



## SAARC INTEGRATION: SOME FACTS AND FIGURES

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### ABSTRACT:

The Foreign Trade Policies (FTPs) of a country is the documentary guidelines of vision, goals and objectives for its foreign related trade and investment in which everyone has to perform with the rest of countries. They are used for building strong national development and are framed based on the past experiences and future expectations and thereby, it can found a solutions for problems and issues of trade, investment and commerce with the sort of changes in the circumstances. Hence, their role is crucial in betterment of the country's economic development and carrying the prosperity of trade, investment and commerce venture for its effective and efficient performances. Moreover, it provides a stable and sustainable policy environment for foreign trade in merchandise and services and to link rules, procedures and incentives for exports and imports with other initiatives.

The state of external environment undoubtedly causes for crucial and new features of the global trading landscape such as mega regional agreements and global value chains will profoundly affect country's trade. However, the biggest challenge is to address constraints within the country such as infrastructure bottlenecks, high transaction costs, complex procedures, constraints in manufacturing and inadequate diversification in service exports. Hence, these domestic issues are being addressed on priority, notwithstanding some of the volatile external factors that are beyond control.

Therefore, the FTPs have paved ways the important role in country's economic integration through its unique policy strategies and reviews and follow-ups. The paper has traced some issues concerned to the FTPs of SAARC nations in building their economic integration.

**KEYWORDS:** Economic Integration, FTPs, Policy Environment, Regional Development.

### INTRODUCTION:

The state of external environment undoubtedly causes for crucial and new features of the global trading landscape such as mega regional agreements and global value chains will profoundly affect country's trade. However, the biggest challenge is to address constraints within the country such as infrastructure bottlenecks, high transaction costs, complex procedures, constraints in manufacturing and inadequate diversification in service exports. Hence, these domestic issues are being addressed on priority, notwithstanding some of the volatile external factors that are beyond control. International trade plays the driven role in economic progress and growth.

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of trade, investment and commerce with the sort of changes in the circumstances. Hence, their role is crucial in betterment of the country's economic development and carrying the prosperity of trade, investment and commerce venture for its effective and efficient performances. Moreover, it provides a stable and sustainable policy environment for foreign trade in merchandise and services and to link rules, procedures and incentives for exports and imports with other initiatives.

The South Asia Association for Regional Cooperation (SAARC), an oldest trade bloc and regional agreement/arrangement, cause to record lowest intra-trade statistics compared to other regional arrangements and showed dependency on rest of the world with great amount of transaction. The underlined mark was the intension to the formation of the bloc has clearly failed due to many reasons with prejudiced trade fraction. The countries like India, Sri Lanka, Pakistan, and Bangladesh have to take motion in the region for its development and countries like Afghanistan, Nepal, Bhutan and Maldives have shown keen interest and correspondent parallel in it.

The SAARC is the predominant and very hopeful assignment for the naturally richen South Asia like tourism spots, availability of human resources, natural resources etc. Moreover, the members of SAARC have accord attractive destination for parking the investments and carrying the trade activities. They are, in reality, not so much of result oriented due to existence of poverty, lower rate of education, hectic terrorism, political biases and other such factors. Thus, the role of FTPs carried valued quality in bringing the members into the graded level of world trade and investment statistics.

The states (members) of SAARC have to formulate such a kind oriented FTPs towards member states and provision the friendly policy and status to them in order to transact more and freely within the region without keeping any biases. If the commitment of its members increased will leads to their dedication towards trade between themselves and meanwhile find the platform for solutions to their problems. In this juncture, they need to align their economical, political and social thoughts for the sustainable region development and regional economic integration.

The SAARC has emerged as least integrated region in the world, despite of its common heritage, history, linguistic, cultural and social practices shared by its members. It is distinctly characterized by its complex security issues, multiple inter-state disputes and yet a high untapped economic potential and hence, it has faced deep rooted and historic challenges and differences. Consequently, the political issues and conflicts have not allowed economic and strategic interests to take precedence in matters of policy and development.

**Tbale-1: Merchandise Trade Statistics**

	Exports of Merchandise			Imports of Merchandise			Trade Balance		
	Million US \$			Million US \$			Million US \$		
Country	1984-1992	1993-2004 (SAPTA)	2005-2018 (SAFTA)	1984-1992	1993-2004 (SAPTA)	2005-2018 (SAFTA)	1984-1992	1993-2004 (SAPTA)	2005-2018 (SAFTA)
Afghanistan	3,499	2,311	7,299	8,482	13,584	80,859	-4,983	-11,273	-73,560
Bangladesh	11,931	62,052	3,34,660	28,082	94,375	4,71,840	16,151	-32,323	-1,37,180
Bhutan	470	1,314	7,609	843	2,097	11,246	-373	-783	-3,637
India	1,23,716	4,85,042	33,51,371	1,70,554	5,84,436	50,74,741	46,838	-99,394	-17,23,370
Maldives	434	1,257	3,770	923	4,373	22,306	-489	-3,116	-18,536
Nepal	1,760	6,501	11,783	5,345	17,294	86,402	-3,585	-10,793	-74,619
Pakistan	41,518	1,10,488	2,97,394	61,866	1,36,366	5,88,789	20,348	-25,878	-2,91,395
Sri Lanka	14,782	53,829	1,30,569	21,257	70,014	2,26,417	-6,475	-16,185	-95,848
<b>SAARC</b>	<b>1,98,111</b>	<b>7,22,794</b>	<b>41,44,455</b>	<b>2,97,352</b>	<b>9,22,539</b>	<b>65,62,599</b>	<b>99,241</b>	<b>1,99,745</b>	<b>24,18,144</b>

(Source: Accessed and Compiled from SAARC and UNCTAD Reports)

**Table-2: Growth of Trade**

Country	Exports of Merchandise			Imports of Merchandise		
	% Change			% Change		
	1984-1992	1993-2004 (SAPTA)	2005-2018 (SAFTA)	1984-1992	1993-2004 (SAPTA)	2005-2018 (SAFTA)
Afghanistan	-120.8	393.0	122.6	-62.2	251.9	148.1
Bangladesh	120.6	150.4	170.1	62.1	130.6	181.1
Bhutan	178.7	123.2	166.6	80.4	151.0	111.5
India	82.7	148.8	171.3	56.8	160.8	200.3
Maldives	193.0	119.9	126.2	151.0	135.1	179.0
Nepal	164.7	90.0	13.9	59.2	108.2	215.7
Pakistan	97.1	66.1	65.5	60.4	79.4	143.7
Sri Lanka	96.5	93.2	80.6	68.8	90.0	129.0
<b>SAARC</b>	<b>812.6</b>	<b>1184.5</b>	<b>916.7</b>	<b>476.5</b>	<b>1107.0</b>	<b>1308.4</b>

(Source: Accessed and Compiled from SAARC and UNCTAD Database)

**Table-3: Merchandise Trade as Share of GDP**

Country	Exports of Merchandise					Imports of Merchandise				
	% of GDP					% of GDP				
	2008	2009	2010	2011	2012	2008	2009	2010	2011	2012
<b>SAARC</b>	<b>15.2</b>	<b>12.5</b>	<b>13.6</b>	<b>15.7</b>	<b>14.7</b>	<b>25.8</b>	<b>20.0</b>	<b>21.6</b>	<b>25</b>	<b>24.9</b>
Afghanistan	5.0	3.2	2.4	2.0	1.7	28.0	26.5	32.1	33.7	29.7
Bangladesh	19.3	16.9	19.3	23	22.3	30.0	24.5	27.9	34.1	30.3
Bhutan	41.5	39.2	40.5	39.1	31.2	43.2	41.9	53.9	61.0	53.9
India	15.1	12.4	13.5	16	14.9	24.8	19.3	20.9	24.5	24.8
Maldives	17.5	8.7	9.5	16.9	14.8	73.3	49.8	52.6	71.5	73.3
Nepal	8.0	6.5	5.2	5.0	5.0	30.7	34.4	31.5	31.2	33.6
Pakistan	14.0	11.3	12.3	12.2	11.4	29.1	20.3	21.8	21.1	20.4
Sri Lanka	20.8	17.5	17.4	17.3	15.1	34.3	23.9	27.3	34.3	30.3

(Source: Accessed and Compiled from SAARC Database)

**OBSERVATIONS**

1. In the SAARC region, the conflicts are at the forefront of political and public life in SAARC states and caused seriously for economic development. Therefore, it never provided the appropriate and favourable environment for supporting the efforts towards better regional integration.
2. The relations between India and Pakistan have remained strained, marked with insecurities on both sides. The trades between India and Pakistan have declined gradually and drastically with the growing disputes and over security and territory.
3. The region seems to have lacked a common external threat which would bring together the constituent countries and limits their efforts towards strengthening the integration.
4. The trade between countries is more likely to be competitive rather than significant complementary for specific items. Further, all the countries were pursuing import substitution policies and which never allowed development of a particular area of expertise in the production chains.
5. The exclusion of security issues and bilateral matters of India and Pakistan has rendered SAARC incapable of addressing the urgent and important issues except trade and economic cooperation.

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