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SOUTH ASIAN FRAMEWORK REMAINS A REAL, RELEVANT AND NECESSARY PRISM TO ADDRESS PROBLEMS FACED BY MILLIONS

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The ongoing <u>coronavirus</u> crisis appears to have awakened South Asia from a long hibernation. On March 15, the leaders of seven South Asian countries, as well as Pakistan's health minister, got together on a video conference to launch a <u>COVID-19</u> Emergency Fund and also discussed other ways to cooperate to combat the <u>pandemic</u>. This meeting, initiated by India's Prime Minister, was not a formal summit; but it did represent the first high-level engagement in the region since the 18th SAARC summit in November 2014.

It has taken an unprecedented pandemic to bring together the leaders of South Asia. It raises the question — is South Asia a useful construct? This article argues that despite the hostility between Pakistan and India, and Pakistan and Afghanistan, and mistrust between many other pairs of countries in the region, the idea of South Asia (comprising Afghanistan, Pakistan, Maldives, Sri Lanka, India, Nepal, Bangladesh and Bhutan) is real, relevant, useful and, ultimately, necessary.

It is real because there are strong cultural and linguistic ties between the countries. Many languages are spoken across overlapping borders — Bengali between Bangladesh and West Bengal and Tripura in India, Urdu/Hindu between much of Pakistan and North and Central India, and, Tamil between Tamil Nadu in India and the northern part of Sri Lanka. Bollywood is universally loved and has allowed Hindi/Urdu to be understood across much of the region. A shared passion for cricket has seen Bangladesh and, more recently, Afghanistan, join the traditional elite powers of India, Pakistan and Sri Lanka. Indeed, Afghanistan has been a surprise package and its two best bowlers are ranked one and two in the world in T-20 cricket, the shortest format of the game. Such examples can be multiplied, with music, dance and cuisine finding common ground across South Asian borders.

Migration is also quite evident. Many South Asians were born in other countries in the region, and this is not just a post-Partition phenomenon. In 2000, according to the World Bank's global migration database, intra-regional migration accounted for 50 per cent of total migration from South Asia.

It is also relevant because the world's most successful regions have all had strong intra-regional economic ties. Think of the European Union, East Asia and North America. South Asian countries are missing a trick in their development playbook by often ignoring the potential of their immediate neighbourhood. Trade within South Asia is only about 1 per cent of the regional GDP versus 2.6 per cent in Sub-Saharan Africa, and 11 per cent in East Asia and the Pacific. The prevailing uncertainty in world trade increases the relevance of South Asia.

It is useful because it has been amply demonstrated that there are major economic opportunities that could be unleashed with deeper economic integration. Neighbours can gain from deeper economic ties with each other. A recent World Bank study showed that goods trade within South Asia could be three times as high as the current trade. And these estimates do not include services, where, arguably, the potential is even higher.

Perhaps the biggest economic prize, at least in the medium-term, is the enormous potential for energy trade. Nepal is sitting on a hydro-power potential of at least 40 GW, but its current capacity is only a little over 1 GW. Northeast India has also installed only about 1.5 GW of its over 58 GW of hydro power potential. The full potential of these and other endowments in the region can only get translated into reality with cross-border power exports. Indeed, the region is very aware of these possibilities, with power trade having expanded almost three-fold over the last decade to around 17,000 GWh per year. Similarly, Central Asian countries are endowed with significant hydro potential with ready markets for power exports in neighbouring South Asia. Already, the "CASA-1000" project, currently under implementation, seeks to create a 1,300 MW interconnection for power export from the Kyrgyz Republic and Tajikistan to Afghanistan and Pakistan. This incipient relationship can be broadened and extended to other countries, with the stated aim of creating the CASAREM (Central Asia-South Asia Regional Energy Market).

A major collateral benefit of this potentially large-scale hydropower trade could arise from the substitution of fossil fuels. Another World Bank study estimates that regional electricity trade, including hydropower, could reduce carbon dioxide emissions by 8 per cent over a 25 year period.

It is also necessary because some things cannot be managed alone, even by the biggest country in the region. Pakistan, Afghanistan and India are among the most water-stressed countries in the world. Almost 800 million people in South Asia could be at risk of seeing a sharp decline in living conditions, owing to an increase in greenhouse gas emissions. Climate refugees could spell a humanitarian tragedy. All of these critical issues require collective action by South Asian countries; the alternative would be sharp increases in human suffering as well as the cost of addressing and mitigating the impact of water shortages and climate change. The Coronavirus crisis has also delivered a tragic reminder that communicable diseases can cross borders very quickly in an age of globalisation, and regional and global cooperation can help address the problem and the impact more effectively.

Regional connectivity is another necessary condition for landlocked countries like Bhutan, Nepal and Afghanistan to access world markets. India's Northeast region is virtually landlocked and requires Bangladesh to ease its access to the rest of India and the world. Deeper regional cooperation is also necessary to reduce the immense trust deficit in the region, reflected partly in the burden of defence expenditure for several countries in the region.

South Asia is not just an American construct. It is a real, relevant, useful and necessary lens to address some of the most critical problems of 1.8 billion South Asians.

The writer is former lead economist and coordinator for regional integration in South Asia at the World Bank

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