ASEAN- INTRODUCTION

• ASEAN is the most successful example of regional integration in developing world.
• ASEAN is a Regional organization of 10 countries of Southeast ASIA.
ASEAN Member Countries

- Myanmar
- Thailand
- Laos
- Philippines
- Vietnam
- Cambodia
- Malaysia
- Brunei Darussalam
- Singapore
- Indonesia
• ASEAN came into existence in August 1967 by “Bangkok Declaration”.

• In the year 2017.
• It completed the 50 years.
Kishore Manu Bhai in his book “ASEAN Miracle”. Has suggested that in the tumultuous world, S.E. Asia has achieved very high degree of peace and stability. The region pose much of its success to ASEAN. S.E. ASIA is one of the world's most diverse region.
ASEAN - INTRODUCTION

- The approximate population is 640 million, out of which 240 millions are Muslims, 120 Million Christians, 150 millions Buddhist and millions of Hindus, Taoist, followers of Confucious, Communist extra.
Even in economic terms the region has huge differences.

The per capita income of Singapore is 90,570 PPP dollars (2017),

The Per Capita Income of Laos is 6,650 PPP dollars (2017)
ASEAN- INTRODUCTION

- Indonesia is giant with 261 million Where Brunei has a small population of 450000.
- The diversity puts south east ASIA at distinct disadvantage in terms of fostering Regional Cooperation.
ASEAN- INTRODUCTION

• Even the strategic environment has not been a very conductive.
• The region divided because of cold war.

• There have been was for example
  • Vietnam War
VIETNAM WAR

- Conflict between Vietnam and Cambodia.
The above situation had created skepticism among the scholars.

British historian C.A. Tisher described S.E ASIA as balconies of ASIA.

Yet ASEAN defied all skepticism, became the most successful Regional organization” after EU.
At present, ASEAN is the seventh largest economy on track to become fourth largest economy by 2050.

ASEAN is the seventh largest Market, third largest source of labour, ASEAN’s GDP is 95 billion US dollar in 1970.
• It has become a 2.5 trillion dollar in 2014. Today ASEAN is the only reliable platform for Geopolitical.

• Engagement in ASIA pacific dialogue partners and Summit level partners Include ASEAN 3 +3 (Japan, China, S. Korea.) + 3 (Australia , New Zealand, India)
EAST ASIA SUMMIT

• ASEAN has established “East Asia Summit” where all major powers including USA and Russia meet.

• ASEAN has been able to establish itself as a community
ASEAN has been successful in weathering the storm by the culture of **MUSYAWARTH & MUFAKAT**.

It means “consultation and consensus”.

EU was once the gold standard for Regional Cooperation but ASEAN has become the way of future.
ASEAN

- It is ASEAN rather than EU which should be the source of inspiration for developing regions like Gulf and South ASIA.

- ASEAN has not only contributed for the peace and prosperity of its own people but it has acted as a stabilizing force in ASIA Pacific.
Milestone in ASEAN
Milestone in ASEAN

1) 1967

Bangkok Declaration - Original Members - 5 (Singapore, Malaysia, Thailand, Indonesia, Philippines).
Bangkok Declaration (1967)

Original Members:
- Singapore
- Malaysia
- Thailand
- Indonesia
- Philippines
With the exception of Indonesia which was not aligned
other countries were Pro US.

ASEAN Was seen as pro usa that's why India was initially reluctant towards ASEAN.
**NOTE**

- CLMV Countries
  - Columbia
  - Laos
  - Myanmar
  - Vietnam

- These countries were under communist influence.
- At present they are known as LDC
• Least developed countries of ASEAN.

• Historically India has closest relations with Vietnam the other countries have been closer to China.
2) 1971
ASEAN countries declared ASEAN as zone of Peace, Friendship and Neutrality.
Milestone in ASEAN

2) 1971

Note - In 1971 there was war between India and Pakistan.
Milestone in ASEAN

3) 1976 “Treaty of Amity and Cooperation” no such treaty exist in South ASIA.
Milestone in ASEAN

3) B. “Bali Concord”-
A program of social development for ASEAN region
no search program in South ASIA.
Milestone in ASEAN

4) 1977-
ASEAN Preferential Trading Agreement. South ASEAN countries entered into PTA SAPTA in 1997.
Milestone in ASEAN

5) 1992-
“ASEAN Free Trade Agreement.
SAARC countries entered into an agreement for safta in 2004 at Islamabad Summit supposed to be implemented from 2016.

However, since then SAARC process has come to an halt in the world of foreign secretary.
S Jai Shankar,
SAARC is a “jammed vehicle and no hope that traffic will move”
According to C Raja Mohan, “Pak is a camel that slows down the caravan of South ASIA. SAARC is heading towards mortuary. India should catch new wind”.
Milestone in ASEAN

6) 1994
ASEAN regional forum came into existence.
It is the only platform for security dialogue in ASIA where India, Pakistan, North Korea, and South Korea are present together.
6) 1994
Thus, ASEAN is not only working for the good of its members but also for peace and stability in the entire region, no such initiative in SAARC.
7) 1995
A) ASEAN countries declared as south East ASIA as nuclear weapon free Zone.
7) 1995
In 1998 India and Pakistan acquired nuclear weapons.
Milestone in ASEAN

7) 1995
B) ASEAN Free Trade Agreement in services, no finalization in SAARC.
Milestone in ASEAN

8) 1997
ASEAN adopted “Vision 2020”
However they achieved the targets in 2015 itself, they have adopted the new vision.
Milestone in ASEAN

9) 1999
ASEAN free trade agreement in investment
no such agreement in SAARC.
10) 2007
ASEAN Charter.
Milestone in ASEAN

11) 2015
ASEAN declared itself as community with Three Pillars
ASEAN Declared itself as Community with Three Pillars

1. Economic
2. Political and Security
3. Social Cultural
• ASEAN declares itself as “concert of Nations” and a caring and sharing society

• ASEAN leaders meet twice in a year and first meeting is internal and the second meeting is with ASEAN dialogue partners.
• Once ASEAN was criticized for neglecting the human rights but the present Asean charter incorporates commitments for human rights.

• **ASEAN** is based on principles of Panchsheel.

• Though initially criticized by the west but has ultimately proved more practical approach to achieve cooperation.
PANCHSHEEL PRINCIPLES
OF
MUTUAL CO-EXISTENCE DISCUSSED UPON IN
1. MUTUAL RESPECT FOR EACH OTHER’S TERRITORY, INTEGRITY AND SOVEREIGNTY.
2. MUTUAL NON-INTERFERENCE IN EACH OTHER’S INTERESTS.
3. EQUAL AND MUTUAL BENEFIT WORKING RELATION.
4. MUTUAL NON-AGGRESSION.
5. PEACEFUL CO-EXISTENCE
APRIL 28TH, 1954
The way ASEAN could achieve the political transitions in Myanmar by including Myanmar rather than isolating has proved to be a much better approach than the isolationist policies adopted by western countries.

It is true that ASEAN is far from perfect.
• It is also true that ASEAN process is also extremely slow and ASEAN is compared with crab
• which takes Two Steps forward and first step backward and sideways.
• yet ASEAN is consistently on move.
CHALLENGES IN FRONT OF ASEAN
1. The biggest challenge is the external environment, if tensions rise between USA and China. China and India, it will threaten the economic and political stability.
2. The slowdown of internal economy which means slowdown in demand will impact the rate of growth.
3. Domestic instabilities in countries like Malaysia and Thailand
4. ASEAN is also under major threat of transnational terrorism, organized crimes like drugs and human trafficking, Islamic fundamentalism, and environmental crisis.
5. Lack of internal consolidation in Myanmar and Rohingya issue also challenges ASEAN commitments to human rights and the future prospects of peace and stability.
6. ASEAN continues to remain divided between Pro US and Pro China.
CAUSES BEHIND ASEAN SUCCESS
1. Leadership and strong political will to sail through the storm.
WHAT HAVE BEEN CAUSES BEHIND ASEAN SUCCESS?

2. Strategic convergence which emerged between China and USA in 70s provide stability in the region.
WHAT HAVE BEEN CAUSES BEHIND ASEAN SUCCESS?

3. ASEAN WAY of non interference in Domestic Affairs and Gradual Engagement.
SHORT NOTE ON INDIA AND ASEAN
INDIA AND ASEAN

• One of the most successful areas of India's foreign policy “South East ASIA.
• South East Asia is the region where India is able to “Punch beyond its weight”.
• Look East policy, Act East policy has been one of the most significant initiative of Government of India with both economic and strategic implications.
ASEAN has been the “Gateway for India's engagement to wider ASIA Pacific”.

ASEAN is considered as the nucleus of ASIA Pacific region.
• ASEAN is responsible for creating security architecture in the region.

• Initially India was reluctant towards ASEAN because India was looking at ASEAN through cold war prism.

• It considered ASEAN as Pro-Us bloc.
India's economy was also inward looking.

India had close relations with Vietnam whereas at that time ASEAN countries were against Vietnam.

After the end of cold war India had to look towards extended neighbourhood because SAARC process was not moving forward.

By this time ASEAN was emerging as economically dynamic region.
India's new economic policy forced India to go for engagement with ASEAN.

In 1992 India became a sectoral dialogue partner. In the same year, Pakistan also became “Sectoral Dialogue Partner” within 4 years i.e. 1996.
INDIA AND ASEAN

- India became “Full Dialogue Partner” wherever Pakistan is still the sectorial.
- In 2002 India's status was elevated and India becomes “Summit Level Partner”.
- ASEAN has involved India in all of its.
REGIONAL INITIATIVES

• For Example
• ASEAN regional forum, East ASIA summit , ADMM ,Regional comprehensive economic partnership.

• India and ASEAN have entered into FTA in 2010.
REGIONAL INITIATIVES

• So for India ASEAN FTA is the only FTA with regional organizations.
• In 2015 India and ASEAN entered into “Free Trade Agreement In Services”.
• With this agreement it is expected that trade balance will come in India's favor.
REGIONAL INITIATIVES

• India ASEAN bilateral trade was 9.4 billion us dollar in 1990.
• It is touching around 76 billion us dollar at present and there is a target of 200 billion for the year 2020
• In 2012 India and ASEAN become strategic partners.
ASEAN-India trade likely to touch $100 bn by 2020: Hardeep Puri ...
https://www.thehindubusinessline.com/.../asean-india-trade.../article24476329.ece
Jul 20, 2018 - ASEAN-India trade is likely to touch $100 billion by 2020, Union Urban Development and Housing Minister Hardeep Singh Puri said today, ...
REGIONAL INITIATIVES

- India ASEAN partnership has been two way street but it has strengthened India's diplomatic clout.
• It is because of ASEAN that India is considered as an indispensable component of ASIA pacific region.

• ASEAN countries look towards India as a balancer vis a vis China.
However at times there has been disappointment with India.

For Example-
- India has cancelled joint exploration with Vietnam in south China sea.
In context of Chinese resentment.

such approach of India weakens India's credibility as a balancer and which may force ASEAN countries to go closer towards China.

The future prospects of India and ASIA are strong.
• However, much will depend on future of USA China relations.
• Both ASEAN and India have common aims to ensure peace and stability in the region
• India is helping ASEAN countries and especially in the capacity building of CLMV countries.
MEKONG-GANGA COOPERATION
MEKONG GANGA COOPERATION

- India has also taken sub-regional initiative known as "Mekong Ganga cooperation."
- It is India's partnership with Thailand
- Mekong Ganga cooperation provides institutionalized basis for India's cooperation with CLMV COUNTRIES.
MEKONG GANGA COOPERATION

- Mekong Ganga cooperation is not just a developmental initiative, it is a strategic initiative.
Why

It is India's attempt to recover The Lost ground in the natural sphere of India's dominance which it has lost to China.

India is trying to recover the advantage it has in terms of proximity, historical and cultural linkages much before India. China has launched platform
GREATER MEKONG REGION
GREATER MEKONG REGION

- China had launched platform known as GMR (Greater Mekong Region).
- MGC was established in the year 2000 in Laos.
- The four pillar of Corporation are Tourism, Culture, Education, Transport and Communication.
GREATER MEKONG REGION

- Ganga and Mekong are known as “Civilizational Rivers” and there is a huge influence of India in the region.
- However unfortunately MGC initiative had reached dead –end, despite its strategic and economic importance.
GREATER MEKONG REGION

• Successive governments in New Delhi lost interest, Thailand has been going through political instability.
ACT EAST POLICY

• Modi Government has provided new Momentum to MGC under Act East Policy.

• In 2016 a plan of action has been adopted to expand cooperation in trade in goods, pharmaceuticals & intermediate groups.
ACT EAST POLICY

• Up till now India has given lines of credit worth 2 billion US dollar to see CLMV countries.
• connectivity is the focus India is trying to achieve the earliest completion of.-
  
  • A. Kaladan Multimodal Transport Project.
  • B. India Myanmar Thailand Trilateral Highway.
ACT EAST POLICY

- Starting from Moreh in Manipur, Bangan in Myanmar, reaching to Mascot in Thailand.
- Another important initiative is Nalanda University restructuring cultural linkages.
A. KALANDAN MULTIPLE MODAL TRANSIT TRANSPORT PROJECT-

- Connect Eastern Indian support of Calcutta with secure by sea in Myanmar,
- it will link sittwe Port to Pattaya by Kaladan River and then from by road to Mizoram state India.
B. INDIA- MYANMAR- THAILAND TRILATERAL HIGHWAY

- India Myanmar Thailand trilateral Highway is a highway under construction that will connect Moreh (Manipur, India) with mascot (Thailand) via Myanmar.
SAARC
"I dream of a day While retaining our respective National identities. one can have breakfast in Amritsar, lunch in Lahore, dinner in Kabul that is how my forefathers lived that is how I want our grandchildren to live ".

- Manmohan Singh.
Question

• Context of Regional Integration in South ASIA, why Regional Cooperation and what is the Logic?
Based on liberal perspective of international politics, regional organizations provide for:

1. Peace.
2. Prosperity.
Question

• Why Regionalism Is More Important At Present Than Ever?
1. Rise of global challenges and no country is sufficient to deal on its own.

2. Multi lateralism as a process is at halt.
   - No further movement in WTO.
   - Regions are going for regional trading arrangements.
• Regional blocks are like protectionist blocks.
• In Case, south ASIA does not have its own regional organization which is functional in real sense.
• South ASIA will be left out and all countries of south ASIA will be adversary impacted.
• What are imperatives for regional cooperation in South Asia?
WHAT ARE IMPERATIVES FOR REGIONAL COOPERATION IN SOUTH ASIA?

1) The partition of Indian Subcontinent is Artificial and Historically, Geographical and Culturally, it is one unit.
WHAT ARE IMPERATIVES FOR REGIONAL COOPERATION IN SOUTH ASIA?

2) South ASIA has become Most Vulnerable to-
   A. Nuclear War
WHAT ARE IMPERATIVES FOR REGIONAL COOPERATION IN SOUTH ASIA?

2) South ASIA has become Most Vulnerable to -
B. Non Conventional Security threats like Terrorism, Natural Disaster organized Crimes , Radicalism.
WHAT ARE IMPERATIVES FOR REGIONAL COOPERATION IN SOUTH ASIA?

3) South ASIA is a home to the largest no of world's poor and malnourished children.
WHAT ARE IMPERATIVES FOR REGIONAL COOPERATION IN SOUTH ASIA?

4) South ASIA is located in proximity to the Arches of instability.
Question

- What is the scenario in South Asia?
1. With the exception of Middle East, South ASIA is the most polarized of all regions.
2. Intra regional trade is not more than 5% of the total external trade these countries have with the outside world.

intra regional trade in EU is 65% and in Asean is beyond 25%.
WHAT IS THE SCENARIO IN SOUTH ASIA?

There is no other way to increase prosperity except through trade and investment and the most attractive partners are immediate neighbour.
HISTORY OF SOUTH ASIA INTEGRATION
HISTORY OF SOUTH ASIA INTEGRATION

• Considering the geo strategic and geo economic importance of the region situated in proximity of far east, central ASIA, middle east, Indian ocean

• There has been involvement of major powers since beginning, India was the most important colony of the British raj Lord Curzon in one of his essays mentioned that “the British empire will set on the day, it will loss India”.
HISTORY OF SOUTH ASIA INTEGRATION

• After the decline of British empire there was competition between the two super powers to bring south ASIA to their side.

• It is to be noted that the biggest factor that has checked the natural evolution of south Asian integration has been superpower rivalries.

• Had superpower rivalry not been there Pakistan should have automatically looked for cooperative relations with India.
HISTORY OF SOUTH ASIA INTEGRATION

- Beside superpower rivalries the domestic politics in all the countries have always acted as an obstacle.

- Considering the use asymmetry in the size of India and the other south Asian neighbour political groups in south Asian countries always projected India as a threat.
HISTORY OF SOUTH ASIA INTEGRATION

• India is a big brother going for micro managing the domestic affairs of the neighbors.

• Anti Indian approach became the defining feature of nationalism in south ASIA.
HISTORY OF SOUTH ASIA INTEGRATION

• Even India cannot be absolve from the responsibilities.

• India has not taken enough steps to address the genuine concerns of smaller neighbour.

• Smaller neighbour have been fearful of India's imperialist ambitions after creation of Bangladesh and incorporation of Sikkim in India territory.
HISTORY OF SOUTH ASIA INTEGRATION

• Smaller neighbour always looked for external balances either USA or China to counter Indian hegemony.

• Till the end of cold war India was not any source of inspiration, neither India's economic, growth India's administration, developmental achievements, generated any powers of attraction.
In fact the situation of human development have been much better in other countries like Sri Lanka and Bangladesh.

India continuous to have various disputes including territorial and water disputes with the neighbours.
HISTORY OF SOUTH ASIA INTEGRATION

• In all South ASIAN countries.
• there is ethnic conflicts because of un-natural partition ethnic groups are also present in Indian and as a result ethnic conflicts have overshadowed the scope of regional cooperation.
• **SAARC** was proposed by the then President of Bangladesh ZIA-UR-REHMAN.

• **SAARC** is a Regional organization with negative mindset.
• The reason for formation of SAARC was not cooperation with India rather to create Coalition of neighbours to resist India and to check Indian hegemony.

• Hence initially India was not very much interested in SAARC because India knew that it is anti India platform.
Initially even Pakistan was not interested in SAARC because Pakistan thought that it will be an India dominated platform.

However later on, it decided to join SAARC because by remaining inside SAARC Pakistan would be in a better position to stop Indian initiatives.
• SAARC charter was adopted on 8 December 1985.
1. SAARC principles are based on the principles of Panchsheel that is not interfere in domestic affairs.
SAARC

2. SAARC countries would not take up the bilateral issues. It would be a platform only for Regional multilateral issues. However, SAARC does not substitute bilateralism rather it compliments bilateralism.
It was decided that all decisions to be taken by “consensus”.

SAARC
• Comparison with EU. Consensus based model is based on Westphalian Idea of sovereignty.

• It is increasingly losing its relevance.

• In EU, Most of the subject are decided by "qualified majority" and "consensus" required only for few areas.
Hence, SAARC process comes to halt when only one country uses Veto where other countries agree for the proposal.
SAARC MEMBERS

- All South Asian countries have been members from the beginning.
- On the initiatives of India, Afghanistan gain membership in 2007.
OBSERVER STATUS

- USA
- China
- Myanmar
- Japan
- Mauritius
- South Korea
- Australia
- EU
Afghanistan  Bangladesh  Bhutan  India  Maldives  Nepal  Pakistan  Sri Lanka
• Though, SAARC is considered as a hopeless platform.
• Yet, The presence of large number of observers shows that there is a potential in SAARC
• Recently Turkey has also expressed its interest in becoming the observer in SAARC.
NOTE

- Pakistan, Nepal, Bangladesh, Sri Lanka have proposed full membership for China in SAARC.
- However India is reluctant for China's membership.
INDIA'S POSITION

- Before expansion internal consolidation is required.
Question

- Should India Support China's Entry?
A. China already has huge presence in South ASIA.
THERE IS NO HARM IF CHINA BECOME THE MEMBER OF FOLLOWING REASONS

B. SAARC is anyways a dead platform.
There is no harm if China becomes the member of following reasons:

C. India should reciprocate China's gesture as China has accepted India's partnership in SCO.
THERE IS NO HARM IF CHINA BECOME THE MEMBER OF FOLLOWING REASONS

D. In case China become a member of SAARC there is a possibility that Saarc may gain some dynamism.
SAARC started with a very small agenda.

The initial SAARC program used to be known as SAARC integrated development Programme.

Initially Cooperation started in five areas.
Initially Corporation Started In Five Areas

1. Agriculture
2. Rural development
3. Telecommunications
4. Meteorology
5. Health and population.
• Gradually SAARC cooperation expanded in other fields.

• For example SAARC cooperation in disaster management, SAARC food bank, south Asian universities, SAARC film festival, SAARC Milk Grid.
• SAARC has a huge potential because SAARC represent a market of 1.65 billion people.
• Intra regional trade is just 40.5 billion dollar.
• Where intra regional trade in Nafta is more than 1 trillion dollar.
• For SAARC to reach to its logical end,
• the biggest challenge is connectivity, despite proximity all sorts of connectivity is extremely poor.
• No rail links, No roads links, very poor inland waterways and air connectivity.
• Pakistan has blocked all initiatives to develop connectivity and SAARC transit agreement at Kathmandu Summit, India had proposed sub regional initiative known as BBIN initiative
• There is a resentment in Bhutan and it is in deadlock state.
• without connectivity and transit agreements. Regional economic integration cannot make any progress.
Recently, Asian Development bank has produced a study which shows that how south ASIA can be benefited if countries go for greater connectivity.

One of the major initiative of saarc that is SAFTA has also failed to come into existence.
Traditional RI Model

- Preferential Trade Area (PTA)
  - Low tariffs between members

- Free Trade Area (FTA)
  - No tariffs between members

- Customs Union (CU)
  - Common External Tariffs

- Common Market
  - Free movement of factors of production

- Economic Union
  - Unified monetary and fiscal policies

- Political Union
  - Ultimate stage: cession of sovereignty
• SAARC has introduced “PTA” in 1997 however it has not resulted into any increases in intraregional trade.
1. SAARC economies continue to be protectionist.
2. SAPTA adopted positive list concept even after SAPTA the trade did not increase because only those items were included in the positive list which have not been the commodities of trade between countries.
SAFTA 2004-

• Up till now SAARC was not having any push factor since USA got involved in war in Afghanistan USA become interested in normalisation of relations between India and Pakistan.

• Hence, under USA pressure countries agreed for introduction of SAFTA.

• SAFTA was to come into effect in 2016.
FEATURES OF SAFTA

1. More Ambitious than SAPTA Because SAFTA Follow The Sensitive list (negative List)
FEATURES OF SAFTA

2. Like WTO, SAFTA Is Perhaps The Only Regional Initiative To Establish Dispute Settlement Body.
3. SAFTA Has Adopted Special And Differential Responsibilities, Differential Treatment To LDCs (India Pakistan And Sri Lanka are Developed Countries Of SAARC).
FEATURES OF SAFTA

4. Member Countries Agreed For bringing Down The Tariff And Maximum Permissible Limit is 5%.
5. Rules of origin have been in accordance to the interest of smaller countries. It permits foreign content up to 70%.
CAUSES FOR FAILURE OF SAARC.

• 1. The most important factor at present is the state of relations between India and Pakistan.

• In the word of C Raja Mohan,"Pakistan is a camel that slows down the peace of South Asian caravan ".

CAUSES FOR FAILURE OF SAARC.

• India and Pakistan are the largest countries of SAARC and until and unless their relation improves.
• There is no hope of SAARC.
CAUSES FOR FAILURE OF SAARC.

- It is to be noted that with Pakistan-China axis, Pakistan dependence on India and other countries of South ASIA has become negligible.
- Hence, Pakistan will never go for strengthening SAARC.
- Hence it has proposed that India should explore the idea of SAARC-Pakistan.
CAUSES FOR FAILURE OF SAARC.

• India is reviving the platform of BIMSTEC.
• For India, connectivity with Central ASIA, Afghanistan had been very important.
• Hence India had brought Afghanistan in SAARC.
• Recently India has been successful in influencing Afghanistan.
CAUSES FOR FAILURE OF SAARC.

• Pakistan gives transit rights to Afghanistan but not to India.

• Afghan president has suggested that if Pakistan does not allow full transit right to Afghanistan to reload the trucks, Afghanistan will deny Pakistan access to Central ASIA.
CAUSES FOR FAILURE OF SAARC.

- 2. The Other problems in the region included as below-
2. THE OTHER PROBLEMS IN THE REGION INCLUDED

A. Protectionist economics.
2. THE OTHER PROBLEMS IN THE REGION INCLUDED

B. Opportunist Politicians.
2. THE OTHER PROBLEMS IN THE REGION INCLUDED

C. Lack of Political will.
2. THE OTHER PROBLEMS IN THE REGION INCLUDED

D. China Factor
2. THE OTHER PROBLEMS IN THE REGION INCLUDED

E. Asymmetry in size and power.
The existence of South ASEAN countries as an independent Nations is very new their National identities are still not consolidated.

Hence it is difficult for them to compromise with their sovereignty or to go for delusion of sovereignty.
• Which is necessary for Regional Cooperation if SAARC become successful integrated in terms of trade transit and transport it will be an annulment of partition.
VIEWS OF SANJAY BARU

• BOOK- INDIA AND THE WORLD essays on geoeconomics and foreign policies.

• The three factors have shaped the formation of regional Cooperative institution in post cold war period.
THREE FACTORS SHAPED FORMATION OF REGIONAL COOPERATIVE INSTITUTION

1. Market Driven Economic Policy
THREE FACTORS SHAPED FORMATION OF REGIONAL COOPERATIVE INSTITUTION

2. Movement of People Across Border
THREE FACTORS SHAPED FORMATION OF REGIONAL COOPERATIVE INSTITUTION

3. Political Factors
• None of these factors played role in South ASIA.
• There has been Limited people to people contact and interactions.
• Instead of trade deficit there is a trust deficit.

• Protectionist economics limit business-to-business.
• Contact of the three process-
  • P2P
  • G2G
  • B2B
• Only G2G has been the main driver in present times
  relations cannot be moved only on G2G basis in South ASIA
  there has been no {flying Glaze factors} doubt.
Even though compulsions for regional cooperation exit considering the poverty and common challenges saarc has been slow resistance and uncertain.

SAARC itself legs strong institutional structures and resources.
Former ambassador, Shrikant Sharma, (wither south ASIA article).

Despite its checked record SAARC remains highly desirable.

There is a need for broad-based involvement of stockholders beyond governments and bureaucracy.
South ASEAN regionalism is a valuable public good. SAARC nations must most consciously exploit every window and should remember that every window is not open forever.
Former FOREIGN SECRETARY S JAISHANKAR

- “SAARC is jammed vehicle, need to be connected
  SAARC is a vehicle to connect.
- However, unfortunately, it seems traffic will not move”.

BIMSTEC (SHORT NOTE)
BIMSTEC

- (Bay of Bengal initiative for multi-sectoral technical economic cooperation).
- Members- India, Nepal, Bhutan, Bangladesh, Sri Lanka + 2 SE Asian countries Thailand and Myanmar.
Members from South Asia

- India
- Nepal
- Bhutan
- Bangladesh
- Sri Lanka

2 S-E Asian countries

- Thailand
- Myanmar
BIMSTEC

- Profile - 1.5 billion people, $2.7 trillion GDP despite global financial meltdown economies are growing at an average rate of 6.5%.
- It was established in 1997 with four countries towards the end of 1997, Myanmar joined and Nepal and Bhutan joined in 2004.
SIGNIFICANCE

- Strategic move of India
- since SAARC will not move because of India-Pakistan conflict, India has preferred to replace and economically dynamic country like Thailand in place of Pakistan.
SIGNIFICANCE

- BIMSTEC acts as a bridge between South ASIA and South-East Asia.

- BIMSTEC has Geo-strategic significance because it brings India's closer to the three strategic reasons.
Three Strategic Reasons

1. Bay of Bengal sub regionalism.
3. Sub Himalayan sub regionalism.
SIGNIFICANCE

• Thus, it brings the three strategic peripheries under one umbrella.

• The Other advantages is neither Pakistan nor China is present.
1. Panchsheel non-interference.
2. BIMSTEC is in addition to bilateral and other Regional Cooperation and not a substitute.
PRINCIPLES (BIMSTEC)

3. BIMSTEC has 14 priority areas, Each country takes the ownership of two priorities.

   The important areas - are counter terrorism, telecommunication, tourism, disaster management since B I M S T E C come into existence BIMSTEC progress was languishing.
Ownership of Two Priorities the Important Areas-

Counter Tourism Telecommunication

Tourism Disaster Management
Only in last few years governments has realize the importance of the organization.

Hence few steps have been taken to revive BIMSTEC.
for example secretariat has been established in Dhaka.
Countries are negotiating FTA. The FTA will be of huge importance as economies are growing at an average 6.5%.

With the cancellation of SAARC, India is now showing greater interest in BIMSTEC.

Countries were invited on the summit in Goa however BIMSTEC also has multiple challenges.
Challenges

1. Thailand is suffering from domestic instability.
2. Myanmar is not free from ethnic issues.
Challenges

3. Economies remain protectionist.
4. Ease of doing business is very poor.
5. Neither physical infrastructure nor financial infrastructure is developed.
• Hence, the biggest challenge is to develop connectivity.
• Connectivity is also the focus at present India Myanmar Thailand Sri Lanka.
• Highway is one of the key project in the region India has ambitious plants to strengthen connectivity in N-E Region.
In the recent Summit of BIMSTEC foreign ministers in Kathmandu it has been declared that-

1. BIMSTEC- FTA will be signed soon.
In the recent Summit of BIMSTEC foreign ministers in Kathmandu it has been declared that-

2. Grid interconnectivity will be operationalized.
In the recent Summit of BIMSTEC foreign ministers in Kathmandu it has been declared that:

3. Text of technology transfer has been prepared.
In the recent Summit of BIMSTEC foreign ministers in Kathmandu it has been declared that:

4. Commitment to revitalize it.
Future Areas

• Negotiations in services, investment and trade facilitation.
NAFTA
NORTH AMERICAN FREE TRADE AGREEMENT
NAFTA
INTRODUCTION

- NAFTA is not an example of regional integration like that of EU ASEAN or SAARC.
- It is just a free trade agreement.
- It is the first FTA between the developed and developing countries.
INTRODUCTION

• NAFTA came into existence in 1994. The idea was proposed by H W Bush Administration and implemented by Clinton administration.

• Thus, there was bi partition support for NAFTA in USA.
• However at present both the parties in USA are critics of NAFTA.
INTRODUCTION

• Even Obama administration aimed at revision of NAFTA present president Donald Trump calls NAFTA as the “worst trade deal” ever.

• Since August 2017, 23 countries are negotiating the terms of NAFTA.
INTRODUCTION

- NAFTA is a ambitious regional training agreement.
- Focus areas have been agriculture, automobiles, Textiles, PR issues, labor issues and environmental standards.
MOTIVATION BEHIND NAFTA

• For the USA and Canada, Mexico is a new market for exports, offers scope for investment source of cheap labour which enhance the competitiveness of USA product.
MOTIVATION BEHIND NAFTA

• One of the reasons was to stop legal and illegal immigration from Mexico to USA it will create job opportunities in Mexico itself.
1. Integration to two highly developed economics
2. Use investment assistive technology, source of employment in manufacturing sector, increasing exports, checking illegal immigration and exporting products rather than persons.
INTRODUCTION

- NAFTA has significantly increased the regional trade and investment. Regional trade in 1993 was to $90 billions.

- It has become $1.1 trillion. Similarly, Mexico was receiving U.S - FDI of $15 billion earlier which has become $100 billion at present.
Question

• What Are Main Grievance Of USA?
MAIN GRIEVANCE OF USA

• According to US President it has resulted into job losses especially in manufacturing and automobile sector.
• However economist disagree over the real loss to USA.
MAIN GRIEVANCE OF USA IS

1. NAFTA actually created millions of jobs related to export sector.
2. NAFTA has made consumer goods cheaper for US consumers.
3. NAFTA has actually increased the competitiveness of USA automobile sector vis-a-vis through competition from China.
MAIN GRIEVANCE OF USA IS

4. Job losses are concentrated in the specific sector but benefits have spread more widely.
5. USA has actually gained more jobs than lost
6. It has also increased USA corn export to Mexico.
7. Job loss in USA is not because of NAFTA it is because of automation and China.
IMPACT ON MEXICO
THERE IS A MILD IMPACT ON MEXICO ALSO-

1. There is increase in investment from both USA and Canada.
THERE IS A MILD IMPACT ON MEXICO ALSO-

THERE IS A MILD IMPACT ON MEXICO ALSO-

3. Increase in farm exports to USA
4. Indirect impacts are it has made Mexican economy more competitive and liberalized.
NEGATIVE IMPACTS

- Primarily, the negative impact is on agriculture because USA products have been too much subsidised.
- It has increased regional disparity; the northern part of Mexico, which is an industrial belt, has benefited but the southern part, which is primarily agrarian, has been adversely impacted, as such there is no overall improvement in the wages as it was expected.
NEGATIVE IMPACTS

• The rate of growth of Mexico economy has been much less than that of other Latin American economics.

• The rate of growth of Mexico from 1993 to 2013 has been at an average of 1.3% only.
NEGATIVE IMPACTS

Mexican economy is closely tied to US economy has suffered because of recession.
NEGATIVE IMPACTS

In USA at the time of global financial crisis 2008 its exports declined and economic contracted.
NEGATIVE IMPACTS

Corn Producers adversely Impact.
NEGATIVE IMPACTS

Has not addressed the unemployment problem.
NEGATIVE IMPACTS

Illegal Immigration has increased two times.
No Significant impact on poverty eradication.
Export Promotion of Mexico is not just because of NAFTA but also because of devaluation of Peso in 1994.
NEGATIVE IMPACTS

Slow Down of job creation in manufacturing sector is not only because of USA but also because of China and other ASEAN countries.
IMPACT ON CANADA
IMPACT ON CANADA

• 1) It strongly gained in cross border investment from both USA as well as Mexico.
IMPACT ON CANADA

• 2) The export to USA has increased but import has been almost equal to export.
IMPACT ON CANADA

• 3) Canada's agricultural trade with USA has increased 3 times to USA advantage.
IMPACT ON CANADA

- 4) No real change in Manufacturing Sector.
IMPACT ON CANADA

5) There is no increase in the competitiveness of the economy of Canada
The Major Concerns of USA vis-a-vis Mexico, USA has Huge Trade Deficit.
THE AREAS OF RENEGOTIATION ARE

1. Reduce the trade deficit.
THE AREAS OF RENEGOTIATION ARE

2. Tightening the rules of origin requirement.
3. Reforming investors State Dispute Mechanism.
THE AREAS OF RENEGOTIATION ARE

4. Updating Pact on IPR and Digital Service.
• USA stand is threatening

• According to economist, USA’s problems will not be resolved by coming out of the deal rather USA may further lose its competitive advantage over China.
• USA should think in a creative manners how to compensate job losses by relocation of workers going for skill development and those Areas where USA has comparative advantage.

• USA should also think of adjustment of social assistance, creation of jobs in new areas.
APEC
Asia-Pacific Economic Cooperation
NATURE OF PLATFORM –

IT HAS
MANY
UNIQUE FEATURES
UNIQUE FEATURES- EXAMPLE

• A. Soft Regionalism
UNIQUE FEATURES - EXAMPLE

• B. Open Regionalism
UNIQUE FEATURES - EXAMPLE

- C. Massive Participation of Private Sector
D. The Members are known as member economies rather than states hence both China and Taiwan are part of APEC.
PURPOSE Of APEC

Asia-Pacific Economic Cooperation
The liberalization of trade in ASIA Pacific region to achieve following Aims-

1. Economic Growth
2. Promotion of Trade
3. Creation of Prosperity.
• It was created in 1989 with 12 member economics and presently has 21 members.

• Australia, Brunei, Canada, Chile, Hong Kong, Taiwan, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Thailand, USA, Vietnam.
Members
• In 1997 after the ASEAN financial crisis, APEC has put a Moratorium on increasing the number of member economics. In 1998 it included Russia and Vietnam however it did not include India.

• It is one of the objective of India's “Look East Policy” to be a member of a APEC.
1. BOGOR GOAL’s- In 1994 at Bogor members, committed to create free and open trade and investment in Asia pacific by 2010, for developing countries, the target has been 2020.

2. APEC focuses on 3 areas/pillars
a. Trade and investment liberalisation.
b. Business facilitation.
c. Economic and technical co-operation.
3. APEC works in close cooperation with private sector, sector is included in APEC business advisory counseling.
4. APEC has 4 core committees and their working groups committees are responsible for formulation and implementation of the decision taken at APEC Summit.
5. Since 1989 when APEC came into existence, the trade has grown more than 7 times
6. APEC represent GDP of 44 trillion dollars means 60% of global GDP and 40% of global population.
APEC has played a significant role in the regional liberalization especially after the deadlock in WTO.
INDIA AND APEC
• India is a third largest economy in PPP terms it is paradox that India is out of APEC. If India becomes a part of APEC, it will benefit both.

• 1. APEC countries will be in position to push India towards greatest liberalisation they will get opportunity for India's-
They will get opportunity for India's..

A. Growing Market  
B. Abundant Labour Supply  
C. Use Investment Opportunities.
India will be benefited in following ways

• 1. It will facilitate India's economic reforms.

• 2. It will force Indian officials and business groups to become more competitive.

• 3. As a trading Nation India's performance is much below the potential India is not yet as much integrated as it should be.

• 4. It will benefit “make in India” by attracting FDI.
India will be benefited in following ways

1. India will be among rule makers.
2. India can take proactive steps because India will understand evolution of trade and can go for fast adoptions.
3. It will strengthen India's strategic objectives in S-E ASIA and ASIA Pacific.
4. It's a low risk ventures because the approach is voluntary in nature.
FOLLOWING FACTORS HAVE STOPPED INDIA'S ENTRY

• 1. Many countries feel India's stand at WTO especially in agriculture is too protective.
FOLLOWING FACTORS HAVE STOPPED INDIA'S ENTRY

• 2. Indian politics is extremely divisive and hence there is no guarantee of India's commitment.
• In India politics overshadow the economic logic.
Following factors have stopped India's entry

3. Indian Bureaucracy and business class is reluctant to change.
FOLLOWING FACTORS HAVE STOPPED INDIA'S ENTRY

• 4. India has huge trade deficit and India is fearful.
Steps Taken By India

1. India is at present actively lobbying for its membership
2. India has entered into trade facilitation agreement of WTO
Steps Taken By India

3. India has introduced GST
Steps Taken By India

4. Is taking step to increase the “Ease of Doing Business”
Steps Taken By India

5. Next APEC Summit in Santiago
1. Environment

- 1. India and Climate Change Negotiations.
- 3. India Role in Global Environmental Movement.
1. India and Climate Change Negotiations.

2. North and South Debate Over Environment.

3. India Role in Global Environmental Movement.

INTRODUCTION

• Environment was once on the sidelines of international politics but at present it has become one of the toppers entry in international politics
According to **Thomas Friedman**, we have moved away from “Cold War Era towards energy climate era”. 
ORIGIN OF POLITICS OF ENVIRONMENT

• The credit for making environment issue of global concern and diplomatic negotiations goes to Civil Society with the publication of Rachel console.

• Book- "The Silent Spring We See The Beginning Of Global Environmental Movement".