



GS FOUNDATION BATCH FOR CSE 2024

International Relations- 07

(Regional Organisations)

India's Neighbourhood

India's neighbourhood has remained central to its foreign policy since 'No nation can become a genuine power in the world arena.' Nehru took a broad view of India's neighbours and placed them within a larger Asian context. Iran, Russia, and Central Asia were among India's strategic neighbours at that time. Due to its interest in Tibet and Xinjiang, China became India's new neighbour at the same time in 1950–1951.

During the Indira Gandhi era, India's foreign policy was far more focused on regional issues in South Asia than it had been on the preceding two decades of independence. She became assertive in regard to the handling of the Indian neighbourhood, which we saw in the form of creation of Bangladesh and Sikkim's inclusion in India. Similar approach can be seen during Rajiv Gandhi era with intervention in Sri Lanka.

Inder Kumar Gujral attempted to redefine India's neighbourhood policy by adding a 'big brother responsibility' flavour to it. The **Gujral Doctrine** is a set of five principles laid out to guide the conduct of India's diplomatic relations with its near neighbours.

Key principles of the Gujral Doctrine:

- Respect the geographical integrity and sovereignty of each South Asian nation.
- Prohibit the use of a nation's territory to harm another in the region.
- Forbid interference in the internal affairs of other nations.
- Resolve differences through friendly bilateral discussions.
- India practices giving accommodations in good faith to neighbors like Bangladesh, Bhutan, the Maldives, Nepal, and Sri Lanka, fostering trust.

Since coming of PM Modi in 2014, India launched **Neighbourhood First Policy** by first inviting all heads of state from South Asia to his oath-taking ceremony.

- Under its 'Neighbourhood First' policy, India is committed to developing friendly and mutually beneficial relations with all its neighbours.
- The policy focuses on creating mutually beneficial, people-oriented, regional frameworks for stability and prosperity.
- India's engagement with these countries is based on a consultative, non-reciprocal and outcome-oriented approach, which focuses on delivering benefits like greater connectivity, improved infrastructure, stronger development cooperation in various sectors area, security and broader people-to-people contacts.

SAARC

The South Asian Association for Regional Cooperation (SAARC) is the regional intergovernmental organisation in South Asia. Its member states are Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

Origin of SAARC:

In the ending years of the 1970s, the seven South Asian nations that included Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, and Sri Lanka, agreed upon the creation of a trade bloc and to provide a platform for the people of South Asia to work together in a spirit of friendship, trust, and understanding. Later on, Bangladesh Prime Minister **Ziaur Rahman** and **King Birendra of Nepal** also gave calls for closer cooperation among the South Asian nations.

The rapidly deteriorating security scenario after USSR intervention in Afghanistan pushed for the nations to accelerate the efforts. Initially India was sceptical as it saw Ziaur Rahman's proposal as an opportunity for the smaller neighbours to re-internationalize all bilateral issues and to join with each other to form an opposition against India. Pakistan assumed that it might be an Indian strategy to organize the other South Asian countries against Pakistan and ensure a regional market for Indian products, thereby consolidating and further strengthening India's economic dominance in the region.

Initially only five broader areas of cooperation namely, Agriculture; Rural Development; Telecommunications; Meteorology; and Health and Population Activities were launched under the Integrated Programme of Action (IPA) of SAARC.

SAARC was founded in Dhaka on **8 December 1985**. Its secretariat is based in Kathmandu, Nepal. The organisation promotes development of economic and regional integration. In 2005, Afghanistan applied for the membership. SAARC member states imposed a stipulation for Afghanistan to hold a general election, which were held in late 2005. Afghanistan joined SAARC as its eighth member state in April 2007.

Observers at SAARC: Currently nine Observers 1. Australia 2. China 3. European Union 4. Iran 5. Japan 6. South Korea 7. Mauritius 8. Myanmar and 9. USA. There is a moratorium on the admission of new Observers to SAARC at present.

SAARC comprises 3% of the world's area, 21% of the world's population and 4.21% (US\$3.67 trillion) of the global economy, as of 2019. SAARC has an observer status at the United Nations.

Objectives of SAARC:

- To promote the welfare of the peoples of South Asia and to improve their quality of life;

- To accelerate economic growth, social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potentials;
- To promote and strengthen collective self-reliance among the countries of South Asia;
- To contribute to mutual trust, understanding and appreciation of one another's problems;
- To promote active collaboration and mutual assistance in the economic, social, cultural, technical and scientific fields; to strengthen cooperation with other developing countries;
- To strengthen cooperation among themselves in international forums on matters of common interests; and
- To cooperate with international and regional organizations with similar aims and purposes.

Decisions at all levels are to be taken on the basis of unanimity; and bilateral and contentious issues are excluded from the deliberations of the Association.

Relevance of SAARC:

- It provides a platform for the regional countries to meet and discuss issues confronting the region.
- The smaller countries of the region can play a visible role by setting regional agenda in spite of 'big India's' presence.
- It has helped in expanding areas of cooperation that require collective regional effort, including certain non-traditional issues like terrorism, drug smuggling, etc.
- Meeting of leaders on the side-lines of the SAARC summits have often helped in ironing out bilateral differences.

Achievements of SAARC:

1. **SAARC Agreement on Trade in Services (SATIS):** SATIS adheres to the GATS-plus "positive list" strategy for liberalizing trade in services. It has been ratified by all members and has entered into force on 29th Nov. 2012. All SAARC nations except Pakistan have provided with their Final Offer Lists under SATIS.
2. **SAARC Energy Ministers Meeting** held in Colombo in January 2009 led to constitution of Expert Groups on (i) Oil and Gas (ii) Electricity (iii) Renewable Energy and (iv) Technology/Knowledge Sharing (including energy efficiency, coal, etc.). for mutual cooperation.
3. The **SAARC Framework Agreement on Energy Cooperation** (Electricity) was signed during the Eighteenth SAARC Summit in Kathmandu (November 2014). Governments of Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal and Sri Lanka have ratified the Agreement.

4. **SAARC energy centre** has been setup in Islamabad to create an energy ring in South Asia and **SAARC Food bank** in India to supplement national efforts to provide food security in the region.
5. **South Asian Regional Standards Organization (SARSO)** has been established to achieve and enhance coordination and cooperation among SAARC member countries in the fields of standardization and conformity assessment and is aimed to develop harmonized standards for the region to facilitate intra-regional trade and to have access in the global market.
6. The **SAARC Youth Award** is given to outstanding individuals in the SAARC region. The award recognizes and promotes the commitment and talent of young people who give back to the world at large through various initiatives such as innovation, environmental protection and disaster relief.

Cooperation through SAARC has resulted in establishment of various programs and forums for mutual benefits like South Asian University, New Delhi; SAARC International College, Bangladesh; Agreement on Judicial cooperation on Counter-Terrorism; Telemedicine Network; SAARC Writers and Literature Foundation; South Asia Foundation; South Asia Co-operative Environment Programme; South Asia Centre for Policy Studies; South Asia Women's Centre South Asia Olympic Council (South Asian Games).

Challenges to SAARC:

1. The two main SAARC members, India and Pakistan, have long been at odds with one another. It has been held hostage to “**love-hate relations**” between India and Pakistan.
2. SAARC charter excludes bilateral and contentious issues discussion on forum. Thus, limiting the utility of platform for dispute resolution.
3. All decision Need to be unanimous. Thus, any nation can play spoilsport, as being done by Pakistan frequently.
4. **Border and maritime disputes** still plague the area in great numbers. Unresolved border issues have contributed to issues with terrorism, the refugee crisis, smuggling, and the drug trade. Cooperative relationships are still hampered by unsolved difficulties.
5. **Mutual distrust** among member nations and India being seen as a Big Brother in the region.
6. **Lack of cross border infrastructure** hampers economic cooperation and limits people-to-people interactions. There is also lack of funds for infrastructure investment.
7. Cooperation with India being a polarising issue in the domestic politics of neighbouring nations further reduces scope for collaboration.
8. Absence of annual meetings to regularly push for the intended goals.
9. **BIMSTEC is being seen as an alternative to SAARC**. Its meetings have taken place regularly while SAARC remains suspended.

10. **Taliban control over Afghanistan** and reluctance among other nations to accept it as representative of Afghanistan has further limited the scope for cooperation.

Alternatives:

1. Sub-regional initiatives like BBIN.
2. India's investment in cross-border infrastructure with Nepal and Bangladesh.
3. India has amended its Cross Border Electricity Trade (CBET) rules to permit Nepal, Bhutan, and Bangladesh to buy and sell electricity on Indian exchanges.
4. BIMSTEC is being seen as an alternative platform for regional cooperation.

Way Forward:

1. Resumption of summit level meetings.
2. Swift implementation of SAFTA and moving from positive list to negative list.
3. Subregional cooperation aimed at strengthening mutual trust can act as stepping stone for cooperation through SAARC.
4. Improvement of cross border infrastructure to deepen regional trade and people-to-people cooperation. India can bring in partners with deep pockets like Japan.

SAFTA

The SAFTA was envisaged primarily as the first step towards the transition to a South Asian Free Trade Area (SAFTA) leading subsequently towards a Customs Union, Common Market and the Economic Union.

The SAFTA Agreement was signed on 6 January 2004 during Twelfth SAARC Summit in Islamabad, Pakistan. The Agreement entered into force on 1 January 2006 but is not fully operational.

The SAFTA envisages tariff reduction to 0-5% in two instalments. While NLDCs are required to reduce existing tariffs to 20 per cent in two years from the date of entry into force of the agreement, the LDCs will bring down the tariff level to 30 per cent during the same time frame. In the second instalment, the NLDCs will take another five years (except Sri Lanka, which has six years) to dismantle the tariff to 0-5 per cent, while the LDCs will have eight years for the same purpose.

Therefore, the SAFTA was expected to be fully operational only in 2016. This mandatory tariff reduction, however, is not applicable to products under the '**Sensitive List**', which comes under review not more than every four years.

In an interview to a newspaper soon after the 15 February 2006 ratification, Pakistan's then commerce minister **Humayun Akhtar Khan** said that full-fledged commercial relations between the two countries would have to wait for the resolution of the Kashmir issue. Until then, bilateral trade would continue to be guided by the positive list.

Current Status:

Intra-SAARC trade amounts to just a little over 1% of SAARC's GDP. In contrast to SAARC, in ASEAN (which is actually smaller than SAARC in terms of the size of the economy) the intra-bloc trade stands at 10% of its GDP. SAARC intra-regional trade stands at just 5% on the share of intra-regional trade in overall trade in South Asia. Similarly, foreign direct investment is also dismal. The intra-regional FDI flow stands at around four percent of the total foreign investment.

Envisaged potential:

The Asian Development Bank has estimated that inter-regional trade in SAARC region possessed the potential of shooting up agricultural exports by \$14 billion per year from existing level of \$8 billion to \$22 billion.

Before the formation of FTA in ASEAN the intra-regional trade was only seven per cent from the present figure of 49 per cent; NAFTA could boost its intra-regional trade to 44 per cent and the EU to 67 per cent. The SAFTA is expected to reach this level; but the anticipation looks ambitious given numerous challenges.

Key Challenges:

1. SAFTA implementation linked to bilateral dispute (Kashmir issue) and India-Pakistan trade issues.
2. Lack of economic complementarities among SAARC members since all are agrarian economies.
3. Mutual distrust among members.
4. Lack of cross-border trade infrastructure.
5. Mutual distrust among members.
6. Limitations to India's investment potential and China as a preferred investment and trade partner.
7. Impediments created by some members: Pakistan stalled Motor Vehicle Agreement at Kathmandu summit.
8. **Long sensitive list:** Pakistan has enlisted 1,880 items under sensitive list as against India's 884. The long sensitive list declared by all countries gives indication of no seriousness of all members.

Thus, India needs to take initiative to reenergise the format and take leadership to make SAARC a vibrant platform for regional cooperation and share development. It can act as stepping stone for India's aspirations for global leadership.

China's membership of SAARC:

A number of SAARC countries have reportedly supported full membership for China, including ally Pakistan, as well as Nepal and Sri Lanka. For the smaller SAARC states, China is a growing economic player in their region. Moreover, having another large Asian state in SAARC presents the possibility of limiting India's influence or playing one off against the other to elicit maximum benefit.

BIMSTEC

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a regional organization comprising seven Member States lying in the littoral and adjacent areas of the Bay of Bengal constituting a contiguous regional unity. It came into being on 6 June 1997 through the Bangkok Declaration.

Evolution of BIMSTEC:

BIST-EC (Bangladesh, India, Sri Lanka, Thailand - Economic Cooperation) was formed at a meeting in June 1997 in Bangkok. Myanmar was admitted in Dec 1997 and the organization was renamed as BIMST-EC. The grouping expanded when Nepal and Bhutan were admitted in Feb 2004. The grouping's name was changed to BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation) at 1st Summit Meeting held in Bangkok in Jul 2004.

The BIMSTEC region is home to around 22% of the global population with a combined GDP of \$3.8 trillion (2021). The BIMSTEC Permanent Secretariat at Dhaka was opened in 2014.

Significance:

1. Seen as alternative to SAARC.
2. Bridge between South Asia and South-East Asia.
3. Key to success of Neighbourhood First and Act East Policy
4. Opportunity for India for regional leadership.
5. Can be key to restricting China in the Bay of Bengal region.
6. Maritime Security in the Bay of Bengal region and South China Sea.

Priority sectors of cooperation:

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| 1. Trade & Investment Communication | 8. Transport & |
| 2. Energy | 9. Tourism |
| 3. Technology | 10. Fisheries |
| 4. Agriculture | 11. Public Health |
| 5. Poverty Alleviation | 12. Environment & |
| Disaster Management | |
| 6. Counter-Terrorism & Transnational Crime Contact | 13. People-to-People |
| 7. Cultural Cooperation | 14. Climate Change |

Conventions signed by BIMSTEC countries:

1. Combating International Terrorism
2. Transnational Organized Crime

3. Illicit Drug Trafficking
4. BIMSTEC Convention on Mutual Legal Assistance in Criminal Matters has been finalized for signing at the fifth BIMSTEC Summit

BIMSTEC convention on cooperation in combating international terrorism, transnational organised crime and illicit drug trafficking has come into force in February 2022. The member states have finalised the 'BIMSTEC Master Plan for Transport Connectivity' which has been adopted at the fifth BIMSTEC summit.

Suggestion: Need to finalise finalising the BIMSTEC coastal shipping agreement and the Motor Vehicles Agreement at an early date.

Important Connectivity Projects:

- **Kaladan Multimodal Project** – links India and Myanmar.
- **Asian Trilateral Highway** - connecting India and Thailand through Myanmar.
- **Bangladesh-Bhutan-India-Nepal (BBIN)** Motor Vehicles Agreement - for seamless flow of passenger and cargo traffic.

Challenges:

1. Lack of regular meetings: Only five summit-level meetings have taken place in last 25 years.
2. Conflicts among nations reduces scope for cooperation: Bangladesh and Myanmar over Rohingya issue.
3. Lack of cross-border infrastructure and connectivity
4. Increasing Chinese footprints in the region
5. India's proactiveness seems to be missing
6. Need to finalise FTA among members.

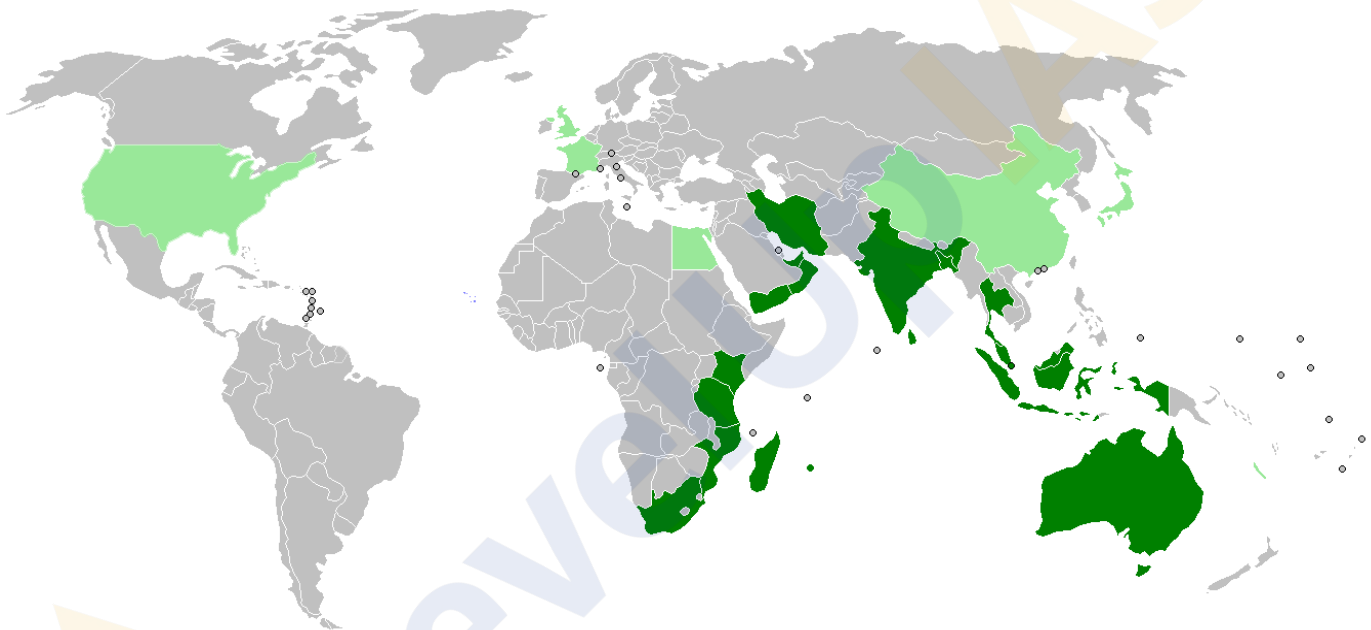
Fifth BIMSTEC Summit-2022:

1. BIMSTEC charter was signed and adopted.
2. Under the charter, members are expected to meet once every two years.
3. Declaration of the Master Plan for Transport Connectivity to provide a framework for regional and domestic connectivity.
4. Treaty on mutual legal assistance on criminal matters signed.

IORA

The Indian Ocean Rim Association is an inter-governmental organisation which was established on 7 March 1997 Indian Ocean Rim Association (then known as the Indian Ocean Rim Association for Regional Co-operation) consisting of 23 states bordering the Indian Ocean. Its secretariat is in Ebene, Mauritius.

The IORA is a regional forum, tripartite in nature, bringing together representatives of Government, Business and Academia, for promoting co-operation and closer interaction among them. It is based on the principles of Open Regionalism for strengthening Economic Cooperation particularly on Trade Facilitation and Investment, Promotion as well as Social Development of the region.



Objectives of IORA:

1. To promote sustainable growth and balanced development of the region and member states
2. To focus on those areas of economic cooperation which provide maximum opportunities for development, shared interest and mutual benefits
3. To promote liberalisation, remove impediments and lower barriers towards a freer and enhanced flow of goods, services, investment, and technology within the Indian Ocean rim.

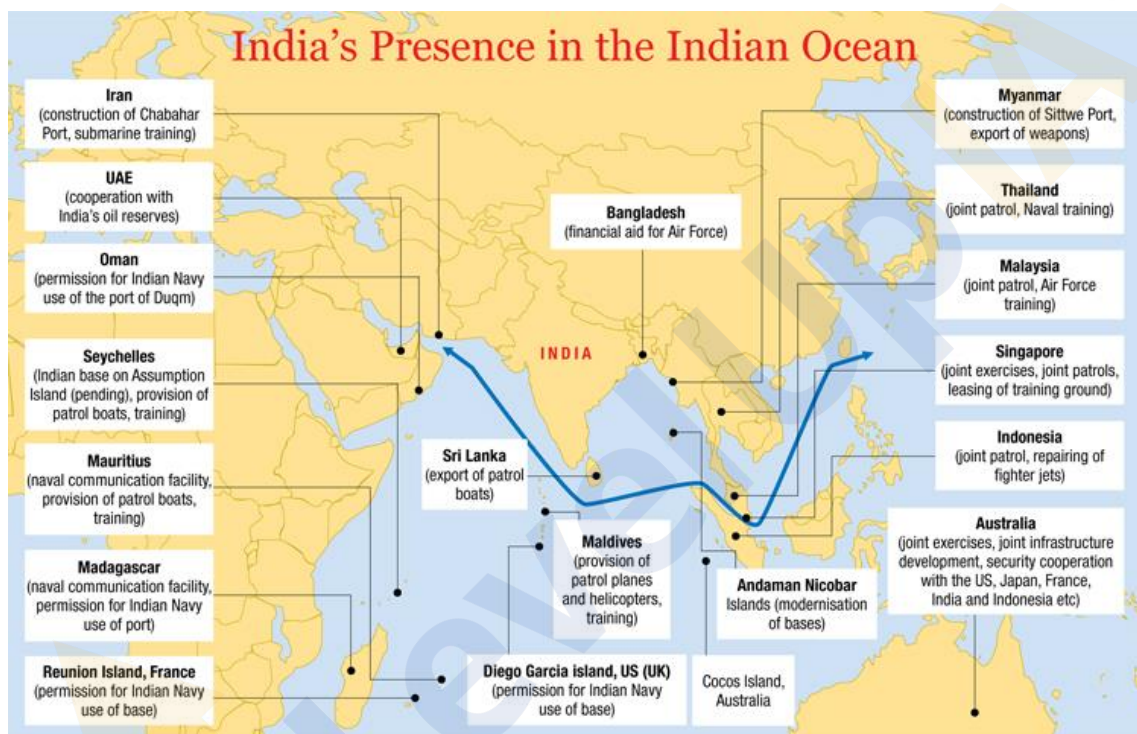
Indian Ocean Rim Association (IORA) has identified **six priority areas**, namely:

1. maritime security,
2. trade and investment facilitation,
3. fisheries management,
4. disaster risk reduction,
5. academic and scientific cooperation and

6. tourism promotion and cultural exchanges.

Significance of IORA:

1. Ensuring peace and stability in the Indian Ocean region.
2. Securing the critical sea lanes of communication
3. Ensuring common stance on adventurism of extra regional powers
4. Coordination and cooperation in the events of disaster
5. Protecting maritime flora and fauna
6. Academic and scientific cooperation on better management of marine resources



India's initiatives in IOR

- Security and Growth for All (SAGAR) Policy
- Maritime Security Strategy- 2015
- **Indian Ocean Region-International Fusion Centre (IFC)** at Gurugram- the first regional framework aimed at structuring information sharing on white shipping and addressing threats such as illegal fishing, drug smuggling and human trafficking.
- **Indian Ocean division in the MEA** to look at the region more holistically and as one theatre
- Indian Ocean Rim Association (IORA)
- Indian Ocean Naval Symposium (IONS) voluntary to increase maritime co-operation among navies of the littoral states of the IOR.
- Colombo Security Conclave

- coastal radar system and stations in collaboration with Maldives, Mauritius, Sri Lanka, Seychelles, Myanmar and Bangladesh for better maritime domain awareness.
- In 2017, the Indian Navy launched its Mission Based Deployment, to increase its presence and visibility across the Indian Ocean.
- Delhi in partnership with friends such as Australia and France have announced and spearheaded initiatives like the Indo-Pacific Oceans Initiative, Coalition for Disaster resilient Infrastructure, International Solar Alliance.
- The Navy prides itself as the ‘first responder’ in the region, deploying quickly and offering Humanitarian Assistance and Disaster Relief (HADR).

China in the Indian Ocean Region

China-Indian Ocean Region Forum

- China convened a first “**China-Indian Ocean Region Forum**” bringing together 19 countries from the region – and all of India’s neighbours, except India.
- It had representatives from 19 countries including Indonesia, Pakistan, Myanmar, Sri Lanka, Bangladesh, Maldives, Nepal, Afghanistan, Iran, Oman, South Africa, Kenya, Mozambique, Tanzania, Seychelles, Madagascar, Mauritius, Djibouti, and Australia.
- China “proposed to establish a marine disaster prevention and mitigation cooperation mechanism between China and countries in the IOR, and stood ready to provide necessary financial, material, and technical support to countries in need”.
- China also “proposed the establishment of a blue economy think tank network for China and countries in the Indian Ocean region with the support of Yunnan.”
- The participating countries agreed to cooperate to “strengthen policy coordination, deepen development cooperation, increase resilience to shocks and disasters, and enhance relevant countries’ capacity to obtain economic benefits through use of



marine resources such as fisheries, renewable energy, tourism, and shipping in a sustainable way.”

The map above shows 17 ports in the IOR, which have some degree of Chinese involvement. This involvement ranges from massive projects like the deep water ports and terminals at Gwadar and Lamu to construction of smaller terminals like the Livestock Terminal at Port Sudan.

China is directly involved in the construction of 13 of them, through Chinese companies, which are contracted to build the ports and its related infrastructure. The project costs are moderate to extravagant – from \$78 million for Djibouti to \$1.6 billion for Gwadar in Pakistan.

Chinese initiatives in IOR

- Involved in 17 ports in the region one way or the other, directly or indirectly.
- China has set up a China-Africa Satellite Remote Sensing Application Centre
- Military base at Djibouti, 99 Year lease of Hambantota.
- Increased naval deployments
- Military exercises with Russia, Iran and Pakistan

Significance of IOR for China

- The U.S. Department of Defense’s (DoD) “**Military and Security Developments Involving the People’s Republic of China 2021**” identifies that out of top 10 crude oil suppliers for Beijing, the route to nine of its suppliers is through the Indian Ocean region.
- The IOR accounts for 80% of China’s energy imports and is essential for China’s trade activities

Possible Chinese objectives in IOR

1. conduct non-combat activities focused on protecting Chinese citizens and investments, and bolstering China’s soft power influence
2. Undertake counterterrorism activities, unilaterally or with partners, against organizations that threaten China;
3. Collect intelligence in support of operational requirements, and against key adversaries;
4. Support efforts aimed at coercive diplomacy toward small countries in the region; and
5. Enable effective operations in a conflict environment, namely the ability to deter, mitigate, or terminate a state-sponsored interdiction of trade bound for China, and to meaningfully hold at risk U.S. or Indian assets in the event of a wider conflict.