors has new forms and manifestations in contemporary times. The rise of extremism on both sides of the border has defeated progress. The deteriorating security situation in Kashmir and Baluchistan makes Pakistan and India even wearier of each other. The desire to hurt and humiliate each other outweigh cooperation and integration objectives.

The theater of conflict has expanded; east and west borders are both hostile to Pakistan now. Afghanistan is the new battleground between the two adversaries. The shifting geo-politics of the region has given rise to new alignments. The geo-economic thrust of the 21st century, constantly runs parallel with the geopolitics. The great power realignment has further aggravated the situation. The emerging rivalry and competition between Washington and Beijing has direct impact on South Asian politics, economics and integration prospects. India is growing more and more skeptical of Pakistan and China's connectivity paradigm.

India's Foreign Secretary Subrahmanyam Jaishankar stated about the inaugural Raisina Dialogue in 2016, that one cannot be impervious to the reality, that others may see connectivity as an exercise in hardwiring that influences choices. This should be discouraged, because, particularly in the absence of an agreed security architecture in Asia, it could give rise to unnecessary competitiveness.³⁷

US is now actively seeking India's integration in its regional security calculus, as a 'natural balancer' to China, and de-hyphenating Pakistan and India in the US strategic thrust in the region, to counter China's 21st century rise. Both protagonists now have a stated 'Look East' component in their respective foreign policy construct, which is totally different, despite the fact that both the countries are geographically connected.

³⁷ Ministry of External Affairs, Government of India, *Speech by Foreign Secretary at Raisana Dialogue in New Delhi* (2016) [online]. Available at: [http://mea.gov.in/Speeches-Statements.htm?dtl/26433/Speech by Foreign Secretary at Raisana Dialogue in New Delhi March 2 2015](http://mea.gov.in/Speeches-Statements.htm?dtl/26433/Speech_by_Foreign_Secretary_at_Raisana_Dialogue_in_New_Delhi_March_2_2015) (accessed 31 January 2019)

Pakistan's Look East

The 'Look West' approach to keep out of India's orbit of influence has been the mantra for Pakistan's policy for decades. A major realignment is happening here; a general consensus is emerging that the connectivity thrust needs to drop the look West approach.³⁸ The emerging geo-strategic realities have compelled Pakistan to diversify its geo-economic and geo-political partnerships and develop new politico-economic cooperative engagements. The fact that Pakistan enjoys conflict-free, cordial relations with all East Asian countries is a huge advantage. However, the strategic component of Pakistan's 'Look East' is long-term convergence and alignment largely with both China and Russia. The security calculus of Pakistan has China and Russia more prominently featured than Washington.

The China-Pakistan link is well, but the 'Look East' policy of Pakistan has taken a new shape and dimension because of the contemporary relationship between Pakistan and Russia. The Russian self-imposed arms embargo on Pakistan was lifted in November 2014, when Russia signed a landmark military cooperation agreement with Pakistan, which spoke about 'exchanging information on politico-military issues, strengthening collaboration in the defense and counter-terrorism sectors, sharing similar views on developments in Afghanistan and doing business with each other'.³⁹

Russian Foreign Ministry's Spokesperson Maria Zakharova recently said that Russia and Pakistan share common concerns on Islamic State (aka Daesh) militants gaining momentum in the region, in addition to closely cooperating with Islamabad over Afghan agenda. Prior to this, Russian President Vladimir Putin's special envoy for Afghanistan Zamir Kabulov appreciated Pakistan's role and efforts for Afghan peace and reconciliation.⁴⁰ Russia is closely cooperating with Pakistan in the fight against terrorism and advancing the peace process in Afghanistan.

³⁸ Y. Moeed, 'Changing Vision', *Dawn*, (13 March 2018) [online]. Available at: <http://www.citethisforme.com/harvard-referencing> (accessed 15 January 2019)

³⁹ J. Mitra, 'Russia, China and Pakistan: An Emerging New Axis', *The Diplomat*, (2015). [online]. Available at: <https://thediplomat.com/2015/08/russia-china-and-pakistan-an-emerging-new-axis/> (accessed 13 January 2019)

⁴⁰ Russia sees Pakistan as an ally in fight against ISIS, *Pakistan Today* (daily), 1st February 2019. Available at: <https://www.pakistantoday.com.pk/2019/02/01/russia-says-closely-cooperating-with-islamabad-in-fight-against-terrorism/>

India's look East

India's 'Look East Policy', rechristened as the 'Act East Policy' by Prime Minister Narendra Modi-led National Democratic Alliance (NDA) government, has been lauded as one of India's important foreign policy initiatives. It is largely geared towards balancing the increasing influence of China in South East Asia and South Asia.

India seeks active cooperation in the fields of maritime, civil nuclear deals and combating terrorism from Australia, Japan and Vietnam. India's aim is to not only acquire access to capital investment and technology from the west, but more importantly to acquire a strategic backyard to assert its hegemony in South Asia to balance the rising footprint of CPEC and China.

Through the 'Act East Policy', India is not only striving to engage ASEAN member countries, but also the countries of the wider Asia-Pacific region in political, strategic, cultural, and economic domains. This is manifested in ongoing attempts to strengthen ties with Australia, Japan, Myanmar and South Korea.

India's look east policy, was first unveiled during the tenure of Prime Minister Narsimha Rao; the subsequent governments of Vajpayee and Manmohan both followed it.⁴¹ Prime Minister Modi when moved on from 'look East' to 'act East', reasserted it by focusing on Australian and Japan as potential allies. Another dimension is deliberate exclusion of Pakistan.

The Act East policy of India reflects the rapidly changing geopolitical realities in the Asia-Pacific and increased convergence of interest between India and the US. As part of its Act East policy, India is helping Vietnam build up maritime capacities. It has also emerged as one of key players in the Asia-Pacific strategic landscape. New Delhi is supported in the region by Washington and its partners. With its growing power, India is striving to expand its influence in the South China Sea.

Afghanistan: Part of the regional integration matrix

Afghanistan has been in a state of international, civil and guerilla warfare for nearly four decades now. In 2002, Pakistan and its six neighbors signed the Kabul Declaration on good neighborly relations. The signatories included China, Iran, Pakistan, Tajikistan, Turkmenistan and Uzbekistan. The biggest impediment to regional cooperation, facilitating peace, growth and development in Afghanistan and vice versa is the lingering tensions and hostility between Pakistan and India. The conflict

⁴¹ T. Haokip, 'India's Look East Policy: Its Evolution and Approach', *South Asian Survey*, 18:2 (2011), 239-257.

spectrum between Pakistan and India now also includes Afghanistan, where both see each other with skepticism, trying to counter each other's influence and trying score settling.

China is playing a significant role here, too, as it has become a major investor for peace and prosperity in Afghanistan, through wallet diplomacy which gets translated into projects like the Mes Aynak copper mine—a \$3.5 billion project in Logar province.⁴² This makes China the largest direct foreign investor in Afghanistan's history. Moreover, China is perhaps the only country that can exercise quiet influence over Pakistan, the Taliban and the Afghan government because of its economic thrust in the region. Its improved relationship with Russia only helps the situation further. United States has now followed China and Russia engaging into direct dialogue with the Taliban as a way forward to peace. US perhaps first time in seventeen years, is openly talking about withdrawal and as Taliban being a key part of the US end-game in Afghanistan.⁴³

The China factor in the world: Belt and Road Initiative

In terms of economic influence, the region is clearly dominated by India as it contributes to about 80 per cent of the region's GDP. However, intra-regional trade in South Asia is negligible. China's increased engagement, especially its investments in infrastructure projects, as an extra-regional umbrella, is fostering interdependence and regional integration that far exceed what has been accomplished as a result of SAARC. There is more interaction and interconnectivity than ever before and China has provided the catalyst for this transformation.

China terms OBOR as an initiative and is reluctant to call it a 'strategy'. On the other hand, it is increasingly assertive and seeks a role in global governance. It is not just the China-Pakistan Economic Corridor in South Asia in which China has invested as a part of revival of its ancient trade route, it has been involved in five more corridors and a Maritime belt planned to create connections among regional waterways from China's east and south coast to the Indian Ocean to Africa and through the Bab el-Mandeb Strait to the Mediterranean.

⁴² R. Khan, 'China's Growing Influence in South Asia', *The Nation*, (2018) [online]. Available at: <https://nation.com.pk/05-Aug-2018/china-s-growing-influence-in-south-asia> (accessed 30 December 2018)

⁴³ DAWN, General Miller, 6, 2, 18

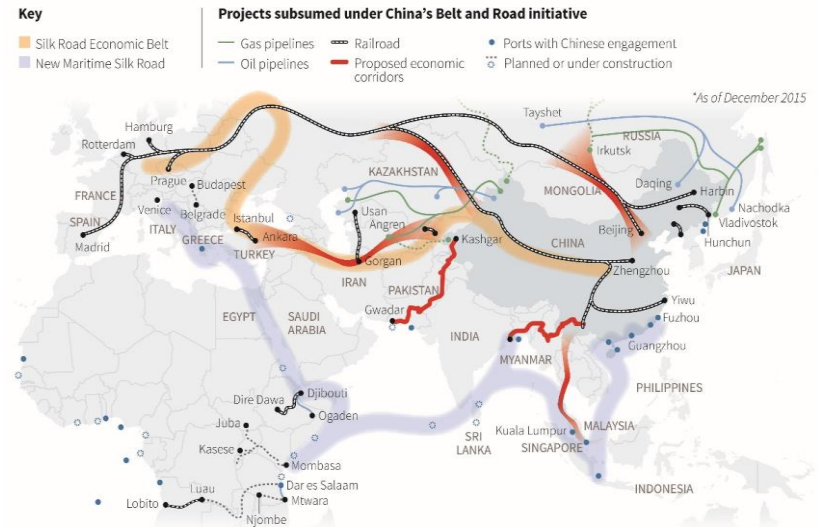
Chinese corridors

- China-Pakistan Economic Corridor, running from southwestern China to Pakistan.
- New Eurasian Land Bridge, running from western China to western Russia
- China-Mongolia-Russia Corridor, running from northern China to eastern Russia
- China-Central Asia-West Asia Corridor, running from western China to Turkey
- China-Indochina Peninsula Corridor, running from southern China to Singapore
- Bangladesh-China-India-Myanmar Economic Corridor, running from southern China to Myanmar
- The 21st Century Maritime Silk Road (see Figure A)

Figure A

Reviving the Silk Road

Announced by Chinese President Xi Jinping in 2013, the Silk Road initiative, also known as China's Belt and Road initiative, aims to invest in infrastructure projects including railways and power grids in central, west and southern Asia, as well as Africa and Europe.



Source: Mercator Institute for China Studies.

C. Inton, 24/03/2017

REUTERS

The China factor may become a pre-cursor not just for inter-regional connectivity but also intra-regional connectivity, trade and

development, which include infrastructure development—roads, railways, airports, seaports, oil and gas pipelines, mobility of goods and people and cultural exchange.

Chinese development as an extra-regional umbrella for South Asia

China-Pakistan Economic Corridor under Belt and Road Initiative was launched by China and Pakistan in 2015, with the signing of 49 agreements to finance a variety of projects, worth a total value of \$62 billion as of 2017.

India, which was trying to curtail Chinese influence in the region with the support of US, is China's largest trading partner with bilateral trade totaling around \$84.4 billion in 2018. The two countries have signed 24 agreements and nearly \$30 billion worth of business deals. China is playing an important role in supporting Afghanistan with the heavy investment of about \$3.5 billion in multiple projects. As peace of South Asia is largely linked with peace in Afghanistan, China has brought the Taliban, Pakistan and Russia to the table for peaceful negotiations.

The smaller states of the region have also benefited with the Chinese extra-regional umbrella. China has become Bangladesh's top trading partner in 2015 by investing \$35 billion in the country. The imports from China (including Hong Kong) are 27 per cent of Bangladesh's total imports. Sri Lanka has also been the leading beneficiary of Chinese infrastructure investment in South Asia, with nearly \$15 billion worth of projects between 2009 and 2014. China is also bolstering trade with Nepal, pursuing road building and hydropower projects. Nepal has also signed several agreements with China, including a permanent arrangement for energy supplies and a transit treaty granting Nepal access to Chinese ports. In Maldives, Chinese investment has now enabled more than 20 projects and the largest three of the 20 projects alone will be worth 40 per cent of the Maldivian GDP.⁴⁴

South Asia has the potential to become a hub of innovation with its young population well connected to new global technological developments, opportunities created by extra-regional entities, and a huge enterprising middle class. An important impediment to peace in South Asia is its geopolitics, which will remain on the table with its core ingredients: space, territory, territoriality, and power. However, commercialization connected with geopolitics is making geoeconomics

⁴⁴ R. Khan, 'China's growing influence in South Asia', *The Nation*, (2018) [online]. Available at: <https://nation.com.pk/05-Aug-2018/china-s-growing-influence-in-south-asia> (accessed 5 April 2019).

take precedence in the region and thus, the win-win cooperation with China can make the region developed and peaceful.

Eurasian Model

With the blurring of ideological battle lines and the establishment of new trade links, a new geographic entity has started to emerge—Eurasia, the supercontinent extending from Lisbon to Shanghai or even Jakarta. This, perhaps, is a return to an older time, but the dawn of a new age would be a more appropriate description.⁴⁵

The leaders of the European Union and China met at a summit in Beijing to praise ‘EU-China connectivity’. China has hugely ambitious plans to connect the commercial worlds of Europe and East Asia via infrastructure links that will knit the vast—and till now seemingly inchoate—land mass of Eurasia together.⁴⁶ China has firmly established its economic presence in Europe. It has invested around \$ 84.2 billion in Europe in 2017, compared to its \$ 2.2 billion worth investments in 2010. These Investments have led China to now control 10 per cent of European port capacity. On the contrary, Chinese investment on CPEC is \$64 billion.

Europe may be keen on Chinese investment, but is also skeptical of the Chinese model of connectivity, thus the European Union released a new strategy on ‘Connecting Europe with Asia’ as its principal guidelines toward connectivity between the two continents, which can be a guideline for smaller less-developed countries.

Three core aspects of Eurasian model are described in the following.

a. Sustainable connectivity

The mantra of EU’s sustainable connectivity is that connectivity has to be economically, fiscally, environmentally and socially sustainable in the long term. It primarily focuses on the challenges of lack of growth opportunities, investments, market efficiency and financial viability. It also includes challenges of climate change and environmental

⁴⁵ B. Macaes, *Eurasia, the Supercontinent that will Define our Century*, [online] (World Economic Forum, 2018). Available at: <https://www.weforum.org/agenda/2018/02/how-countries-can-find-their-place-in-the-new-eurasian-century/> (accessed 19 December 2018)

⁴⁶ *The Economist*, ‘*The Idea of Eurasia is once again the subject of geopolitics*’, (2018) [online]. Available at: <https://www.economist.com/asia/2018/07/19/the-idea-of-eurasia-is-once-again-the-subject-of-geopolitics> (accessed 28 December 2018)

degradation.⁴⁷ It has to promote decarbonization of the economy and respect high standards, based on environmental impact assessments. To further social progress, it needs to adhere to high standards of transparency and good governance, also give a voice to the people affected by the projects, based on appropriate public consultations.

b. Comprehensive connectivity

Comprehensive connectivity includes all transport links, by air, land or sea which means digital networks, from mobile to fixed, from the internet backbone to the last mile, from cables to satellites. It also means energy networks and flows, from gas including liquefied natural gas to electricity grids, from renewables to energy efficiency. Additionally it means synergy among the three sectors, sometimes leading to innovative and new forms of connectivity.⁴⁸

c. International rules-based connectivity

EU has guaranteed non-discrimination and a level playing field for enterprises and promotes an open and transparent investment environment while protecting its critical assets.⁴⁹

Options for the region

a. Uninterruptable dialogue

Pakistan and India have had seven rounds of fruitless dialogue; observers even call it the ‘dialogue of the deaf’ where meetings happen, photo opportunities take place and the glamour and drama of high profile diplomacy is in full display. However, nothing beyond tepid Confidence Building Measures (CBMs) is achieved.⁵⁰

The notion of uninterrupted dialogue is an Indian submission. Mr Mani Shankar proposed it in mid-2014, saying ‘uninterrupted and uninterrupted dialogue which is continued irrespective of what is

⁴⁷ Joint Communication to The European Parliament, The Council, The European Economic and Social Committee, The Committee of the Regions and the European Investment Bank, [online], 2. Available at: https://eeas.europa.eu/sites/eeas/files/joint_communication_-_connecting_europe_and_asia_-_building_blocks_for_an_eu_strategy_2018-09-19.pdf (accessed 29 December 2018)

⁴⁸ *Ibid.*, 2-3

⁴⁹ *Ibid.*, 3

⁵⁰ H. Baqai, ‘New Trends and Paradigm Shifts in Pakistan’, in R. Bhatia, S. Singh, and R. Marwah (ed.), *Transforming South Asia: Imperatives for Action* (New Delhi: Knowledge World, 2014), 177-197.

occurring' is the way forward. More recently, the Prime Minister Imran Khan and Foreign Minister Shah Mahmood Qureshi have both re-emphasized the need of uninterrupted dialogue. However, India continues to stonewall all such initiatives. The dialogue between Pakistan and India have taken place in 2015, 2012, 2003, 2001, 1999, 1972 and 1966, under the titles of Comprehensive Dialogue, twice as Composite Dialogue, the Agra Summit, Lahore Declaration, Simla Agreement and the Tashkent Agreement. None of them have served to improve the relationship between the two protagonists significantly. There is a complete breakdown of talks since 2015. Pakistan continues to offer talks as a way forward and the latest pro-people initiative of Kartarpur was an attempt to once again offer the olive branch to India.

b. Multiple trade blocs

The lack of intra-regional trade is a huge constraint in the collective growth of economy of the region. According to the World Bank's report 'A Glass Half Full', intraregional trade in South Asia is one third of its potential and yet countries in the region have erected trade barriers against each other, denying people the benefits of proximity.

Pakistan and India can play a proactive role through cooperation rather than competition, and this can be done through strengthening existing blocs, reviving those that are non-functional, and perhaps even making new. Moreover, the twenty-first century regionalism is geared towards not only inter-regional, but also intra-regional cooperation; Eurasia being the most pertinent example.

c. Reconciliation of narratives

National narratives and meta-narratives play a vital role in bringing about reconciliation between parties. It works like a lubricant in taking forward peace initiatives. Unfortunately, Pakistan and India's national narratives are both competitive and confrontational. The media that has a very important role in reconciliation of narratives, loses all objectivity when tensions between the two foes are high. It will not be incorrect to say that the relationship between Pakistan and India is hostage to hostile narratives. Election campaigns, especially in India, have Pakistan bashing high on the agenda. A conscious effort to reconcile the narrative to be pro-peace will go a long way in improving the relations between the two protagonists.

d. Marginalizing spoilers:

The biggest source of risk in precarious peace negotiations between historical foes comes from spoilers. They usually see peace initiatives as

a betrayal of key values, thus seek either to alter the process or destroy it. Moreover, if peace happens, their relevance is greatly reduced. In most cases, they are fighting for their own relevance rather than the case they portray. Pakistan and India are not any different; sporadic emergence of violence or acts of terrorism, where Pakistan and India are involved in a peace process, are not co-incidence, but intended acts of sabotaging peace. Those responsible must be identified, exposed and marginalized. The thrust is to blame each other for terrorism and use it to hurt, rather than coming together to defeat the common enemy.

e. Socializing populations to peace

People-to-people contact should also be uninterrupted to create the much-needed critical mass for peace. When the governmental relations deteriorate, all other avenues of interactions also get impacted. The cultural and social exchanges are also impeded, issuance of visa for cultural, social and economic interactions is used as a political tool of revenge. Two-way communication, fair trade relations, avoiding conflict and fighting common crises together are all hostage to the government-to-government contact between India and Pakistan.

Conclusion

Twenty-first century regionalism and China's BRI may become the precursor for strong intra- and inter-regional integration for South Asia and beyond. The twenty-first century is experiencing a paradigm shift from strategic alliance to regional integration and economic cooperation among states around the world. More importantly, contemporary times have witnessed a rediscovery of regions as an important source of competitive advantage in a globalizing political economy. The twenty-first century is driven by multiple sets of political economic forces where the spatial cluster and specialization thrust initiated by China is far-reaching. It is being adopted by Eurasia and Africa and has both intra- and inter-regional dimensions. Thus, increasing the importance of South Asia as region and Pakistan as a country.