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Grasp the nettle in Kathmandu

PM Modi can transform South Asia by opening India's market to neighbours and restructuring its transit and visa regimes, writes SHYAM SARAN

When talk turns to Saarc among South Asian and foreign politicians, diplomats, businessmen and academics, there is usually a note of cynicism and even derision in their comments. Saarc has become a byword for successive high sounding summit declarations which rarely get translated into concrete measures on the ground. There is a danger that the forthcoming 18th Saarc Summit at Kathmandu on November 26 and 27 will stay true to this predictable pattern. But this need not necessarily be the case and the reason could be India's new prime minister, Narendra Modi, and his distinctive neighbourhood policy. Can Modi make Saarc work?



REUTERS If India were to declare that it would accord to its neighbours national treatment in terms of use of its transportation system and ports for their external trade, think of the significant positive political capital as well as intra-regional trade this would generate.

Let us acknowledge at the very outset that without India's leadership Saarc will never work. India is the largest country in the subcontinent and its area, population and economy are several times all the other countries in the region put together. This acute asymmetry is both an asset as well as a

liability. It is an asset since India has the resources and the capacities required to drive growth and prosperity in the entire region. It is a liability since India's sheer size and capabilities inevitably create fear of domination among its smaller neighbours. The challenge for India lies in crafting a neighbourhood policy which allows the asset aspect to diminish the liability factor. There are several ways this can be pursued.

The sheer scale of the Indian market can become a powerful engine for growth for all its neighbours. Even if India were to open its doors to all that its neighbours wish to export to it (with adequate safeguards on local content requirements), this would still remain a very small fraction of its total imports. There may be specific sectors where there may be some temporary impact, but overall there is little that India would lose and in the bargain, this would generate immense political goodwill and create a dense web of mutually beneficial interdependencies which would set the region on the path to a South Asia Economic Union. Gone are the days when India could assert its own version of a Monroe doctrine in South Asia. Instead it has to project itself as the most preferred economic and trade partner because no other country can offer the advantage and benefit it is able to. Its very asymmetrical size coupled with the unique advantage of proximity makes this eminently feasible.

I pointed to the unique advantage that we possess in terms of proximity to our neighbours. But this asset can only be leveraged if there is multi-dimensional cross-border connectivity among the countries of the region. And this is not enough. Physical connectivity must go hand-in-hand with ease of movement of cargo and people across the entire region and especially at border crossings. There must be speedy customs and immigration procedures and efficient trade facilitation measures. Thus both the hardware and software of connectivity must be put in place. Several Integrated Check Posts (ICPs) are being set up at various points on our borders with immigration, customs, phyto-sanitary and other associated facilities. Why not propose that matching facilities of countries on the other side of the border be co-located at these ICPs? This would save them immense capital expenditure.

There is an associated issue of transit. India rightly proposes transit through its neighbouring countries to markets beyond South Asia, pointing to the additional income that could accrue to them in the shape of transit fees. But India is the biggest transit country in the region itself. The shortest and most speedy transit for cargoes from say Bangladesh to Pakistan or from Nepal to Sri Lanka traverses through India. Transit through India is either not available or the transaction costs and transit time are so onerous as to make this economically unviable. Much of intra-Saarc trade takes place either through Singapore or Dubai. This means that proximity cannot be leveraged to enhance trade with and among our neighbours. If India were to declare that henceforth India would accord to its neighbours national treatment in terms of use of its transportation system and ports for their

external trade, think of the significant positive political capital as well as intra-regional trade this would generate. Security concerns will be raised. These can be comprehensively addressed through modern technology including the use of fixed scanners at border crossings, electronic container locking systems and GPS tracking of trucks and lorries. These systems are in place in Europe as well as in Asean.

The vision of a South Asian Economic Union envisages a free flow of goods, peoples and ideas across borders. However, Saarc countries have some of the most restrictive visa regimes in the world. Modi announced a visa-on-arrival and electronic visa clearance for citizens of several countries. Could these not be extended to citizens of Saarc countries? Here again security concerns can be addressed through use of biometrics and more efficient but less intrusive surveillance systems.

For the Kathmandu Summit I would add another Indian initiative. The newest member of the Saarc family, Afghanistan, is undergoing a most difficult and complex political and security transition. It would be a signal gesture if Saarc could declare its solidarity with its youngest member, extend support to it in its economic recovery and capacity building and in dealing with the destabilising forces of international terrorism and extremism. After all instability in Afghanistan will adversely affect the entire neighbourhood.

A great deal is expected from Prime Minister Modi in Kathmandu. He can deliver a game changer if he announces just the three Saarc-related initiatives mentioned above viz. opening the Indian market without ifs and buts, extending national treatment and transit to cargo and visa on arrival and electronic visa clearance facilities. These can all be unilateral initiatives. The initiative on Afghanistan may require consensus but one cannot see any country opposing it. Taken together these initiatives could change the dynamics in Saarc dramatically and substantively.

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The views expressed by the author are personal .

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