

Heeding the lines on the map

At the heart of South Asia's poor integration is India-Pakistan rivalry, further complicated by China-Pakistan proximity and India-China hostility. A new dimension has been added with souring of Pakistan-Bangladesh relations and the India-China tug of war over Bangladesh. Time has come to make a paradigm shift in South Asia's regional integration strategy. Politics and religion aside, across India, Pakistan and Bangladesh (IPB) there are common sociocultural bonds and people-to-people connectivity remains positive.

Caught in a tangle

Today the big three of South Asia are caught up in a complex quagmire, both within and beyond the region. The remaining five — i.e. Bhutan, Nepal, Maldives, Sri Lanka, and Afghanistan — are paying the price of regional disintegration caused by unresolved puzzles having roots in the China-IPB (CIPB) axis. If the big three can have a strategic partnership that also factors in China, the remaining five can effortlessly fit into positive regionalism with a win-win situation for all.

It's time to reimagine South Asia: On India-China-Pakistan cooperation

IPB account for approximately 95% of South Asia's GDP and population. Along with China, they account for 18.5% of global GDP and 41% of global population. South Asia's intra-regional trade, currently 5% of total trade, can grow to \$80 billion from the current \$28 billion, the lion's share being within IPB. Pakistan and India have potential trade capacity of \$20 billion compared to the current \$3 billion. Underdeveloped transport and logistics services and bureaucratic procedures are deterring India-Bangladesh cross border trade, which can grow by 300%. The Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC) has a pivotal position in developing joint investment agreements but sluggish progress in infrastructural development has rendered the corridor nearly comatose. Due to its common borders with China and India, Myanmar's significance also needs to be factored in.

India continues to be the natural choice for external investors including Chinese multinational enterprises like Alibaba and Xiaomi. In 2016, foreign direct investment to Pakistan rose by 56%, largely due to Chinese investment in Belt and Road Initiative (BRI) infrastructure. Although the China-Pakistan Economic Corridor (CPEC) is being developed as a bilateral initiative, if Indian sensitivities can be addressed, it can be a multilateral project, integrating India as well as other South Asian and Central Asian regions. China has already pledged \$38 billion to Bangladesh under the BRI. Synergetic integration of the economic corridors with other BRI projects can accelerate inward investment into IPB.

Make the neighbourhood first again

Due to cross-border barriers and lack of transport facilitation among IPB, freight movement is taking place along expensive routes, escalating investment cost. Movement of trucks across the international frontier is confined by absence of cross-border agreements between India and Bangladesh and India and Pakistan. China is injecting huge funds into physical infrastructure such as Pakistan's Gwadar port project and \$20 billion in various Indian industrial and infrastructural projects. China has committed \$1.4 billion for building Colombo Port City and is set to invest \$1 billion more.

Make the neighbourhood first again

Rail connectivity is restricted due to technical problems of different gauges, track structures,

signalling and so forth. Absence of a multilateral agreement has restricted the realisation of the railway potential. The deep-pocketed Chinese can invest in land and rail infrastructure to develop both inter-regional connectivity and intra-regional connectivity. Although India and Bangladesh have started exploring opportunities using Ashuganj inland port, regional inland waterways remain unexplored. Air cargo flights are encumbered by limited access to Indian airspace by Pakistan and vice-versa. China can lead in transport and transit agreements to facilitate smooth movement of freight and passenger vehicles across IPB resulting in integration with China and also South Asia.

The supply-demand gap of power in IPB is estimated to be 18,707 MW. To unravel the full potential, energy treaties based on renewable sources have become imperative. China and India are shifting from fossil fuels to renewables. With greater electricity generation and utilisation of domestic energy endowments, combined efforts of BCIM, CPEC and the proposed China-Nepal-India (CNI) Economic Corridor under BRI, can capitalise on regional energy potential.

By 2050, China, India, Pakistan and Bangladesh will experience water shortages. The three largest trans-boundary river basins, Indus, Ganga and Brahmaputra, are all within CIPB. This represents a huge potential for water-sharing and hydro power projects across the basins, but political mistrust is an impediment. The Zangmu hydroelectricity dam, situated in the middle reaches of the Brahmaputra, has raised concerns in India over downstream water supply. This damming, along with that of the Ganga, could exacerbate Bangladesh's downstream water scarcity.

What is the lowdown on sharing of Teesta waters?

While there exist bilateral river-water sharing treaties between India and Pakistan as well as India and Bangladesh, China is absent except for a hydrological data-sharing collaboration. China has expressed interest to pursue water-sharing treaties and the other three affected can come together in a collaborative framework. This can boost the livelihoods of millions across the region.

India and China are leading globally in terms of Internet and smartphone users, but Internet penetration for these four countries is below 55%, representing immense potential. Bangladesh, Cambodia and China have signed a framework to strengthen digital regional trade. China's BRI initiative is projected to increase connectivity by developing digital infrastructure.

Between 2016 and 2020, international bandwidth is expected to grow at an average of 43.5% across CPEC and 46.3% across BCIM. Higher broadband connectivity and Internet access can boost regional e-commerce. Digital connectivity can act as the gateway to a holistic transformation of the region via the CIPB conduit.

IPB fail to attract sufficient tourists due to poor civil aviation connectivity, complex regulations and lack of visa liberalisation procedures. Of China's total outbound tourists, only 1% are to IPB. Inadequate, expensive and mediocre travelling facilities against the backdrop of pickpockets, burglary, and sexual assaults have resulted in tourists lacking interest in the region. Rooms that cost \$400 a night in Delhi or Mumbai would cost hardly \$100 in most parts of China. China is unable to attract students from South Asia against the improved facilities provided by the U.S. and U.K. Only 5% of outbound students of IPB go to China, compared to 22% to the U.S. If these opportunities are tapped, it would enhance mobility of both tourists and students.

Solving the jigsaw puzzle

The CIPB axis is an open-ended chess game played out against cross-border conflicts. A strategic collaboration that rises to the occasion, looking beyond historical animosity and misgivings, can unlock a new era of regionalism whose benefits far outweigh negatives. Solving the jigsaw puzzle

will need political statesmanship which will see friends and foes, living next to each other, knowing where to connect and when to disconnect.

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The India-Japan economic relationship remains underwhelming in relation to strategic ties

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