

governance powers in Kathmandu. Upreti looks at another important dimension of the conflict—the role of external actors, who showed ‘inconsistency and duplicity’ while dealing with the government and security forces. The international actors severely criticised the state for violating human rights during the insurgency. Meanwhile, they also supported the security forces by supplying arms, logistics and training before the royal takeover and imposition of state of emergency.

Most analysts were surprised when the Maoists gained the largest number of seats in the 2006 CA election. In a forward-looking chapter, Lawoti unravels the causes of this surprising election victory—projecting themselves as the only agent for change; creating an environment where other parties could not freely and fairly seek votes; and the undemocratic intra-party culture among the democratic parties (pp. 287–303). This strategy worked once, however, if the Maoists employ the same strategy again in future elections, then ‘democracy, freedom, and the Nepali people will be victims’ (p. 301).

Despite populist talks, the Maoists have not formulated policies for economic transformation. The economic policies they formulated when they were in government backfired because the economy saw a negative growth in manufacturing sector. Meanwhile, domestic and foreign investment nosedived. Several factories closed down due to threats from the Maoist-affiliated militant youth wing and trade unions. Looking at the Maoists’ method of operation even after their emergence as the largest party in the parliament, there is very little evidence that the Maoists will reform and do things differently. From the Maoists’ perspective, it however makes little sense to do things differently, when their current modus operandi is paying hefty political dividends. The book does not include studies on crucial issues such as the economic cost, the stagnation of income growth and the effect of Maoists ideology on private sector investment and growth during the insurgency.

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Saman Kelegama (ed). 2009. *Trade in Services in South Asia: Opportunities and Risks of Liberalization*. New Delhi, India: Sage Publications. 328 pp. ₹ 750. ISBN: 978-81-7829-937-2.

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Services has become the single largest sector in many countries across the world accounting for two-third of world output, one-third of global employment and about one-fifth of world trade. While there is little doubt that services trade is an essential ingredient to economic growth and sustainable development, it is widely accepted that it can only make such positive contribution if appropriately

liberalised and implemented across countries. Globalisation, which means increasing interdependence among economies, really spreads through services.

South Asia's diversity is its strength. It provides vast opportunities for trade, investment and economic growth. Its economies have flourished as they have become more closely intertwined with each other and the rest of the world. Services span the region, taking advantage of each country's comparative advantages. As a result, South Asia in general and India in particular play an increasingly central role in the global economy: it is the world's information technology services factory, and an emerging giant in outsourced services too.

The collection of essays in this book in 10 chapters covers trade in services in the seven South Asian countries and provides an overview of the entire region on market access and regulatory issues as defined by the GATS framework of the WTO. The book begins with a discussion on opportunities and risks of liberalising trade in services in South Asia by the editor himself. Thereafter, we find a rich collection of country reports for each South Asian country. Barring Afghanistan, all SAARC countries were presented in this volume. The concluding chapter deals with the domestic liberalisation agenda with GATS disciplines.

While the region's services trade in software is world class in parts, it is below the global average in many more services trade sectors, as this volume details. Much of South Asia's huge services trade potential remains untapped. This study finds that the benefits of liberalising and extending South Asia's services trade are huge—and that they would benefit all countries in the region.

Essays of this volume also highlight the offensive and defensive interests in trade in services, particularly in the context of GATS, institutions and regulations governing services, and opportunities and risks in further liberalisation of trade in services in each South Asian country and the region as a whole. This volume sheds light on the opportunities of liberalisation at multi-lateral and regional levels. Barriers and risks of liberalisation of services trade are also categorically highlighted. Although the policy framework and approach have varied across different services sub-sectors, the general direction is towards greater opening up of all kinds of services. What emerges from this volume is that services sector will continue to play a very important role in growth processes of the region and in its integration with the world markets.

Without integration, however, diversity breeds disparity rather than prosperity. The challenge now is to improve services trade across South Asia—and thus to the rest of the world. The competitiveness of South Asia's services trade depends on quality human resources, infrastructure facilities, enabling regulations, among others. To gain deeper access to world services trade, as this volume notes, South Asian countries have to strengthen their domestic services trade sectors by overcoming capacity constraints such as inadequate legal provisions, lack of regulatory structures, shortages of skilled work force, infrastructure bottlenecks, unfriendly administrative structures, etc. In the short term, as other barriers to trade

in South Asia have fallen—not least tariffs and other trade-policy restrictions—deficiencies in standards, domestic regulations, and mutual recognitions have become increasingly significant issues in services trade. Righting them would do more to lower the cost—and hence increase the volume—of services trade in South Asia and beyond. Longer term, the full benefits of South Asia's size and diversity can only be realised by creating a single market where goods and services can move freely and seamlessly.

Exports are diversifying across new markets, but intraregional trade is limited to selected services. Services trade diversification in the region is thus an important issue, which was not delved in this volume. Investments in information and communications technology (ICT), human capacity development, cooperation on trade facilitation, and improvements in soft infrastructure more generally are equally important which could help facilitate services trade liberalisation in the region. But services trade would not necessarily promote pro-poor growth in the region. Cases studies in the volume have ignored these aspects.

Developing effective policies and institutions are as important as cleaning up unfriendly domestic regulations. South Asia has made some progress in developing regional cooperation in trade and investment over the past decade and a half. However, further progress requires creating effective new institutions, as well as strengthening and improving the coordination among existing ones—which, in turn, depends on the willingness and capacity of South Asian countries. Stronger institutions and policies are essential not only to have higher trade but also to help build capacity of the LDCs in the region. This volume is surprisingly silent on it. In general, the major gap of this volume is data quality and analytical depth. I wonder why the book does not have a full-fledged chapter on conclusions and way forward. Policymakers in today's world would have benefited from a crisp concluding section.

Building trade infrastructure and removing regulation bottlenecks across the region may not seem glamorous, but it should be a priority for the region's policymakers. In these uncertain times of global financial crisis, South Asia must not pause or turn back, but rather press ahead with the huge—and hugely rewarding—task of integrating this vast and diverse region for the benefit of all its citizens. This will help to boost growth and spread its benefits more widely. It will enhance the region's competitiveness and extend its global reach. It will help reduce poverty and promote greater environmental sustainability. But it is only possible with a common vision, strong political leadership and partnership at the highest level. This is the bottom-line of the book. This book is a good reading for those who are trade policymakers, researcher scholars and students. It is also a valuable resource for the services trade literature.

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