

Regional Cooperation for Inclusive and Sustainable Development

Book Review:

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South and South-West Asia Development Report 2012-13

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This is one of the first reports launched by the newly established South and South West Asia Office of the UNESCAP. It focuses on the South and South West Asia (SSWA) region – basically the area covering the 8 SAARC (South Asia Association for Regional Cooperation) countries, as well as Iran and Turkey. Although SSWA looks an odd combination, this is how UNESCAP has defined the region including these two countries.

The Report is not an account of how these countries performed during 2012 but is an attempt to identify issues common to the region such as widespread poverty and hunger, low levels of

human development, wide infrastructure gaps, food and energy insecurity, and the threat of natural disasters. It argues that the region is relatively fast growing and playing a key role in pushing the global centre of gravity to the East but the abovementioned common issues impede making the development process more inclusive and sustainable. The report argues that regional cooperation can assist solve many of the sub-region's impediments and help secure a more sustainable future. It goes on to argue that once development dynamism is sustained, the sub-region can re-emerge as a hub between the East and the West that it once was at the time of the Silk Route.

It is important here to pose the question why regional cooperation is important for sustaining the development dynamism? Around four to five decades back, regional cooperation was mainly driven by political imperatives (to unite against the spread of communism; to align nations against a particular power bloc, etc.); but after the end of the Cold War in the late 1980s, regional cooperation was mainly determined by economic imperatives such as to increase competitiveness via FDI and joint ventures; exploring the markets in the neighbourhoods, reap economies of scale, etc. This change of position was influenced by the European Community's success in economic integration, positive outcome of ASEAN where intra-regional trade increased from 10% to about 24% over a short period, and the US abandoning its single pursuit goal for multilateralism in the mid-1990s for economic gains from regional integration via NAFTA.

With these changes, in the 1990s until about early 2000s it was mainly trade and investment that drove the economic agenda of regional cooperation. Needless to say, through these two economic channels there were significant benefits for individual member countries. However, by early 2000 there were new areas emerging like transport connectivity and energy security that crept into the regional agendas, because for trade and investment cooperation to work, there was a need for better transport connectivity and readily available and affordable energy. Likewise more areas came into the regional cooperation agenda with the passage of time.

The emphasis on human development by the UNDP in its annual Human Development Report (HDR) and the emphasis on empowerment of the poor by the World Bank in its World Development Report in the late 1990s, culminated with the UN coming out with the MDGs (Millennium Development Goals) and the World Bank with the PRSPs (Poverty Reduction Strategy Papers). Consequently, human development and poverty alleviation crept into the regional cooperation agendas, especially to look at regional best practices and learn from each other — like the success of the Grameen Bank model.

A region often vulnerable to disasters like floods, earthquakes, and coastal erosions, needed a common approach for Disaster Management. Moreover, climate change related issues and global

issues such as food price escalation needed some common approaches. Consequently, regional cooperation agendas became even broader around 2004/2005 to include these issues which were closely linked to Sustainable Development.

As economic gains from regional cooperation manifested, it was essential that all countries gained from regional cooperation irrespective of the country being small or an LDC. To meet this requirement, building Special and Differential Treatment to a regional cooperation framework also became important so that the entire inclusive agenda gets strengthened. It is this evolving framework of regional cooperation (that eventually lays the foundation for a Comprehensive Economic Partnership) that the Report uses to fit in the SSWA region.

This Report highlights how regional cooperation in these other issues such as transport, energy, food security, climate change, disaster management, human development, etc., could assist the SSWA region achieve more inclusive and sustainable development. The report argues that this will supplement and consolidate the potential gains from trade and investment related economic cooperation in the region.

In fact, most of these other issues have already made inroads to the South Asian agenda. For instance, in SAARC, giving priority to poverty alleviation was mooted in 1991 with the formation of the 1st Independent South Asian Commission for Poverty Alleviation (ISACPA) which came up with a regional poverty alleviation strategy. This was followed by the 2nd ISACPA in 2002, SAARC Social Charter in 2004, and SAARC Development Fund with a Social Window in 2010. Food security came to the SAARC agenda with the formation of the SAARC Food Bank in 1998 and its conversion to a SAARC Food Reserve in 2007. For climate change, SAARC had a common position and a statement at the 2009 Copenhagen Summit. A SAARC Disaster Management Centre was formed in 2005. The point to note is that already the inclusive and sustainable development agenda for regional cooperation in South Asia under the SAARC framework is in place. But the question is how effective they are in terms of implementation.

It is here that the Report comes in with its theme. It shows that regional cooperation in terms of trade and investment in the SSWA region has a long way to go. It looks at SAARC and ECO (Economic Cooperation Organization) which covers the SSWA region and then looks at other regional cooperation agreements in broader Asia which has some overlaps with SSWA like BIMSTEC, etc. It argues that though the intentions of these regional cooperation frameworks are good, the potential trade and investment has far from been achieved due to various impediments, mainly adverse political forces. The Report refers to surveys done in Bangladesh and Nepal on people's perceptions on impediments for economic cooperation where the overwhelming opinion expressed was that politics is the key barrier.

The Report also highlights how Mexico gained in NAFTA and how some of the late entry countries and LDCs like Cambodia, Vietnam, Myanmar, and Laos gained from ASEAN. The question of LDCs gaining in SAARC therefore is no longer a question – what is needed is to get some political impediments out of the way. For this, the political will to move forward is essential. In this context, the recent measures taken by Pakistan to grant MFN (Most Favoured Nation) status to India and deal with it on a ‘negative list’ basis for trading is a positive move and speaks well for the future.

Once economic integration takes off, using the regional cooperation framework to activate the already included ‘inclusive’ and ‘sustainability’ agendas, become easier. They become more implementable and it no longer becomes a half-hearted effort. Thus, when economics play a greater role in regional cooperation, these SSWA countries can move to exploit opportunities emerging at the current juncture due to increasing cost of production in East Asia and declining development in the West. It is such effort, the Report says, that will assist the region to regain the lost position as the cross-roads between East and West. On the whole, the Report is an important contribution to the regional integration debate of the SSWA region and will be a useful source of reference to policy makers.