

Crises of Regional Cooperation in South Asia

ZAGLUL HAIDER*

Department of Political Science, University of Rajshahi, Bangladesh

Introduction

SINCE WORLD WAR II, while nation-states have been emerging with greater differentiation in terms of political and cultural identities, there has been a growing tendency among them towards cooperation and integration. The new states seek to preserve their national security and achieve socio-economic development through cooperation with each other.¹ The proliferation of diverse regional organizations, such as the North Atlantic Free Trade Agreement (NAFTA), the European Union (EU), the Latin American Free Trade Association (LAFTA), the Caribbean Community (CARICOM), the Organization of African Unity (OAU), the Gulf Cooperation Council (GCC), the Association of Southeast Asian Nations (ASEAN), Asia Pacific Economic Co-operation (APEC), the Economic Community of West African States (ECOWAS) and the Southern African Development Community (SADAC), has been the result of this regional approach.

In South Asia, the South Asian Association for Regional Cooperation (SAARC) is one of the latest demonstrations of the growing interdependence among developing nations. The idea of SAARC was first mooted by late president Ziaur Rahman (Zia) of Bangladesh. In May 1980, President Zia proposed a summit of seven South Asian states (Bangladesh, Bhutan, Maldives, Sri Lanka, Nepal, Pakistan and India), which was intended to establish a formal regional organization. All seven countries finally accepted the proposal, despite the initial reservations of India and Pakistan,² and the first SAARC summit was held in Dhaka in 1985. At various stages of its growth, however, SAARC has faced recurrent crises³ that have posed a serious threat to its very existence. This article seeks to explore the multifarious crises of regional cooperation in South Asia.

The nature of the crises of regional cooperation in South Asia is very different from that of other regions. The crises that constrain mutual cooperation in this part of the world can be categorized into three types: political, economic and security.

Political Crisis

South Asia is a fragmented zone that historically failed to develop a sense of regional identity. Bilateral relations between most of the countries are defined by antagonism and mistrust. The major political crises among South Asian countries are listed below:

Indo-Pakistani Dispute: India and Pakistan have fought four bloody wars in the post-colonial period, including the Kargil War during the summer of 1999. They were led into these wars by the Kashmir issue and the Bangladesh liberation struggle. The potentially explosive Kashmir dispute between India and Pakistan has never been formally resolved and is now perhaps the most intense and dangerous source of conflict between two countries. The new 'line of control' (LOC), which replaced the old 1947 ceasefire line after the 1971 Indo-Pakistani war, was accepted as the de facto dividing line in Kashmir by both India and Pakistan in the 1972 Simla Agreement. But some sections of the LOC in the more remote areas of northwestern Ladakh were never demarcated on the ground, and there are still differences between Indian and Pakistani versions of the line, which lead to almost regular clashes between border guards.⁴ The Kargil War⁵ of 1999 was the fourth Indo-Pakistani war, eventually ending when Pakistan withdrew its troops as a result of diplomatic pressure from Washington. But the Kashmir conflict introduced an element of unprecedented volatility into relations between these two nuclear neighbours.⁶ Pakistan's nuclear capability is a serious concern for India: Indian policy-makers believe that Pakistan's nuclear capability might encourage it to step up its support for the insurgency in Indian-controlled Kashmir and that Pakistan might use nuclear weapons at an early stage in a conventional war in order to offset its inferiority in conventional weapons. In addition, Pakistan has stated that, while pursuing the doctrine of deterrence, it does not rule out the use of first strikes.⁷ In a nutshell, Indo-Pakistani nuclear tests brought to a head an old and persistent source of tension between two old enemies and further vitiated bilateral relations.

Indo-Bangladeshi Dispute: India played a dominant role in the liberation war of Bangladesh. As Bangladesh arrived at the threshold of independence, India emerged as its nearest friend. In order to formalize this relationship, a treaty of friendship, cooperation and peace for a period of 25 years was signed by

the two governments on 17 March 1972. But this Indo-Bangladeshi nexus was very short-lived. Following the coup d'état of 15 August 1975 and the fall of Sheikh Mujib's government, mistrust, misunderstanding and suspicion embittered relations between the two countries. Since then, a number of bilateral issues have strained Indo-Bangladeshi relations, and some continue to do so. For example, the Ganges water dispute is a major source of disagreement. Farakkah, the most important barrage, was erected over the Ganges by India in order to divert its water to the Bhagirathi–Hooghly River to keep the port of Calcutta navigable and free from silt.⁸ This Farakkah barrage became the 'Kashmir' of Bangladesh's grievances with India.⁹ Following the independence of Bangladesh, the Mujib and Indira governments signed a short-term agreement on 18 April 1975, which assigned 11,000–16,000 cusecs (cubic feet per second) of water to India from 21 April to 31 May 1975 (41 days) and secured the remaining 44,000–49,000 cusecs of water for Bangladesh.¹⁰ This short-term agreement expired on 31 May 1975, and after that India unilaterally started to withdraw almost all of the water (40,000 cusecs), which posed the threat of economic ruination for one-third of Bangladesh. India argued that, as the major riparian country for Ganges water in terms of catchment areas (98%), ultimate irrigation potential (94.5%) and the population living in the area, it had a legitimate right to utilize the water to its advantage.¹¹ But the Indian claim clearly contravenes international law, which stipulates that a riparian state has a legal right to utilize the water of an international river in its territory only if its so doing causes minor or no injury to a co-riparian country.¹² In November 1977, in the wake of serious Indo-Bangladeshi water diplomacy, Bangladesh's President Zia and India's Prime Minister Morarji Desai signed an agreement for a period of five years, which assigned 34,500 cusecs of water to Bangladesh and 20,500 to India during the leanest period (21 April to 30 May), and guaranteed 80% of the available flow of water at Farakkah for Bangladesh in the leanest ten-day period. This accord came to an end in November 1982. On 7 October 1982, General Ershad and Indira Gandhi signed a memorandum of understanding (MOU) for a period of 18 months, but this contained no guarantee clauses. When the MOU expired on 6 April 1984, Bangladesh failed to obtain a further extension. A second MOU was signed in November 1985 for a period of three years, after Rajib Gandhi's election as prime minister. This expired at the end of May 1988; from then until 11 December 1996, there was no MOU or agreement between the two countries. In the absence of water-sharing instruments, India recommenced its unilateral withdrawal of water, which caused an unprecedented reduction in the flow left for Bangladesh.¹³

Despite considerable diplomatic efforts – including summit diplomacy – between the two governments in 1992 and 1993, Prime Minister Begum Zia failed to secure an agreement over the sharing of Ganges water during her regime. However, with the return to power of the Awami League in Bangladesh – with Sheikh Hasina as Prime Minister – and the emergence of the coalition

government led by Dev Gowda in India, the prime ministers of the two countries signed a 30-year agreement on 12 December 1996.¹⁴ This agreement is based on the following formula: if the flow of water at Farakkah is 70,000 cusecs or less, India and Bangladesh will divide it equally between them; if the flow is 70,000–75,000 cusecs, Bangladesh will receive 35,000, and the rest will be diverted to India; if the availability is 75,000 cusecs or more, India will receive 40,000 and Bangladesh will receive the remainder of the flow.¹⁵ Unfortunately, however, events following the agreement seem to indicate that it is not being implemented properly. According to its terms, during the first and second ten-day periods of March 1997 Bangladesh should have received 35,000 cusecs of water, but actually received only 21,000; while in the final 11 days of that month, Bangladesh should have received 29,688 cusecs of water, but actually received between a maximum of 25,088 cusecs on 23 March and a minimum of 6,457 cusecs on 27 March. Similarly, during the first ten days of April 1997, while Bangladesh should have received 35,000 cusecs under the accord, it actually received only 17,857. And although Bangladesh did receive its due share, 24,559 cusecs, during the second ten-day period of April 1997, during the last ten-day period of that month, it received only 27,695 of the 35,000 cusecs of water to which it was entitled.¹⁶

One leading water resource expert and a member of the Bangladesh–India Joint River Commission, Ainun Nisat, has admitted that Bangladesh has not been receiving the share of water it is due under the agreement.¹⁷ Although the data for the years 1998–2001 are not yet available, people alongside the river Padma have reported frustrating experiences with regard to water flow.

Bangladeshi–Pakistani Dispute: Bangladesh formally appeared on the world map on 16 December 1971. Immediately after the independence of Bangladesh, the issue of the repatriation of stranded Biharis placed a strain upon Bangladeshi–Pakistani relations. Originally, the Biharis were non-Bengali Muslims of the Bihar province of India who migrated to East Pakistan following the partition of India in 1947. During the liberation war of Bangladesh, the Urdu-speaking Biharis collaborated with the Pakistani army and played a significant role in Pakistan's defence, forming local militias that acted with considerable savagery against Bengalis.¹⁸ Naturally, these people felt insecure and unwanted in the post-independence period. Around one million non-Bengali Biharis were stranded in Bangladesh. Following independence, they were given an option to choose between citizenship of either Pakistan or Bangladesh through the International Red Crescent Society (IRCS): of them, half a million opted for residence in Bangladesh; the rest requested repatriation to Pakistan. In the first phase of the subsequent repatriation, about 170,000 Biharis moved to Pakistan in 1973.¹⁹ After a few months, however, the repatriation process came to a standstill owing to the financial constraints of the IRCS. Since then, Pakistan has shown reluctance to accept further Biharis.

However, following the military takeover in Bangladesh, repatriation of Biharis was briefly resumed by air because of Pakistan's friendly relations with the post-1975 Zia government. Once again, though, it was later suspended by Pakistan, but Bangladesh avoided raising the issue again at this time in order to avoid disagreement with Pakistan.²⁰

During the Ershad regime (1982–1990), Bangladesh took further diplomatic steps to resolve the Bihari problem, but could make no headway. In 1992, Prime Minister Begum Zia paid an official visit to Pakistan and made a breakthrough in settling the problem. Pakistani Prime Minister Nawaz Sharif agreed to repatriate all 238,000 stranded Biharis and gave assurances that the repatriation of the first batch of 3,000 families would commence by December 1992; thereafter, the repatriation would take place in phases, as funds became available. A token batch of 50 families was repatriated in January 1993,²¹ and officials from the two countries discussed the matter further following Sheikh Hasina's election as prime minister in Bangladesh. Following the three nations' (i.e. Bangladesh, India and Pakistan) business summit in Dhaka in January 1998, the government of Pakistan confirmed its willingness to take back all 238,000 Biharis from Bangladesh. However, the military coup in Pakistan in 1999 and the ousting of Nawaz Shaif's government made further repatriation uncertain.

Indo-Sri Lankan Dispute: The relationship between India and Sri Lanka is another important area of concern in South Asia. A large number of Indian Tamils have long resided in Sri Lanka. These are concentrated mainly in the Jaffna Peninsula of northern Sri Lanka. Since 1976, Tamils have been demanding an independent state in the Tamil-inhabited northern and eastern parts of Sri Lanka. Their movement gained momentum gradually and has been engaged in actual conflict with the Sri Lankan government since 1983. Sri Lanka accused the Indian government, especially the state government of Tamil Nadu, of providing training and supplying arms to Tamil terrorists in its southern areas.²² This dangerous ethnic conflict has escalated since July 1983, with the Tamils engaging in serious armed conflict with the Sri Lankan government. A strong Tamil armed group, the Liberation Tigers of Tamil Ealam (LTTE), has been formed to oppose the Sri Lankan government.

The situation in Sri Lanka took a serious turn for the worse in 1986, following military action taken by the Sri Lankan government in the Jaffna Peninsula, a strong Tamil base, which caused many civilian deaths. After this punitive action by the Sri Lankan government, India intervened in Sri Lanka under the mantle of providing humanitarian assistance. The Sri Lankan government protested that this was a grave violation of Sri Lanka's sovereignty. However, finding no other way out, Sri Lankan President Jaywardhane reached an agreement with India in July 1987, under which Sri Lanka conceded India's role in its internal affairs. The agreement assigned a role to India in the process

of settling Sri Lanka's ethnic conflict. In fact, in subclause 2.14 of the agreement, the government of India obligated itself 'to underwrite and guarantee the resolutions and cooperate in the implementation of the proposals' in the following ways:²³ (i) Indian observers were to be present for the provincial council elections in the north and east; (ii) Sri Lanka, with Indian help, would rehabilitate disarmed Tamil militant youths and accommodate them in the mainstreams of national life; (iii) ensuring the security and safety of all communities in the northeast of the island was to be the joint responsibility of India and Sri Lanka; (iv) in an interstate agreement, the Sri Lankan government would give an undertaking to ensure free and fair elections in the country's northeast province; (v) the monitoring of cessation of hostilities, due from 31 July 1987, was to be carried out by a joint Indo-Sri Lankan observer group; and (vi) to guarantee and enforce the cessation of hostilities, the president of Sri Lanka could invite an Indian peacekeeping force. However, it was argued that the agreement brought Sri Lanka under the security system of India²⁴ and imposed the will of the Indian government in furtherance of its own national and strategic interests.²⁵ Unfortunately, although the agreement was signed to restore peace in Sri Lanka, it enhanced violence and failed to achieve its stipulated objectives. Although India had favoured greater autonomy for the Sri Lankan Tamils under the agreement, the Tamil Tigers refused to support it.²⁶ The agreement also proved counterproductive for India. The LTTE assassinated Rajib Gandhi nearly four years later in order to avenge the deaths caused by the Indian army in Jaffna and in the north and east of the island.²⁷

Indo-Nepali Dispute: Nepal, a landlocked Himalayan state, exists as a buffer between India and China. It poses no military threat to India, but, in the name of national security, India has successfully imposed several treaties upon Nepal. There are several agreements between India and Nepal, but the two agreements signed on 31 July 1950 – the Treaty of Commerce and Trade and the Indo-Nepali Treaty of Friendship – are the most prominent.²⁸ The trade agreement was originally for ten years, to be renewed subsequently.

In 1960, Nepal turned towards China to counterbalance Indian pressure. In response, China declared that it would side with Nepal in the event of a foreign attack on Nepal. Nepal also linked Kathmandu to Tibet via a highway built with Chinese support.²⁹ In 1975, Nepal proposed that it should be declared a zone of peace. This was not endorsed by India, but China, Pakistan and the USA supported the proposal. During the late 1980s, India asserted its regional dominance by exercising its economic muscle on Nepal: India imposed a virtual trade blockade in April 1989 by closing 15 out of 17 transit routes between the two countries. The Indian economic blockade, which severely damaged Nepal's economy, continued for 15 months and ended on 10 June 1990.³⁰ This had far-reaching political repercussions: pro-Chinese ele-

ments in Nepal became frustrated at the lack of support from China during the blockade, which seriously tarnished China's image in Nepal. This also contributed to the success of the democracy movement in the spring of 1990, which eventually brought into power the pro-Indian Nepalese Congress and put an end to the Panchayat system in Nepal. This was followed by the framing of a new constitution. As a result of these changes, the new Nepalese Prime Minister G. P. Koirala, during his visit to India in December 1991, signed two separate agreements on trade and transit, which provided several new facilities for Nepalese export to India.³¹ But the harsh reality is that all but the Nepalese Congress are opposed to Indian influence in Nepal.

Apart from this, the Mahakali Treaty between Delhi and Kathmandu, concluded in 1996 for the construction of a dam on the Mahakali river for flood moderation, irrigation and electricity generation, also created mistrust and suspicion between the two countries. The centrepiece of the Mahakali Treaty was the decision to build a giant multi-purpose dam, over 200 metres high, at Pancheswar. One end of the dam is to be in Nepal and the other in India, and the cost of the project is to be shared by both countries. Under this project, hydroelectric power stations are to be set up on each bank of the river, one in India and one in Nepal,³² and the electricity generated will be sold to India, the only buyer of surplus power in the region. However, fears have been expressed that Nepal will not be able to obtain a fair price from India for its electricity exports. Critics say that India, as the sole buyer and because of its dominant size and powerful diplomatic skills, would dominate in any negotiations over power sales. It is further argued that thousands of hectares of Nepali land would be inundated by the giant reservoirs for benefits that would only help India.³³ The treaty is also described as incomplete, because nothing is clear about the price at which generated electricity will be bought and sold or the principles by which such a price is to be fixed.³⁴

India and Maldives: Maldives, a predominantly Muslim state, comprises a group of islands located to the southwest of India and close to Diego Garcia, the US military base in the Indian Ocean. In 1988, an abortive coup against President Mamoon Abdul Gayoom was organized by Abdullah Luthufi, a Maldivian businessman, with the help of 400 Sri Lankan Tamil guerrillas, who attempted to overthrow President Gayoom in a surprise boat attack.³⁵ After the coup, President Gayoom quickly sought help from the USA, the UK and SAARC countries. India responded very promptly and sent 1,600 paratroopers to Maldives, supported by three warships under India's Southern Naval Command.³⁶ Indian action in Maldives created suspicion among the South Asian states. India's quick response suggested that it wanted to arrive first in order to forestall any regional or extraregional involvement. There were also reports that the coup was engineered by India and was stage-managed.³⁷ It is true that, through the Maldives operation, India established its regional

supremacy and proved its capability to ensure the security and stability of smaller South Asian countries.

India and Bhutan: Though Indo-Bhutanese relations are very harmonious, Bhutan still seeks to pursue its own independent foreign policy and wants to live with a distinctive political identity. Bhutan plans to review the bilateral ties it signed with India in 1949–50. In 1949, India concluded a treaty with Bhutan, which is called the treaty of perpetual peace and friendship. Under this, Bhutan is bound to accept Indian advice.³⁸ Bhutan is currently settling its border issues with China and taking an independent stand on regional and global issues. The talks between Bhutan and China, held in 1984 and 1985 in Beijing and Thimpu respectively, were keenly observed by India because the existence of a pro-Chinese lobby in Bhutan would not be in India's interests. This could be a potential source of irritation in Indo-Bhutanese relations.

Economic Crisis

South Asian Economic Dependence on Industrial States: The economies of all South Asian states are virtually dependent on industrial countries for aid, trade, finance and technology transfer. This is a major constraint to intraregional economic cooperation, which, as Table 1 shows, is weak in the region. Moreover, as a peripheral region in the world economy, South Asia has become a specialized zone for the production of raw materials rather than finished products. As a consequence, South Asian countries import consumer products from the core nations, which has created a new form of dependency between South Asia and the core nations for technology, equipment and intermediate goods.³⁹ Table 1 provides an overall picture of intraregional trade among SAARC countries in relation to their trade with the whole world. It shows that, in 1980, intraregional trade among SAARC countries was 3.19% of their world trade; it was 2.49% in 1985; in 1990 it declined to 2.36%; it further declined to 1.97% in 1995; and it rose to 2.42% in 1999.

Table 2 shows the intraregional imports and exports of SAARC countries in relation to their total imports and exports. From 1980 to 1999, the intraregional imports and exports of India and Pakistan remained very low. Although the intraregional imports of Bangladesh, Maldives, Nepal and Sri Lanka improved significantly during this period, their exports to the region declined (with the exception of Maldives). It is interesting to note that India and Pakistan, the two major economies of South Asia, have very little share in intraregional imports and exports.

The main reasons for the limited nature of intraregional trade are as follows: First, most of the South Asian countries are primary producers, tend to export

similar items and thus compete with each other. Second, the South Asian countries, with the exception of Sri Lanka, have high tariff and non-tariff barriers, which are the most important constraining factors for the expansion of intraregional trade. Third, the lack of adequate transport and information links among the South Asian countries has posed serious problems for the expansion of intraregional trade. Finally, political differences and a lack of willingness to create trade complementarities across the borders of South Asian countries have contributed to the current low levels of intraregional trade.⁴⁰

Table 1. Intra-SAARC trade in relation to world trade

Year	Intra-SAARC trade exports and imports (US\$ millions)	World trade of SAARC countries, exports and imports (US\$ millions)	Share of intra-SAARC trade in world trade (%)
1980	1,210.0	37,885.3	3.19
1985	1,088.7	43,759.5	2.49
1990	1,548.7	65,490.0	2.36
1995	2,073.0	105,234.01	1.97
1999	2,961.3	122,400.0	2.42

Sources: *Direction of Trade Statistics Yearbook*, 1985, 1992, 1996, and *Direction of Trade Statistics Quarterly*, June 2000, International Monetary Fund, Washington, DC.

Table 2. Intraregional imports and exports of SAARC countries in relation to their total imports and exports (%)

Country	Intraregional imports					Intraregional exports				
	1980	1985	1990	1995	1999	1980	1985	1990	1995	1999
Bangladesh	3.6	3.4	6.8	17.66	24.93	8.6	7.6	3.6	2.65	1.38
India	0.9	0.7	0.4	0.57	0.98	3.6	2.2	2.7	5.06	5.16
Maldives	23.3	9.1	11.4	13.17	–	26.5	17.0	14.0	22.00	–
Nepal	47.9	34.1	11.7	17.57	–	37.8	34.4	7.1	8.81	–
Pakistan	2.3	1.5	1.6	1.47	2.57	6.3	5.2	3.9	3.15	4.04
Sri Lanka	5.1	6.4	7.0	8.65	17.48	7.0	4.2	3.6	2.81	2.06

Note: Non-availability of data is indicated by a dash. No data available for Bhutan.

Sources: *Direction of Trade Statistics Yearbook*, 1985, 1992, 1996, and *Direction of Trade Statistics Quarterly*, June 2000, International Monetary Fund, Washington, DC.

Security Crisis

The issue of security is a serious threat to the very prospects of SAARC. Basically, South Asian security is endangered by the Indo-Pakistani arms race and the alarming defence expenditure of South Asian states.

Indo-Pakistani Arms Race: The very security of South Asia is threatened by hostility between the two neighbours, India and Pakistan. Four bloody wars between the two countries have greatly contributed to the arms race between them. In this region, India was the first country to explode a nuclear device, in 1974. More recently, in May 1998, both India and Pakistan conducted nuclear tests.⁴¹ India conducted its second and third nuclear tests on 11 May and 13 May 1998, while Pakistan successfully carried out its first and second nuclear tests on 28 May and 30 May 1998. Moreover, India and Pakistan have threatened each other that they would not hesitate to use nuclear bombs if necessary. Both countries have also disclosed their capabilities to produce further nuclear arms and deploy them rapidly. This arms-building competition, especially the nuclear arms race, poses a serious threat to the security of South Asian countries, has unleashed a nuclear cold war in South Asia and has increased the probability of nuclear war in the region,⁴² since both India and Pakistan have the means and possibly the motives to engage in nuclear conflict.⁴³ India claims that nuclear weapons are a political equalizer, the ultimate bargaining chip which can be used to correct the asymmetry of the international system.⁴⁴ Pakistan believes that nuclear weapons could theoretically offer some measure of nuclear deterrence against Indian military threats.⁴⁵

Defence Expenditure: The available data on defence expenditure in South Asian countries show that, over the period 1990–99, the total spending of the region rose from \$11.58 billion in 1990 to 14.52 billion in 1999 (Table 3). In 1990, it was 1.4% of gross domestic product (GDP) in Bangladesh, 2.9% in India, 0.8% in Nepal, 5.7% in Pakistan and 2.1% in Sri Lanka (1990), while in 1998 it was 1.6% of GDP in Bangladesh, 2.1% in India, 0.9% in Nepal, 4.2% in Pakistan and 4.2% in Sri Lanka (Table 4). The most striking development in world military research and development in 1995 was India's decision to double the share of its increasing defence budget devoted to military research and development, which was \$430 million in 1995 and will reach \$1 billion annually by the year 2005.⁴⁶ The amount spent on defence in South Asia in 1999 was \$14.52 billion.⁴⁷

Indian and Pakistani nuclear tests in 1998 have accelerated the rate of increase in military expenditure in the region. The defence budget that India adopted for the fiscal year 1999/2000, which amounted to 457 billion rupees (\$6.3 billion), represents a real increase of around 6% over the previous year. In addition, the armed conflict in Kashmir in 1999 generated requests for

supplementary allocations. In addition to the original budget for 1999/2000, an emergency grant of 6 billion rupees (\$140 million) was adopted for extraordinary procurement requirements because of this conflict. This brought the increase over 1998/99 to 10% in real terms.⁴⁸ Military expenditure in Pakistan has also increased. The defence budget adopted for 1999/2000 was for 142 billion rupees – an increase of 7% in real terms over the previous fiscal year.⁴⁹ However, the huge military spending in South Asia is the main source of economic hardship in the region, which hinders regional cooperation.

Table 3. Military expenditure in South Asia (in constant US\$), 1990–99

Year	Bangladesh	India	Nepal	Pakistan	Sri Lanka	Total
1990	391	7,750	32.3	3,195	214	11,582.30
1991	426	7,249	31.5	3,426	293	11,425.50
1992	471	6,939	31.9	3,664	328	11,433.90
1993	491	7,832	36.1	3,659	351	12,369.10
1994	487	7,795	37.3	3,565	408	12,292.30
1995	474	8,004	37.4	3,624	687	12,826.40
1996	510	8,165	36.4	3,620	642	12,973.40
1997	565	8,935	38.1	3,324	569	13,431.10
1998	578	9,264	46.1	3,134	597	13,619.10
1999	593	10,174	48.3	3,229	478	14,522.30

Note: Figures are in millions of US\$, at constant 1995 prices and exchange rates.

Source: *SIPRI Yearbook 2000* (Stockholm: Oxford University Press, 2000), Table 5A.3, p. 273.

Table 4. Military expenditure as percentage of domestic product, 1990–98

Year	Bangladesh	India	Nepal	Pakistan	Sri Lanka
1990	1.4	2.9	0.8	5.7	2.1
1991	1.5	2.6	0.7	5.8	2.8
1992	1.7	2.5	0.8	6.1	3.0
1993	1.7	2.4	0.8	5.7	3.1
1994	1.5	2.2	0.8	5.7	3.4
1995	1.5	2.1	0.8	5.2	5.3
1996	1.5	2.0	0.7	5.1	5.0
1997	1.6	2.2	0.8	4.6	4.2
1998	1.6	2.1	0.9	4.2	4.2

Source: Source: *SIPRI Yearbook 2000* (Stockholm: Oxford University Press, 2000), Table 5A.4, p. 279.

Concluding Observation

With the creation of SAARC, South Asia emerged as a regional entity in the international political system. Of course, the bilateral hostilities prevailing between the SAARC countries have been exacerbated by the nuclear tests of both India and Pakistan, which created new areas of tension and dissension in South Asia. Undoubtedly, SAARC has survived recurrent setbacks caused by continued political differences among the member-states. However, for its continued survival, SAARC will have to overcome this nuclear crisis as a crucial regional institution. In this case, SAARC can initiate confidence-building measures at the highest political levels. Although bilateral political issues are excluded by the SAARC charter, the document could be amended for the greater interests of the region. Aside from this, in order to reduce nuclear tension, both India and Pakistan should immediately sign the Comprehensive Test Ban Treaty (CTBT). The two hostile neighbours could also sign a treaty like the Intermediate-Range Nuclear Forces (INF) Treaty, which could be used as a model for missile reduction in South Asia. At the economic level, intra-regional trade in South Asia is quite insignificant, resulting in limited interdependence among the South Asian countries. The creation of the South Asian Preferential Trade Agreement (SAPTA) has generated new optimism about SAARC as a promoter of regional economic cooperation. SAPTA has given new momentum to intraregional trade and bilateral economic relations. The recent approach to operationalizing SAPTA appears very promising: India has agreed to offer tariff reductions on the import of 106 items from the South Asian region; Pakistan has offered tariff reductions on 35 items; Sri Lanka on 31; Maldives on 17; Nepal on 14; Bangladesh on 12; and Bhutan on 7.⁵⁰ Still, this is not enough for meaningful regional economic cooperation. At this point, all South Asian countries should make sincere efforts to reduce the barriers to intraregional trade under the framework of SAPTA. Of course, as the region's economic giant, India should take the lead in intensifying economic interdependence among the SAARC countries, and the other member-states should be similarly responsive.

In the final analysis, it is unrealistic to believe that any substantial growth or regional cooperation is possible in South Asia without an easing of the political tension that resulted from the nuclear tests of 1998. The postponement of the 11th SAARC summit (which was scheduled to be held in Kathmandu in November 1999) because of Indo-Pakistani tension confirmed this hypothesis. Although inconclusive, the Agra Summit between India and Pakistan in July 2001 certainly brightened the prospects of regional cooperation. Experience with South Asia indicates that, as long as the political hostilities remain unresolved, SAARC will have only a 'stop and go' pattern of growth,⁵¹ which will limit the growth of regional cooperation. It should be noticed that security

comes through mutual sharing. South Asian states should have a regional outlook with regard to security matters, and delegating political power to SAARC may be the best way to develop such a regional outlook.

NOTES AND REFERENCES

- * Dr Zaglul Haider is Associate Professor in the Department of Political Science, University of Rajshahi, Bangladesh.
- 1 Ronald S. David et al., *Prospects and Problems of Cooperation Among Small Nations in Southeast Asia* (Colombo: Marga Institute, 1980), pp. 4–7.
 - 2 W. Howard Wriggins with F. Gregory Gause, Terrence P. Lyons & Evelyn Colbert, *Dynamics of Regional Politics: Four Systems on the Indian Ocean Rim* (New York: Columbia University Press, 1992), p. 132.
 - 3 Here, the term 'crises' denotes the core politico-economic and security issues that created political hostility, prevented intraregional economic interdependence and led the major South Asian countries toward arms-building competition, which eventually constrained regional cooperation.
 - 4 Leo E. Rose, 'India's Regional Policy: Non-Military Dimensions', in Stephen Cohen, ed., *The Security of South Asia: American and Asian Perspectives* (Urbana, IL: University of Illinois Press, 1987), pp. 20–21; Barry Buzan & Gowher Rizvi, *South Asian Security and the Great Powers* (London: Macmillan, 1986), p. 118.
 - 5 Saleem Kidwai, 'U.S. Approach to Kargil: No Paradigm Shift in South Asia Policy', *Journal of Peace Studies*, vol. 6, no. 3, May–June 1999, pp. 9–23, on p. 9.
 - 6 François Heisbourg, 'The Prospects for Nuclear Stability Between India and Pakistan', *Survival*, vol. 40, no. 4, Winter 1998–99, pp. 77–92, on p. 84.
 - 7 Amit Gupta, 'Nuclear Forces in South Asia: Prospects for Arms Control', *Security Dialogue*, vol. 30, no. 3, September 1999, pp. 319–330, on p. 319.
 - 8 N. Islam Nazem, 'Indo-Bangladesh Common Rivers and Water Diplomacy', *Bangladesh Institute of International and Strategic Studies (BISS) Journal*, vol. 7, no. 5, December 1986, pp. 1–25, on p. 11.
 - 9 Gowher Rizvi, 'The Role of the Smaller States in the South Asian Complex', in Barry Buzan & Gowher Rizvi, *South Asian Security and the Great Powers* (London: Macmillan, 1986), pp. 127–156, on p. 135.
 - 10 Zaglul Haider, 'The Changing Patterns of Bangladesh Foreign Policy: A Comparative Study of Mujib and Zia Regimes (1971–1981)', unpublished PhD dissertation, Clark Atlanta University, Atlanta, GA, July 1995, p. 108.
 - 11 Partha S. Ghosh, *Cooperation and Conflict in South Asia* (Dhaka: UPL, 1989), p. 87.
 - 12 Rafiqul Islam, 'The Effects of the Farakkah Barrage on Bangladesh and International Law', *Bangladesh Institute of International and Strategic Studies (BISS) Journal*, vol. 5, no. 3, July 1984, pp. 250–273, on p. 253.
 - 13 Shaukat Hassan, 'Environmental Issues and Security in South Asia', *Adelphi Papers* (International Institute for Strategic Studies), no. 262, 1991, p. 51; Ashok Swain, 'Displacing the Conflict: Environmental Destruction in Bangladesh and Ethnic Conflict in India', *Journal of Peace Research*, vol. 33, no. 2, May 1996, pp. 189–204, on p. 192.
 - 14 *Daily Ittefaq*, 13 December 1996. For an analysis of the agreement, see *News Letter* (Regional Centre for Strategic Studies, Colombo), vol. 3, no. 1, January 1998.
 - 15 *Daily Star* (Dhaka), 13 December 1996.

- 16 *The Weekly Jai Jai Din*, no. 27, 15 April 1997; Amzad Hossain Khan, 'Ganges Water Treaty: Analysis of First Year Implementation', *Daily Star*, 28 May 1997.
- 17 See leading water resource expert Ainun Nishat's interview with *Dainik Sangbad*, 5 April 1997.
- 18 Radha Kumar, 'Who Is a Refugee?', *Seminar*, no. 463, March 1998, pp. 4–7, on p. 16.
- 19 Information released by the International Red Crescent Society, Bangladesh.
- 20 Ishtiaq Hossain, 'Bangladesh–India Relations: Issues and Problems', in Emajuddin Ahamad, ed., *Foreign Policy of Bangladesh* (Dhaka: UPL, 1984), pp. 40–41.
- 21 Interview with a relevant officer of the Ministry of Foreign Affairs in Dhaka.
- 22 In a protest note to India, Sri Lanka officially accused the state government of Tamil Nadu of helping the Tamil separatists. For the text, see *Sunday Observer* (Colombo), 2 March 1986; see also interview with President Jaye Wardens, *India Today*, New Delhi, 15 December 1985, p. 38.
- 23 Indo-Sri Lanka Agreement to Establish Peace and Normalcy in Sri Lanka of 29 July 1987 (New Delhi: External Publicity Division, Ministry of External Affairs, 1987); Mohammad Humayun Kabir, 'The "India Factor" in Sri Lanka's Foreign and Security Policy', Research Monograph No. 1 (Colombo: Bandernaike Centre for International Studies, 1996), p. 53.
- 24 Shelton U. Kodikara, 'The Indo-Sri Lanka Agreement of July 1987: Retrospect', in Shelton U. Kodikara, ed., *South Asian Strategic Issues: Sri Lankan Perspectives* (New Delhi: Sage, 1990), pp. 155–166, on p. 161; Urmila Phadnis, 'Imperatives of Indo-Sri Lanka Accord', *Times of India* (New Delhi), 22 June 1987.
- 25 Kingsley M. de Silva, 'Conflict Resolution in South Asia', in Luc van de Goor et al., eds, *Between Development and Destruction: An Enquiry into the Causes of Conflict in Post-Colonial States* (London: Macmillan, 1996), p. 315.
- 26 Shaheen Akhter, 'Geo-Strategic Dynamics of Indo-Sri Lanka Relations', Research Monograph No. 2 (Colombo: Bandernaike Centre for International Studies, 1996), p. 53.
- 27 de Silva (note 25 above), p. 314.
- 28 Shaheen Akhter, 'India and South Asia: An Analysis of Hegemonial Relationship', *Regional Studies*, vol. xi, no. 3, 1996, pp. 60–89, on p. 77.
- 29 Rana Kant, 'Nepal's Foreign Policy and China', *India Quarterly*, vol. XXVI, no. 3, July–September 1971, on p. 442.
- 30 Leo E. Rose, 'Indian Foreign Relations: Reassessing Basic Policies', in Marshall M. Bouton & Philip Oldenbur, eds, *India Briefing 1990* (Boulder, CO: Westview, 1990), p. 53.
- 31 Devin T. Hagerty, 'Indian Regional Security Doctrine', *Asian Survey*, vol. XXXL, no. 4, April 1991, pp. 351–363, on p. 361.
- 32 Bhim Subba, *Himalayan Waters* (Kathmandu: Panos Institute, 2001), pp. 192–198.
- 33 Ibid.
- 34 Dipak Gyawali, *Water in Nepal* (Kathmandu: Himal, 2001), p. 53.
- 35 Akhter (note 28 above), p. 79.
- 36 Zaglul Haider, 'Indian Hegemony and the Security of Bangladesh: SAARC Perspective', *Journal of Bangladesh Political Science Association*, vol. 3, no. 1, 1990, pp. 223–242, on p. 234.
- 37 Akhter (note 28 above), pp. 81–82.
- 38 Chitra K. Tiwari, 'India's Northern Security and the Himalayan States', *Asian Profile*, vol. 14, no. 5, August 1986, on p. 442.
- 39 Rehman Sobhan, 'Political Dimensions of South Asian Cooperation: The Perspective for Bangladesh', Research Report No. 75, Bangladesh Institute of Development Studies, 1988.

- 40 Kishore C. Dash, 'The Political Economy of Regional Cooperation in South Asia', *Pacific Affairs*, vol. 69, no. 2, Summer 1996, pp. 185–209, on p. 206.
- 41 *Daily Star*, 12, 14, 29 and 31 May 1998.
- 42 Talukder Maniruzzaman, *Bangladesher Rajnity, Sangkat O Bishlation* [Bangladesh Politics, Crises and Analyses] (Dhaka: Bangladesh Cooperative Books Society, 2001), p. 89.
- 43 George Perkovich, 'A Nuclear Third Way in South Asia', *Foreign Policy*, no. 91, Summer 1993, pp. 85–104, on p. 85.
- 44 Amitabh Mattoo, 'India's Nuclear Status Quo', *Survival*, vol. 38, no. 3, Autumn 1996, pp. 41–57, on p. 51.
- 45 Thomas Blau, 'Small Nuclear Forces in South Asia', in Rodney W. Jones, *Small Nuclear Forces and U.S Security Policy* (Lexington, MA: D.C. Heath, 1984), on p. 83.
- 46 Iftekharuzzaman, 'Good Governance and Defense Spending in South Asia: Analyzing Policy Implications', paper presented at the international seminar 'Governance and Development: South Asia in the 21st Century', organized by BIISS, Dhaka, 21–23 December 1996.
- 47 *SIPRI Yearbook 2000* (Stockholm: Oxford University Press, 2000), Table 5.1, p. 234.
- 48 *Ibid.*, p. 243.
- 49 *Ibid.*
- 50 Dash (note 40 above), p. 206.
- 51 Gerald Schneider & Lars-Erik Cederman, 'The Change of Tide in Political Cooperation: A Limited Information Model of European Integration', *International Organization*, vol. 48, no. 4, Autumn 1994, pp. 633–662, on pp. 636–638.