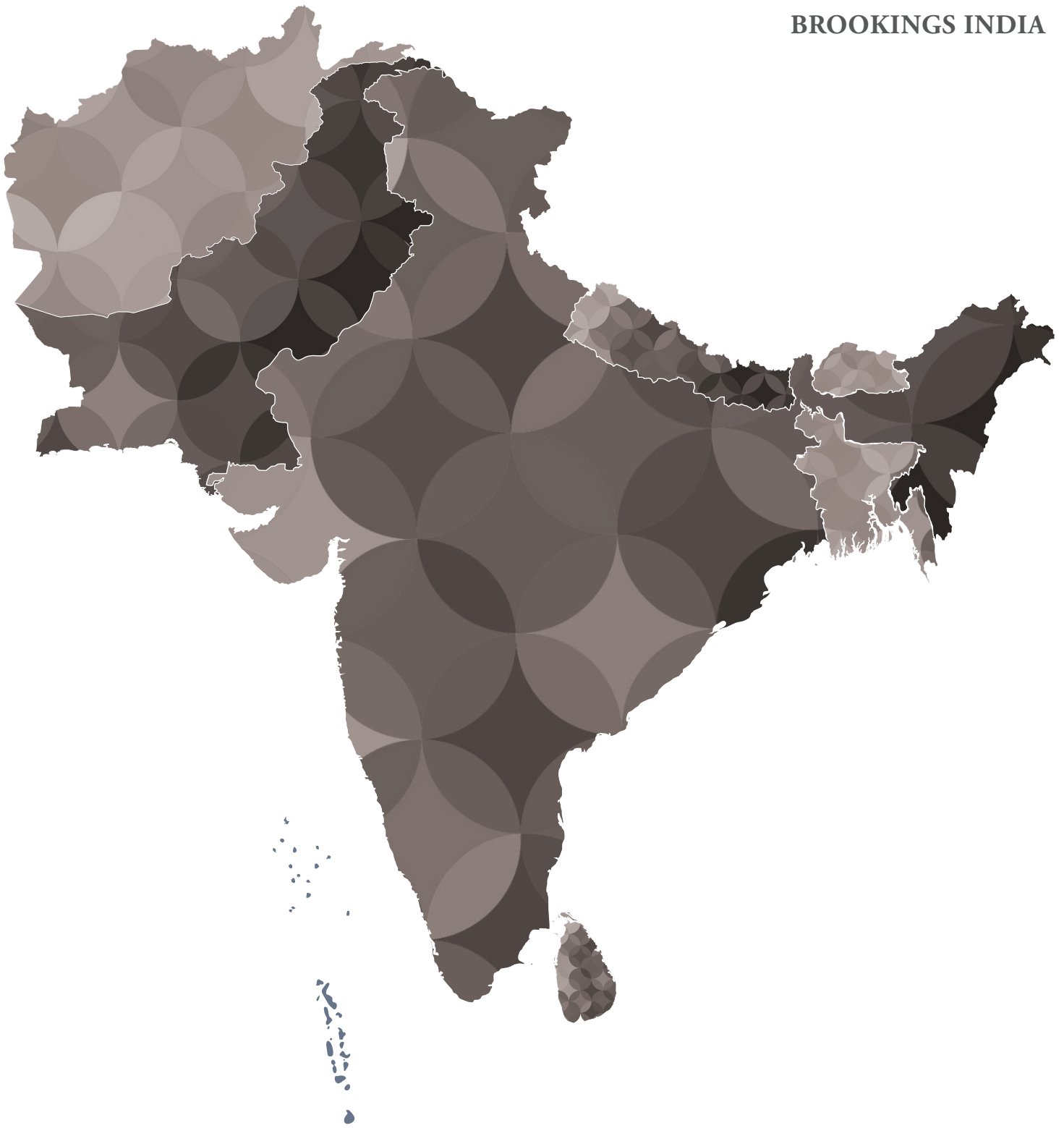


Reinvigorating SAARC

India's Opportunities and Challenges

NOVEMBER 2014



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Preface

In the world of regional organizations the South Asian Association of Regional Cooperation (SAARC) is an unruly stepchild. With squabbling members and embarrassingly poor integration the organization has very little to show on the eve of its 30th anniversary next year. Yet, a reinvigorated SAARC has the potential to vastly improve the lives of its 1.5 billion citizens – nearly one-fourth of all humanity – particularly the inhabitants of its largest member, India. As Prime Minister Narendra Modi – who has vigorously championed regional cooperation since coming to office – prepares for his first SAARC summit in Kathmandu on 26-27 November 2014, the Brookings India center focuses on areas of potential cooperation and suggests ways to translate those opportunities into outcomes.

While this might be dismissed as a counterfactual exercise – in the words of E.H. Carr, “an idle parlour game” – it does offer value in challenging long held assumptions, and exploring ways to build on existing regional cooperation and developing cooperation in new areas.

This policy brief contains 13 essays in three sections. The first section provides the overview and situates

SAARC geopolitically. The following section looks at ways of further enhancing existing regional cooperation. The final section examines the prospect of initiating cooperation on new issues. We are grateful to the Brookings scholars and research assistants for their superb contributions to the briefing book as well as interns Aditi Agrawal and Diya Puri (who put together very useful summaries and literature reviews).

Brookings does not take institutional positions on policy issues and each essay in this briefing book solely reflects the views of the Brookings scholar(s) who authored it.

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VIKRAM S. MEHTA,
Chairman & Senior Fellow
Brookings India

W.P.S. SIDHU,
Senior Fellow, Foreign Policy
Brookings India



Reinvigorating SAARC: India's Opportunities and Challenges

W.P.S SIDHU & ROHAN SANDHU

Since his election in May 2014, Prime Minister Narendra Modi has ascribed high priority to establishing stronger relations with India's neighbors. While the gesture of inviting South Asian Association for Regional Cooperation (SAARC) leaders to his swearing-in ceremony might be considered symbolic, it provided the necessary impetus in bringing SAARC to the forefront of India's foreign policy lexicon. Several measures since then have reinforced the government's resolve to forge closer strategic ties with countries in the region. High-level visits to Nepal, Bangladesh, and Bhutan – alongside summits with larger economic and geopolitical powers such as Japan, China, and the United States – not only signal their importance in India's foreign policy priorities, but have also laid the groundwork for stronger and more substantive cooperation. Similarly, out-of-the-box thinking on avenues for cooperation – including the proposal for a SAARC satellite and a Centre for Good Governance – signal the government's intention to play a proactive role in providing a leadership and governance structure to a region characterized by fragmentation and tension. During the visit of the Prime Minister of Nepal to India, Modi described SAARC as a “vital instrument to add to the strength of each member nation and advance collective action for shared prosperity in the region.”

The steps taken over the past few months have infused a new life and hope for greater integration and cooperation in the region and, in light of this, the 2014 SAARC Summit – to be held in November, in Kathmandu –

provides an opportunity (despite several challenges) to reinvigorate the goals, objectives and future direction of the grouping. Indeed, there is great expectation that this year's SAARC Summit could be a turning point for the organization.

LOOKING BACK

SAARC's roots lay in the Declaration on South Asian Regional Cooperation and the Integrated Programme of Action (IPA), adopted by the foreign ministers of South Asia in 1983, calling for regional cooperation in the areas of agriculture, rural development, telecommunications, meteorology, and health and population activities. Subsequently, SAARC was formally established in 1985, during its first Summit in Dhaka, Bangladesh. The overarching objective of the alliance was to consolidate South Asia's economic and geopolitical potential, and promote the welfare of the population of the region and improve their quality of life.

But more than three decades since it was formed, SAARC stands on shaky ground, and according to some experts has largely been a “somnolent and disappointing body,” its achievements meager and unconvincing.

Economically, the region is one of the least integrated in the world, with very low levels of intra-regional trade and investment. Intra-regional trade is under 5 percent of total official trade – less than it was fifty years ago

– while intra-regional foreign investments as a proportion of total investment figures are just as paltry. Juxtaposed to this, intra-regional trade accounts for nearly 35 percent of the total trade in East Asia, 25 percent in Southeast Asia, and almost 12 percent in Middle East and Africa. The SAFTA (South Asian Free Trade Agreement) group comprises a region that has tremendous economic potential, but despite having 23 percent of the world’s population, the region accounts for only 6 percent of Purchasing Power Parity based global GDP, 2 percent of world goods trade, 3 percent of global foreign direct investment, but more than 40 percent of the world’s poor.

SAARC has also done little to improve bilateral disagreements and skirmishes, and the Regional Convention on Suppression of Terrorism has failed to combat terrorist activity. Inter-state conflict is also one of the most significant reasons for the stalling of the SAFTA. The group’s commitment to the goals of the SAARC Charter for Democracy, have been disappointing with several member-nations struggling with military coups, unstable governments, rampant corruption and abuse of power.

While SAARC’s failure to realize its goals may be attributed to several factors – ranging from terrorism, strained bilateral relations, and the absence of military and strategic cooperation – India’s own engagement with SAARC has been found wanting, even though it has evolved over the years.

India’s initial attitude towards SAARC was, according to one observer, “akin to the attempt by the Lilliputs to tie down Gulliver.” It, consequently, played a limited role in the alliance, choosing instead to engage with its neighbors bilaterally based on reciprocity. However, as its economic clout grew in the mid-1990s, India began to assume a greater role as a regional leader. The so-called Gujral Doctrine, wherein Prime Minister I.K. Gujral outlined five principles to govern India’s relations with its immediate neighbors, precipitated this change in large part. The Doctrine stemmed from the

belief that India’s stature on the world stage was closely tied to its relations with its neighbors.

Subsequent governments – notably those led by Prime Ministers Atal Bihari Vajpayee and Manmohan Singh – continued to engage with India’s neighbors in this spirit. During India’s leadership of the 2007 SAARC Summit, External Affairs Minister Pranab Mukherjee, in an address to a Conference of Parliamentarians from the SAARC Region, declared India’s readiness – as the largest nation in the region – “to accept asymmetrical responsibilities, including opening up her markets to her South Asian neighbors without insisting on reciprocity.”

The change in posturing notwithstanding, India hasn’t been able to translate all of its promises into action. Studies find that the presence of a large economy often has positive externalities for smaller economies in the region. The International Monetary Fund finds, however, that India’s growth has had only a minuscule impact on the growth of its neighbors. The paltry level of intra-regional trade stems from the region being the least open in the world, but within the region, India remains the least open country, with the lowest trade-to-GDP ratio. Besides, SAARC is still a long way from achieving even the most basic objective of a regional organization – a no-war scenario among its members.

LOOKING AHEAD

Despite SAARC’s dismal past Modi has boldly stroked new hope for the future of SAARC. Modi is widely seen as a reformist prime minister, who is expected to open up the economy and liberalize trade. In addition, agreements stemming from visits to neighboring countries reveal a certain line of thinking – cooperation, particularly in infrastructure and energy, targeted at resolving shared problems. It is therefore logical that the government would seek similar opportunities to expand and deepen the engagement with SAARC.

Modi's ambition for SAARC, however, is confronted by external and internal challenges. Externally, the continuing tensions with Pakistan, the uncertainty over Afghanistan and the role of outside actors, notably China, pose threats to reinvigorating SAARC. Internally, the limited capacity of the Indian state, particularly the miniscule size of the foreign service as well as the ability to engage key state governments as stakeholders in foreign policy are also challenges that need to be addressed.

Despite these challenges or indeed because of them cooperation through SAARC on infrastructure, energy,

water, trade, climate change mitigation, higher education, healthcare, terrorism and even military cooperation would contribute to India's twin goals of development and stability in the neighborhood. Modi has thrown down the gauntlet that "South Asian countries should identify specific areas of common heritage, challenges and opportunities to foster region-wide cooperation." This briefing book serves as Brookings India's endeavor in that direction, to hopefully set the tone for New Delhi's new leadership role in SAARC.

External and Internal Challenges to Reinvigorating SAARC

W.P.S. SIDHU & ROHAN SANDHU

Prime Minister Narendra Modi's ambitious development plan for India requires one fundamental condition: a no-war environment in the immediate neighborhood. Modi has emphasized this crucial need in words and deeds on several occasions and in myriad settings. In his address to the United Nations General Assembly he stressed the importance of regional cooperation on the grounds that a "nation's destiny is linked to its neighborhood" and promised to give the "highest priority on advancing friendship and cooperation with her [India's] neighbors". His efforts to empower SAARC are likely to manifest even more clearly at the Kathmandu summit in November 2014.

A slew of bilateral meetings with neighboring countries over the past few months has contributed significantly to the hope that this SAARC summit might reinvigorate not only the organization but also give other options for India to cooperate with other SAARC members. Indeed, strong bilateral relations are valuable for extended cooperation within a multilateral context. Conversely, however, acrimonious bilateral ties as well as domestic politics can stall multilateral agreements and prevent SAARC from achieving its full potential.

Thus, Modi's vision for SAARC is confronted by external and internal challenges. Externally, India's bilateral relations with its neighbors, particularly Pakistan, could stymie his SAARC initiative. As Modi warned in the same UN speech, a bilateral dialogue and cooperation with Islamabad is only possible in a "peaceful atmo-

sphere, without the shadow of terrorism" and that "Pakistan must also take its responsibility seriously to create an appropriate environment for it".

Some commentators note that regional integration "should not be held hostage to the resolution of inter-state disputes," and view increased regional cooperation as a means to ameliorate inter-state disputes by opening up new avenues for peace. It is in this spirit that the SAARC mandate excludes discussion on bilateral issues.

But, as the SAARC experience reveals, bilateral skirmishes have repeatedly stood in the way of regional cooperation and managing bilateral relations would greatly aid SAARC. Since it was formed in 1985, the functioning of SAARC has been marred by acrimony between its members, and various SAARC summits have been affected by such conflicts.

Expectations from the 2014 Summit have similarly dimmed over the past few weeks owing to the escalation along the India-Pakistan border beyond the quotidian skirmishes that typically characterize this region. The continued bilateral strain has greatly hampered the prospects of enhanced cooperation through SAARC. Managing this relationship is central to the larger goals of SAARC; research suggests that an improvement in India-Pakistan ties could enable SAARC to emerge as one of the largest trading blocs, in manufacturing and services.

Beyond Pakistan, India's relations with almost all of its neighbors have been tenuous at various points. These relations will influence the role India can play in the context of SAARC. Moreover, in the coming years, India's engagement with a post-American Afghanistan will play a significant role in providing an environment conducive to regional integration. In fact Afghanistan presents a valuable opportunity for India to collaborate with other SAARC countries to ensure a smooth transition and sustained development once the U.S. withdraws from the region.

Internally, the inability of New Delhi to effectively engage key state governments bordering SAARC neighbors as stakeholders in the process is also a challenge that needs to be addressed. The previous government's stance towards Sri Lanka was significantly influenced by its relations with political allies in Tamil Nadu, while the West Bengal government's opposition to the Teesta River Agreement left India's previous prime minister embarrassed in talks with Dhaka. Thus, it is also crucial that New Delhi revamp its foreign policy apparatus for the region.

While prime minister Modi does not have to contend with the coalition compulsions that faced his predecessor, the role of state governments remains essential nonetheless, to ensure that promises made by New

Delhi are delivered, and that policies are not violated at the ground-level. The establishment of a new division within the foreign ministry to increase engagement between the Centre and state governments is a welcome initiative.

Additionally, the government should establish a mechanism to involve state governments while determining foreign policies that could directly or indirectly impact them, calling for their inputs in key bilateral meetings and negotiations. Water sharing, illegal migration across borders, and trade, are some of the areas where state governments along India's borders can play a concrete role in supporting New Delhi's policies towards neighboring countries.

The eminence of SAARC in Modi's foreign policy would receive considerable heft from some restructuring in the foreign ministry. One option might be the creation of a special committee on South Asia, led by the foreign secretary, and comprising the joint secretary for SAARC, joint secretaries of the bilateral relations within South Asia and joint secretary of the newly-created division for Center-State relations. Such a forum would allow SAARC-level regional strategy to work in concurrence with bilateral strategy and also coordinate with relevant state governments, thereby facilitating greater coordination between these various elements.

China's Role in SAARC

TANVI MADAN

SAARC is one of the few (if only) regional organizations in the world that has more observers than it does member states. Among those observers are Australia, China, the European Union, and the United States. China's role is perhaps the most discussed – not least because Beijing seeks to expand its role, potentially through full membership.

China faces challenges from the South Asian region, including concerns about instability in Pakistan and extremism. But South Asia also provides economic opportunity and strategic benefits, especially as China seeks a greater role in the Indian Ocean. Thus, China has been developing economic and political links with SAARC member states.

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 countries; 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 benefits.

India has not been a supporter of full membership for China in SAARC. It has traditionally frowned upon too much external influence in South Asia (though it has worked with other third parties in the region to curb Chinese influence).

Those in India who support Chinese membership assert that, through geography and its links with SAARC members, China is a "South Asian" country. They note that the region and the Sino-Indian relationship could benefit from Chinese membership. Other analysts state that SAARC is not that relevant any way and thus there would be little harm in including China. Yet others note that China is already engaging with South Asian countries bilaterally in a way that excludes India; this way India could be part of that engagement.

Those who oppose Chinese membership, including within the Indian government, question the inclusion of a non-South Asian country. Their concerns include China potentially dominating the organization and working against India interests within it; Sino-Indian political difficulties limiting SAARC's effectiveness and activities, as India-Pakistan ones have done; and Sino-Indian interactions within SAARC exacerbating China-India mistrust.

The question of how India should view China's role calls first for an assessment of the role and function of SAARC itself. There needs to be an analysis of the purpose of observers, and their role. Relatedly, there needs to be an assessment of whether an expanded role for observers will (a) increase or decrease the organization's effectiveness (b) hinder or help India's interests?

Any assessment of China's role needs to factor in India's perception, as well as the current and future direction

of the relationship. It also requires analyses of China's relations with individual SAARC members and its approach to the region. Policymakers and analysts have to assess what China will bring to the table as a full member and whether its inclusion will advance or impede SAARC's mission. The implications of full membership are crucial, given that it comes with a veto. After all, in other fora like the Asian Development Bank, Beijing has vetoed some Indian projects for political reasons. Moreover, if there is a membership expansion, why only China?; why not others, such as Myanmar and Iran from the broader region, and Japan and the U.S. from beyond it?

Beyond China's role in SAARC, Indian policymakers are faced with the reality of Chinese influence in the neighborhood that will only likely increase in the future. The implications are not all negative – India and its companies, after all, can potentially benefit from Chinese investment in South Asia, especially if it improves connectivity, livelihoods and, ideally, stability.

However, expanded Chinese activity has caused apprehension. There is still — and perhaps growing — concern and uncertainty about Chinese behavior and its leadership's intentions. There are also questions about whether China's leaders will use economic influence as a tool of political pressure. On the flip side, it hasn't been clear that China is willing to use political lever-

age to enhance regional stability (as opposed to its own security), for example, with Pakistan. Moreover, hopes of economic interdependence enhancing strategic cooperation between countries have delivered mixed results.

It is also natural that the smaller SAARC states have been increasing their links with China. They see economic benefits from engaging with this rising Asian giant – as do many Indians – and also a way to garner Indian interest and some competitive courting. Indian policymakers and analysts objecting loudly to these links is futile and, arguably, counterproductive.

An effective Indian approach requires presenting a viable alternative. It means convincing SAARC countries that it wants to take them along on the path to economic prosperity. This wouldn't be doing these countries a favor – rather, it is in India's economic and security interests. This does not mean backing down when India has security concerns (e.g. counter-terrorism). It does mean showing favor at times (for example, giving up on certain demands for larger gains overall). It means working with Indian states that neighbor SAARC countries to move cooperative initiatives forward. It means working with China when that can be constructive. And it also means recognizing that if India doesn't help fill the regional connectivity vacuum — perhaps working with some of the other observer states — it'll be no surprise if China does.



ENHANCING EXISTING COOPERATION

Gravity & Geography: Sub-regionalizing SAARC Trade

SUBIR GOKARN

The law of gravity has an important application in the economics of international trade: gravity models of trade postulate that the volume of trade between any two nations (or more broadly, regions) is directly proportionate to their combined size and inversely proportionate to the distance between them. While lacking a formal theoretical foundation, this approach has been relatively accurate in its predictions. Of course, analysis of trading patterns becomes much more complex when factors such as natural resources, technology, investment and, importantly, protectionist policies are taken into account. Nevertheless, gravity is a useful approach when thinking about trade patterns and opportunities in the South Asian region.

However, the geographical characteristics of the region also have a strong bearing on trade and the potential for its expansion. India's economic and geographic size clearly makes it a kind of trade pivot for the region; it is by far the largest economy and has the largest number of common borders (land and sea) with other member countries. In fact, this pattern has implications for somewhat unorthodox approaches to structuring cross-border economic relationships.

It is difficult to think of trade between, say, Bangladesh and India or Sri Lanka and India at a macroeconomic level. Exports from Bangladesh may be very competitive in the states bordering it, but much less so, given transportation costs, in distant states. Similarly, Sri Lankan exports may do well in the southern Indian states, but

find little traction in the west, north or east. Likewise, Indian exports to these two countries are most likely to come from the states closest to them. Even though India has free trade agreements with both countries, the real trade opportunities are going to be found largely in the neighboring states.

From the perspective of gravity, therefore, it is not so much the region as a whole that matters, but the opportunities for trade that proximity creates. In effect, the Indian economy can be visualized as a collection of relatively separate "sub-regions", each bordering one or more of the SAARC countries. Each sub-region can then become the focus of a somewhat decentralized trade policy, of course working within the confines of a national policy framework.

One consideration in this line of reasoning is the similarity of resource endowments between each sub-region and its neighboring SAARC country. Conventional trade theory predicts that trade volumes are positively correlated with the degree of difference in resource endowments between trading partners. Two labor-abundant economies tend to trade less with each other, because they are likely to be competitive in largely the same set of products. Experience suggests that this is a rather incomplete explanation of trading patterns; for example, Europe and the USA, both relatively similarly endowed, are extremely large trading patterns. One reason for this is that, within industries, different countries tend to specialize in some components of the sup-

ply chain, so that they can then trade with each other, achieving overall cost efficiency in the process.

Against this backdrop and line of reasoning SAARC trading arrangements can be thought of not just in terms of agreements between nations, but more pragmatically, mechanisms that facilitate trade between neighboring sub-regions, be they a single state, a group of states or a whole country. National trade policy obviously provides an overall set of rules that govern trade, but given SAARC's geography, sub-regional governments as well as private sector stakeholders, such as industry and trade associations, will also have an important role to play in the exploitation of trade opportunities.

Such sub-regional arrangements may, of course, pose challenges to both foreign policy and trade policy, but they are not unprecedented. An interesting regional precedent is the Batam free trade zone, which brings Singapore and a part of Indonesia, which is proximate to it, into a traditional free trade zone arrangement. From the SAARC perspective, even if resource endow-

ments in sub-regions are similar, specialization and scale economies could contribute to greater efficiency, which in turn, could improve competitiveness of products from the region in both the region and in international markets.

This is an endeavor that requires detailed assessments of each potential sub-region. Thus, it is recommended that SAARC take forward the process of identification of potential sub-regions and carry out appropriate assessments of resources, current and potential economic activities and the intra-sub-region and larger trading opportunities that might arise. Direct involvement of regional governments, local authorities and local business interests will be necessary. Concrete institutional arrangements, such as Batam-type free trade zones may follow.

Essentially, trade between SAARC countries will grow if a combination of gravitational forces and sub-regional proximities form the basis of the overall regional trade policy.

From Energy Crisis to Energy Sufficiency?

VIKRAM MEHTA

The SAARC nations face a common energy crisis. Other than Bhutan, they are all deficient in energy. The bulk of their populations do not have secure access and they are vulnerable to the volatility of the international petroleum market. Moreover they are all on the cusp of energy intensive economic growth. The annual consumption of energy of the SAARC region is currently approximately 700 million tons of oil equivalent (mtoe). It is projected to rise to 2000 mtoe by 2030.

The region has vast untapped energy resources. These have not been monetized because of lack of cooperation among the members. Estimates vary, but with the second largest inland water resources in the world and a steep, mountainous topography Nepal could generate up to 40,000 MW of hydro electricity. It currently only generates around 650 MW. Bangladesh could be sitting on huge reserves of gas. Here again, the estimates have varied with politicians taking a conservative track for concern they might be criticized for failure to produce, and technocrats convinced that with the right combination of incentives and technology Bangladesh could export gas.

The idea of cooperation has been mooted in the past and some progress has been made. The SAARC energy center was set up in Islamabad in 2006 to study and identify possible areas of cooperation around trade, technology transfer, data sharing, renewables and demand management. The center has done good analytic work

but none of their ideas have acquired physical traction. This is because it does not have the requisite political support. The board of governors of the center consists of mid- to senior level technocrats whose strength lies in the generation of ideas but not on delivery.

This is a lacuna that now needs to be addressed. Lessons should be drawn from two noteworthy examples of regional energy cooperation - the Indo- Bhutan deal to build the Chuka hydro project and the Soviet Union (Russian) - European gas supply deal. Bhutan agreed to allow Indian engineers and Indian finance to build the dam despite sovereign concerns about dependency on a large and more powerful neighbor. Today Chuka meets the bulk of Bhutan 's energy requirements and also provides electricity to several contiguous Indian states. The Soviet Union - European Union Gas supply deal survived the vicissitudes of the Cold War and gas flowed into Europe uninterrupted even at its height. There were two reasons for the success of these two projects. First, they created an interlocking, interdependent and mutually value adding relationship. Second, the signatories established fit for purpose mechanisms for delivery supported at the apex level by political leadership. SAARC leaders need to proceed down a similar path.

At the multilateral level SAARC should look to establish a SAARC technology center. This center should be located in Bangladesh or Nepal (so as to avoid charges of India's dominance) and it should have a diversified board comprising politicians, businessman, technocrats

and Non Governmental Organizations. The objective of the Centre should be to do primary research on clean energy and renewables, and through the dissemination of information build public and political support for multilateral partnerships.

At the bilateral level, there are five potentially win-win value adding projects that should be taken up at the summit. One, the establishment of a thermal power plant financed and located in the Thar Desert of India but fuelled by coal mines across the border in Pakistan. By itself, neither activity would pass economic muster. Together both the mining of coal and the generation of electricity could meet the promoters' threshold criteria of profitability.

Two, the construction of a power plant in India (Punjab) fuelled by gas piped through the Iran-Pakistan-India pipeline. The electricity generated would be transmitted predominantly to Lahore. Thus were gas supplies choked in Pakistan the consumers in Lahore would bear the brunt.

Three, the supply of petroleum products (petrol, diesel, LPG, kerosene) from the Bhatinda refinery to consumers in Pakistan via a 150 km pipeline built from Jaland-

har to the border. Currently Pakistan (Punjab) meets its demand through imports into Karachi and a 1000-plus km petroleum products pipeline from Karachi to Lahore. Sourcing from India would be significantly cheaper. For the Bhatinda refinery the benefit would be access to a larger market and higher capacity utilization and scale economies. A variant, albeit unrelated, idea would be to ship products from the export refineries of Reliance and Essar in Jamnagar to Karachi.

Four, the development of a hydro project similar to Chuka on the Kosi river in Nepal. Dams are controversial but the hydro potential is so huge that the project warrants consideration.

And five, the monetization of Bangladesh gas reserves through the Indian market. There are political blockers but here again the potential gain for both countries is such that the subject should be brought back onto the agenda.

The crisis of energy and environment is such that the leaders must push energy cooperation. India sits at the nub of all potential opportunities and must take the lead.

Building Infrastructure Collectively

RAHUL TONGIA

Infrastructure is an enabler of economic activity and human development, and by many indicators, SAARC countries are lagging in terms of their domestic infrastructure. While building infrastructure is considered a national endeavor and it might be counter-intuitive to think regionally, there are several domestic benefits in collectively building some SAARC-wide infrastructure.

First, shared infrastructure tends to be cheaper. Infrastructure is best viewed as a system or network, and it is more than just the end-points that matter. Costs are rarely linear with usage (and have very large initial fixed costs), and so the more the users, the cheaper it is all around.

Apart from policy and political choices, what are the development drivers for shared infrastructure? For land-locked nations, the value is obvious, as it is for India which would be keen to improve connectivity to its north-eastern states through Bangladesh, instead of the costs and delays of going through the chicken's neck wraparound.

Even if one doesn't want infrastructure between two countries for policy or political reasons, infrastructure through another country can always be created. If East and West Germany, during the Cold War, could have railways to Berlin (through East Germany), with today's technology and design, it is possible to have logistics set up in a secure manner to ensure transit. Over time,

any such infrastructure could also be harnessed for non-transit uses, between the nations, and also within the country – 3 uses with one system! Even something like a gas pipeline transiting through Pakistan could be designed for upgradation to optimize in-country consumption as well.

Second, beyond the big-ticket items of transnational roads, rails, and even riverways, (which are expensive and take time to build; they are also more challenging in terms of working out frameworks and agreements), there are other easier opportunities such as in telecommunications and tourism.

Most countries want cheaper and faster telecommunications, especially for the Internet. A SAARC satellite, as proposed by Prime Minister Narendra Modi, could offer multiple uses for the region, not just telecommunications but also remote land-use planning, weather predictions, etc. Any satellite designed for India would easily cover most – if not all – of SAARC.

While connectivity can come via satellites, the cheapest and highest capacity systems rely on optical fibers. Traditional designs for networking have relied on domestic networks plus international gateways. It is important for telecom traffic to have multiple routes for global interconnections not just for lower prices, but also to provide redundancy. India has had several links for decades, on its eastern and western coasts, but other nations such as Bangladesh have only a few if not sin-

gle major interconnection. While the envisaged SEA-ME-WE 5 (South East Asia – Middle East – Western Europe) optical fiber system will help many SAARC nations with regional interconnections, this network (a) will take some years to materialize, and (b) is geared towards shipping traffic to Asian hubs.

Instead, if there were greater intra-SAARC fiber links, this would not only provide additional route diversity, it would also offer higher utilization of the more expensive international links. In addition, land-based fibers are easier and cheaper to upgrade, which is important given that communications (hardware) technology, like computers, improves far faster than the lifespan of optical fibers (measured in decades).

While some people may fear telecommunications crossing national borders, it is important to realize that existing systems already do this (that is the whole purpose of international gateways, which can segregate domestic and globally linked traffic). The only thing that changes is where this happens. In addition, with a layered approach to communications, which is the hallmark of the Internet, it is possible to choose any level of security as the business operations warrant.

Optical fibers are relatively less expensive than the big-ticket infrastructure, and they can be made even cheaper if they harness a second synergy, the Right of Way, along other infrastructures. In India the railways, gas pipeline companies, and national power transmis-

sion companies all run nation-wide optical fiber networks (both for internal and resale purposes). The same can be an additional option for any cross-border infrastructure.

Other infrastructure will be driven by national priorities. Bhutan and Nepal are known for their ecological and spiritual tourism. Improved infrastructure can be both physical and virtual, or in the air. Improved connectivity for tourists through hubs in India or elsewhere can benefit these nations, which otherwise have limited international airlines reach. Similarly, virtual links can enhance back-end infrastructure needed in not just tourism but many more economic activities.

Given India's size and central location within SAARC, it becomes a natural choice for providing leadership and logistical support in building regional infrastructure. Even before financing needs, the short-term need will be to support analysis and discussions. There are many options for taking this forward, such as a CGIAR-like (Consultative Group on International Agricultural Research) framework, where each member country could focus on the infrastructure need most pressing or appealing to them.

Not only is regional infrastructure complementary to domestic and global (external) infrastructure, the economics and opportunities are inherently compelling, and this is even before considering any dividends of regional cooperation.

Turning Water Challenges into Opportunities

SUBIR GOKARN & ANURADHA SAJJANHAR

Water is vital in South Asia, where most countries are still largely agrarian. As such, water is inherently political – its socio-ecological flows are implicated in competition by economies, individuals and nations, while its distributional regimes have the capacity to alter lives and livelihoods. Competing water-use for agriculture, industry, and domestic purposes have led water to become an increasingly scarce resource with limited and threatened supply. According to the World Bank, a total of 1023.8 billion cubic meters of water was withdrawn in the eight SAARC nations in 2012 (including agricultural, industrial, domestic use, as well as desalination plants), out of a total 1982.0 billion cubic metres of renewable internal freshwater sources available (including river flows, rainfall and groundwater). Climate change, volatile rainfall patterns, groundwater depletion and the inefficient usage have precipitated a resource shortage, verging on a crisis in the region. Water disputes amongst the SAARC member nations, then, primarily center on India's access to rivers and its competition with Nepal, Pakistan and Bangladesh for water 'rights'. Despite the various disputes for river water, there have been efforts at regional cooperation.

The Indus Water Treaty (1960) granted India rights over the eastern rivers (Sutlej, Beas and Ravi) and Pakistan the rights over the western rivers (the Indus, Jhelum and Chenab). Despite the treaty, there have been several disputes: Pakistan objected to the construction of the Kishenganga Dam, terming it a clear violation by

India of the Indus Water Treaty, while contesting four more dams proposed by India on the Chenab. A second round of talks in August 2014 yielded no compromise.

Since the Kosi River Agreement between Nepal and India to manage flooding in 1954, talks between the two have stalled. As a result of mismanaged flood control, poor communication, and lack of cooperative maintenance, a dam neglected for decades by both led to the catastrophic flood in 2008, destroying 300,000 homes, 800,000 acres of cropland and displacing over 3 million individuals. More recently Nepal and India have agreed to expedite the 17-year-stalled Pancheshwar project, to generate 6,720 MW of hydropower along with increased irrigation facilities. Nepal has also cleared a GMR Company proposal to build a 900 MW Upper Karnali hydroelectric power plant as part of a scheme aimed at exporting electricity to India.

Despite the 1972 Joint River Commission for Water Management tensions between India and Bangladesh on sharing resources came to a head in a dispute over the Teesta River. The 1996 comprehensive river pact established a 30-year water-sharing arrangement between the two countries. This was set to change in September 2011 when India's Prime Minister, Manmohan Singh, was to sign a pact with his Bangladesh counterpart for access and use of the Teesta waters. However, the Chief Minister of West Bengal, Mamata Banerjee, refused to approve the treaty, fearing that loss of higher volume of water to the lower riparian would cause problems in her

state, especially during drier months. The Tipaimukh hydroelectric project in India is another similar source of contention. While it is expected to control floods in Assam's Barak valley and generate electricity for states in northeast India, farmers in Bangladesh fear it would reduce the water flow to their land, thus damaging rice crops that depend on seasonal flooding of these trans-boundary rivers during every monsoon. However, there has been a decision between the two countries to conduct a joint Environmental Impact Assessment of the project.

While SAARC initiatives have not addressed water management, storage and sharing, they have focused efforts on disaster management – both short-term (in terms of response) and long-term (primarily combating the effects of climate change). The SAARC Disaster Management Centre (SDMC) mandate serves all eight members of SAARC by providing policy advice and facilitating capacity building services. This includes strategic learning, research, training, system development and exchange of information for effective disaster risk reduction and management in South Asia.

The SDMC initiative stressed priorities for action on integrating disaster risk reduction, climate change adaptation and a sustainable development agenda; increasing knowledge management (South Asia Disaster Knowledge Network (SADKN)) as an effective tool for networking, information sharing and knowledge transfer; and facilitating regional cooperation for trans-boundary disasters.

A multilateral forum like SAARC gives members the invaluable opportunity to develop bilateral cooperation on protection of water sources from pollution, degradation or denudation; dealing with drainage in the Indus Basin; addressing the issue of arsenic-poisoned aquifers in India and Bangladesh; and flood management, to name a few. Apart from sharing of river water, a major cause for dispute has been the construction of large hydro-electric projects which divert shared river water. The upcoming SAARC summit can encourage joint water management solutions and joint hydroelectric projects. Greater focus on watershed management and storage in Nepal would generate hydro and irrigation benefits there and flood control benefits in Bihar. Water storage in northeast India could provide hydropower, flood control and dry season water augmentation in Bangladesh; similar prospects exist between Afghanistan and Pakistan.

Cross-border management of water resources could help control flooding across countries sharing a basin while simultaneously enhancing the availability of water. Improved inland water transport linkages and trade facilitation could have multiple benefits, particularly to enhance regional trade. All SAARC member need to operationalize the declaration of the 17th Summit in 2013, which emphasized water sanitation, availability and access to drinking water.

Developing SAARC's Higher Education Potential

SHAMIKA RAVI

Education is a powerful medium to unleash the potential of the SAARC region by cutting poverty and promoting development. It can also be an instrument of soft power for a nation like India by raising its cultural and political, especially democratic, attractiveness for others. With rapid globalization and expanding communication technology, India can enhance its position in the SAARC neighbourhood through higher education. It can do so by attracting greater number of international students from this region as well as developing cultural exchange programs. This helps to build a better understanding and cross fertilization of ideas through greater interaction among students, scholars and academics in the SAARC countries, and could contribute to a SAARC community.

Government policies can either enhance or diminish a country's soft power. Within a liberal democratic setting, Indian universities can attract a large number of students and potential future leaders of the SAARC region. Such links and networks can be of tremendous value for India. For example, India's foreign policy vis-à-vis Myanmar was greatly shaped by its relationship with its democratic leader Aung San Suu Kyi who lived in India and was educated at Delhi University.

The data from 2012 indicates that more than one third of all foreign students who study in India, are from the SAARC countries. This is likely to be an underestimate of the true number because it only includes full time degree programs. Despite its own acute shortage, India has emerged as a regional leader in the higher educa-

COUNTRY OF ORIGIN	NO. OF STUDENTS IN INDIA	% OF TOTAL FOREIGN STUDENTS IN INDIA
NEPAL	5481	17.41%
BHUTAN	2274	7.22%
AFGHANISTAN	1599	5.08%
SRI LANKA	1115	3.54%
BANGLADESH	535	1.70%
MAURITIUS	305	0.97%
PAKISTAN	11	0.03%
TOTAL SAARC	11320	35.97%

Source: UNESCO, 2012, <http://www.uis.unesco.org/Education/Pages/international-student-flow-viz.aspx>

tion space due to its comparative advantage vis-à-vis the other SAARC countries. It must recognize this opportunity and promote investments into opening new institutions, improving teacher quality, raising research output, and creating an efficient regulatory environment to unleash the potential of the higher education sector in India.

India itself faces acute shortage of access to higher education facilities. Over the past few decades, it has made very small progress in improving its gross enrolment ratio in higher education. This measures the number of individuals going to college as percentage of college-age population. China's gross enrolment ratio was 8 percent in 2000 which impressively grew to 23 percent within a decade, by 2008. India, meanwhile, rose from 8 percent in 2000 to a meagre 13 percent in 2008. China brought about this growth in access through massive investments in higher education and research and has since emerged as Asia's leader in this sector. There is significant interest amongst the high quality international faculty pool in relocating to Chinese universities given their attractive compensation and research environment.

The creation of the South Asian University in Delhi in 2010, by the member countries of SAARC is a significant step towards promoting regional development in the area of higher education. The university attracts students from all member nations and its degrees are recognized by all eight SAARC countries. Tuitions will be heavily subsidized and compensation packages have been designed to attract high quality faculty. Though significant, this development is just a beginning and

must be further reinforced by promoting investments outside of government institutions to attract the best minds amongst scholars of South Asia. For this regulatory hurdles have to be eased to facilitate private and foreign universities to function in India. It must also be closely followed by a friendly visa regime for international students and faculty in India. Presently in addition to the visa, there are several additional registrations required including visits to nearby police stations which create significant bottlenecks.

With less restrictive visa policies, India will see a surge in the applications from foreign students wanting to study in India. The long term implications for India is that it will earn an opportunity to influence, and learn from foreign students and scholars from the neighbourhood. This will raise India's awareness and understanding of cultural differences, which is necessary for designing policies pertaining to the SAARC countries. This will also make Indian society less parochial and more sensitive to differences which is required to strengthen regional cooperation in a fast globalizing world.

Within the South Asian neighbourhood, India faces several security concerns and spends significant resources to meet these threats. India's long term success in this context will critically depend upon developing a deeper understanding of its own soft power, which lies in its liberal cultural heritage and pluralistic democracy. India must invest in promoting this through its higher education sector by attracting talent from the neighbourhood and thereby nurturing future ambassadors for its shared values.



EXPLORING NEW OPPORTUNITIES

Climate Change Imperatives for Regional Cooperation

SUBIR GOKARN

The Fifth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) highlights threats to the South Asian region, which are already manifesting. The potential for these forces to adversely impact both livelihood opportunities and, most importantly, survival itself, is significant. While different parts of the region are vulnerable to different threats, climate change obviously does not respect national boundaries! Several threat factors impact pairs or larger combinations of countries in the region. Both adaptation where it is required and mitigation, where it is possible, will simply not be viable if each country follows a purely domestic approach. The potential benefits of this will very likely be neutralized by a lack of alignment with the actions that similarly impacted countries might be taking. While dealing with climate change itself is unquestionably a global responsibility, anticipating its consequences for the South Asian region and dealing with them will be rendered much more effective with regional cooperation.

The threat from climate change is many and varied across the region. While the IPCC report has attempted to assess different threats by the likelihood of them materializing, an effective collective policy response must aim for comprehensive identification and continuing assessment about the severity of the threat. In the northern parts of the region, more rapid melting of snow and the consequent increase in water flow is clearly a flood threat, of which there have been such vivid examples in recent years. But, importantly, this

can change the bio-diversity of large parts of the region, which may impact the productivity of land and the livelihood potential of several traditional activities, both agricultural and non-agricultural.

Along the coastlines, which five countries in the region have, rising sea levels are a significant threat. For the Maldives it is an existential threat. Among other impacts, this will render coastal freshwater resources brackish. Coastal plains are both very fertile and densely populated, so these developments will have significantly disruptive impacts on land productivity and the viability of human habitations. If large coastal areas become submerged, which is a reasonably likely scenario, large-scale displacement of people may ensue; some of this may inevitably be across borders, which raises both economic and political concerns. Even if the migration is within national boundaries, a shift of people to parts of the country in the interiors that are less fertile and, particularly, vulnerable to water shortages, may have political consequences.

One threat that has been highlighted by the IPCC report is the increasing frequency of extreme weather events. In part, this may exacerbate the vulnerability and the impacts of factors such as snow melt. But, it may also have larger structural impact on groundwater, which is such a critical resource in many parts of the region. Also, the effects on bio-diversity may adversely impact land productivity and, through this, economic structure and livelihoods.

Of course, all these threat assessments emerge from a forward-looking assessment of the dynamics of global climate and its regional implications. However, the fact that these are probabilistic outcomes should in no way diminish the importance of the actions that countries in the region need to take to meet them. As of today, there are several indications that all the threats referred to above are already manifesting in many parts of the region. The region cannot afford to ignore these developments.

To the extent that the threats are regional, a regional institutional structure for threat assessment and designing response strategies is necessary. The first stage of this can be built around the already proposed South Asia Disaster Knowledge Network (SADKN), but with an enhanced responsibility and parallel focus on longer-term threats from climate change. Simply pooling knowledge, both from the global and local research communities on threats and then making detailed regional assessments of vulnerabilities is a necessary first step.

The second phase of institutional capacity development will require the development of sub-groups within the broader regional framework focused on dealing with

specific threats with cross-border implications. Each sub-group will comprise two or more countries that share vulnerabilities to a specific threat. Each group would focus on adaptation and mitigation strategies with respect to the threat itself, but, in cases where cross-border issues are involved, e.g., displacement of people, would have to consider financial and logistic arrangements to best deal with these as well.

The apex institution, with all countries participating, would work at aggregating the inputs from the sub-groups. Each sub-group's activities would have financial and technological implications as well as requirements for action by various state and local governments. The apex body could take on the responsibility of communicating the full implications of the recommendations of each sub-group to each national government and designing financial and other resource-sharing mechanisms to ensure an equitable distribution of costs.

This is unquestionably an extremely ambitious goal for regional cooperation. However, the threat is real, its consequences can be disastrous for everybody and there are clear benefits from cooperation and collective action. The countries of the region cannot afford to ignore this imperative.

SAARC and India's Healthcare Opportunities

SHAMIKA RAVI

Less than one fifth of all international tourists to India are from the SAARC countries. Yet, more than half of all foreigners who visit India for medical treatments are from SAARC countries. Together the two statistics imply that while India gains a lot more from rest of the world in the tourism sector, it gains significantly from SAARC countries in the healthcare sector. Therefore, an important opportunity for India within SAARC lies in the healthcare sector. India's vision and policies for SAARC must build on this important opportunity.

Though India is yet to measure up to international standards of domestic healthcare, and majority of citizens

– particularly in rural areas – still struggle for access to primary healthcare, most medical tourists come for tertiary care where India has emerged as a regional leader. Tertiary care involves specialized consultative care such as advanced diagnostic support services from specialized medical personnel. Healthcare as a sector in India is growing and so is India's reputation for medical tourism and affordable drugs. The number of medical tourists in India grew by 30 percent between 2009 and 2011, and estimates suggest that India will receive nearly half a million medical tourists annually by 2015.

These numbers reveal that the growing prospects of India's medical tourism industry at the global level and

COUNTRY OF NATIONALITY	TOTAL TOURISTS	(%)MEDICAL TREATMENT	(#)MEDICAL TREATMENT	BUSINESS (%)	LEISURE (%)	(%)VISITING FRIENDS & RELATIVES	OTHER (%)
AFGHANISTAN	95231	16.5	15713	20.3	11.2	13	39
MALDIVES	50428	59.3	29904	1.8	8.1	3.8	27
NEPAL	125375	0.9	1128	8.8	11.5	15	63.8
PAKISTAN	59846	2.2	1317	21.6	18.4	44.8	13.1
BANGLADESH	487397	7.7	37530	6.3	38.4	27.6	20
SRI LANKA	296983	1.6	4752	19.7	34.6	15.2	28.9
BHUTAN	15266	4.9	748	12.4	13.7	2.2	66.8
TOTAL SAARC	1130526	8.1	91091	12.0	29.4	21.2	29.4
WORLD	6577745	2.6	171021	22.5	27.1	27.2	20.6
SAARC % OF ALL TOURISTS	17.2	53.3	53.3	9.1	18.6	13.4	24.5

Source: Government of India, India Tourism statistics 2012

the SAARC market, has definitely helped in enhancing India's private medical infrastructure.

There are sixteen different medical procedures that attract tourists from SAARC countries to India, and a closer look at the data reveals that the maximum demand among these medical tourists is for eye care and cancer treatment. This is closely followed by neurology, plastic and cosmetic surgery, hair care and cardiology. With many nationally and internationally accredited healthcare facilities, India represents quality healthcare infrastructure within the SAARC region. While it is difficult for foreign patients with international referrals to access public healthcare system, several private sector hospitals have emerged as key service providers to this segment. These include Apollo Hospitals, Manipal Hospital, BM Birla Heart Research Centre, Sri Ganga Ram Hospital, Medanta, Narayan Hrudalaya and several others.

From the perspective of developing SAARC policies, there are several challenges that can be addressed while recognizing India's contribution to medical services in the SAARC region. Some key areas for policy development must include a liberal visa regime, insurance and cross border payments, connectivity between countries and political relations between the SAARC countries.

The existing visa norms in India are arduous and impose tremendous pressure, particularly on people from neighboring countries. The medical visa has more restrictions and limited validity. This drives patients to destinations such as Thailand and Singapore, which have friendlier

visa regimes. India can develop policies which make it easier for patients to receive medical treatment in India while contributing to the Indian economy beyond the health sector, for example the hospitality sector.

Insurance and cross border payments are a critical hindrance for international patients. Most Indian insurers do not cover international patients' treatment within India, and several do not cover cross-border treatments. International insurers are prohibitively expensive even for the upwardly mobile population in the SAARC region. A solution to this can emerge through the creation of a regional insurance scheme which can cover treatment within the region. There are useful lessons from the experience of similar regional blocs such as Common Market of the South (MERCOSUR) in Latin America, which was created to promote regional payment arrangements including medical treatments across borders.

Strained political relations among some SAARC nations adversely affects their economies including the mobility of patients within the region. Improved relations with Pakistan will definitely result in a greater medical tourist flow into India, and patients in Pakistan greater access to quality healthcare. This would require a strong formal understanding between the governments of SAARC countries on the movement of patients and their escorts. This is fundamental to improving access to quality healthcare within the SAARC region and fulfilling the unexplored potential of medical tourism within the Indian economy.

Can SAARC Counter the Al Qaeda Threat?

BRUCE RIEDEL

Al Qaeda has declared war on the countries of South Asia. It's a threat not to be taken lightly and one that SAARC should address comprehensively and seriously.

Ayman Zawahiri's announcement that a new Al Qaeda franchise has been created to wage jihad across the Indian subcontinent in September 2014 reflects the priority the Amir of Al Qaeda places on South Asia. He has always emphasized the 'conspiracy' against Islam is a Hindu-Zionist-Crusader alliance that must be fought in India, Pakistan, Bangladesh, Burma and Afghanistan just as it is in Egypt, Iraq and the Arabian peninsula.

Just days after the Zawahiri announcement the new Al Qaeda group attempted to hijack a Chinese built Pakistani frigate, PNS Zulfiqar, in Karachi. Using Pakistan navy officer insiders the jihadists sought to hijack the frigate secretly, take it to sea to join the multinational anti-piracy flotilla in the Arabian Sea and then fire surface-to-surface missiles at US Navy ships. It may have been a mission impossible but it was bold and audacious. It also demonstrated clearly that Al Qaeda has penetrated the Pakistani military. Not surprisingly the Pakistan Navy has said very little about the affair.

Zawahiri has many important friends in the region, a reflection of his years living in the subcontinent's underground. Lashkar e Tayyiba's (LeT) Hafeez Saeed is a longtime partner with Zawahiri, so is the Haqqani network. Let has been hiding Al Qaeda operatives for

years. Haqqani helps Zawahiri maintain an Al Qaeda network on the Afghan-Pakistan border. Zawahiri continues to pledge loyalty to Taliban leader, Mullah Omar, as commander of the faithful.

Other jihadists groups, such as the Harkat-ul-Jihad Al Islami and Islamic Foundation of Maldives are active in Bangladesh, the Maldives and India. Zawahiri hopes to build closer operational links to bind them all together.

In addition, the Islamic State (IS) group could attract followers in SAARC nations. Already some Pakistani Taliban have pledged loyalty to its self proclaimed Caliph Ibrahim. There are reports of IS black flags in Kashmir. SAARC states should nip the IS danger in the bud.

Pakistan is the most problematic state in all of this. It is both victim and patron of terror. An estimated 55,000 Pakistanis have died in terror related incidents since 2001. The attack on the Wagah border crossing which was probably intended for the Beat Retreat ceremony killed dozens of Pakistani soldiers and civilians. Yet the Inter Services Intelligence Directorate (ISI) of the Pakistan army armed, trained and planned the LeT attack on Mumbai in 2008 and probably played a similar role on the attack in May 2014 on the Indian consulate in Herat, Afghanistan. The ISI reports to the Chief of Army Staff, General Raheel Sharif not Prime Minister Nawaz Sharif; the army is a state within the state.

SAARC should publish an annual report on terrorism

in South Asia, which should include not only Islamic extremist groups but also Maoist, Tamil and other groups operating in the region. The report could, in the first instance, trace the development of trends in incidents and profile the groups and leaders involved in terrorism. At a later stage it could seek to assign responsibility and accountability for terror attacks. The annual report would be the benchmark for studying terror.

SAARC should also provide a list of terrorist groups to be banned throughout the South Asian region and of individuals involved in terrorism much as the United Nations (UN) has done since 9/11. The UN lists could serve as the basis for the SAARC system. The existing

UN lists already include Al Qaeda, LeT and other groups and individuals, including many fundraisers for terror. UN member states nominate groups and individuals and provide evidence for why they should be listed.

The summit also provides a venue for bilateral discussions. Prime Ministers Narendra Modi and Sharif are both the target of LeT in many ways. They both want to avoid another crisis in South Asia that complicates their real agenda of economic development. The two should meet alone without aides to candidly discuss their concerns and seek shared avenues for cooperation and communication.

Military Cooperation: Mission Impossible?

W.P.S. SIDHU & SHRUTI GAKHAR

Prima facie the prospect of defense and military cooperation between SAARC countries would appear to be beyond the realm of possibility given their conflictual relations. Indeed, apart from the well-known India-Pakistan hostilities, there have been similar confrontations between Afghanistan-Pakistan, India-Bangladesh, and even Nepal-Bhutan.

Yet, the potential for military cooperation is conceivable in three scenarios: first, under United Nations (UN) peacekeeping operations in non-SAARC countries; second, operations against non-state actors, particularly militant groups; and third, relief and rescue operations in the wake of natural disasters. In this context, SAARC as a regional body can play a collective and cooperative role.

Consider the following: SAARC currently contributes around 35 per cent of all UN peacekeeping troops – the single largest contribution made by any region. Thus, the formation of a body under SAARC to co-ordinate policies, troop contributions and joint training for UN peacekeeping is not out of the question. Similarly, SAARC currently has a counter-terrorism and intelligence sharing unit, and therefore, proposing such a unit for UN peacekeeping should not raise objections among member nations. Individually, SAARC countries have made impressive contributions to UN peacekeeping missions, with Bangladesh, Pakistan, India, and Nepal leading contributions of troops and police personnel. The benefits of such a cooperative body

could include joint training exercises between member nations, as well as the sharing of expertise and intelligence for peacekeeping.

Having a joint body under SAARC for UN peacekeeping would also strengthen the region's position on the global stage in the dust-up between Troop Contributing Countries (TCCs) and the countries funding peacekeeping operations. This joint body might give a greater voice to SAARC troop contributing countries in decision-making related to UN peacekeeping operations – be it to determine operational and logistics issues, or to develop a UN mandate on peacekeeping, or to make key appointments to head peacekeeping operations. Currently, these decision making powers rest with the permanent members of the UN Security Council and other countries who are the main financial contributors to peacekeeping operations. Presently there is an imbalance between the developing nations which provide the most number of troops and the finance-contributing nations. Thus, a collaborative SAARC effort would go a long way in adding some weight in determining the UN peacekeeping agenda.

Along with UN peacekeeping, SAARC should also explore the possibility to develop special task forces to tackle challenges, such as piracy, posed by non-state actors. Currently, countries such as India and Pakistan have made individual efforts in dealing with the threat of piracy. However, a joint effort with other SAARC maritime nations would once again strengthen the re-

gion's ability to deal with such issues at the operational and institutional level. Similarly, at the request of a SAARC member nation, assistance can be provided collectively to tackle internal security threats.

Defense and military cooperation could also play a role in cross-border natural disaster management and mitigation in affected SAARC countries. The bilateral offer by Prime Minister Narendra Modi to his Pakistani counterpart following the recent floods in Kashmir is indicative of the kind of cooperation possible between SAARC countries to tackle natural disasters.

The SAARC Disaster Management Center set up in 2006 was an important step in facilitating capacity building services as well as providing policy advice

for SAARC nations in mitigating the impact of natural disasters. Training exercises for troops from SAARC nations on disaster management could be valuable in joint search and rescue missions, and relief efforts. The Kashmir earthquake in 2005, the 2006 Indian Ocean tsunami, and the 2014 Kashmir floods were instances where a joint military effort by SAARC nations would have aided relief operations.

A collaborative SAARC effort on defense and military cooperation can prove to be beneficial to SAARC member nations, as well as to the region as a whole. Strengthening SAARC on the global platform would increasingly benefit each individual country's stance on key issues related to global threats and security.

Cooperation in Outer Space: SAARC's Constellation of Stars?

W.P.S. SIDHU

The use of outer space, notably through satellites, for communications, weather forecasting, and remote sensing has long been recognized as imperative for development and the SAARC region is no exception. Yet, with the exception of India, individual SAARC countries have been woefully inadequate in exploiting space-based assets. Presently only four of SAARC's members – India, Pakistan, Sri Lanka and, most recently, Afghanistan – operate satellites. While Bangladesh does not have satellites, its Space Research and Remote Sensing Organisation uses Japanese and American satellites, to monitor weather and water resources. Moreover, the Maldives, Nepal and Bhutan have no access to satellites and no space program to speak of.

A 2011 SAARC Disaster Management Centre report lamented that the present observational network in South Asia [including space-based assets] is merely 20 to 30 percent of the optimal observation network suggested by the World Meteorological Organization for tropical regions. While SAARC's desire for cooperation on meteorology, hydrology, oceanography, seismology, and atmospheric studies as well as the SAARC Meteorological Research Centre, established in 1995, are reliant on satellite-based data, this has not translated into a dedicated SAARC satellite or indeed regional cooperation on outer space. Any cooperation sharing satellite data remains bilateral. Although a SAARC satellite was first mooted in 1998 it came to naught.

Against this backdrop Prime Minister Narendra Modi's oft-repeated proposal for a SAARC satellite, and by extension greater cooperation on outer space issues, falls on fertile ground.

Apart from enhancing cooperation to benefit SAARC members for a variety of development and disaster mitigation and management objectives, greater space cooperation would also serve India in several other ways. First, it would strengthen India's stature as a space-faring nation. While India is already a major space player taking on a leadership role in the region will only strengthen its credentials both regionally and globally. Second, India's contribution to SAARC's satellite and space needs would also tie its neighbors more closely with its space policy and strengthen New Delhi's hand in shaping an international space regime. Finally, almost all of India's neighbors who are seeking space assets are inevitably turning to China to build or launch their satellites. By offering these options to its neighbors and taking the lead in building a SAARC constellation of stars, India could also check the inroads of China's "string of pearls" and maritime silk route" in South Asia.

There are three ways in which India could lead the process to create SAARC's constellation of stars. First, it could offer to provide data (in real time or after processing it) to all SAARC members from its existing satellites. In addition, it could also offer a transponder to provide SAARC-wide communications particularly in the case of natural disasters. This might necessitate the

building of earth stations to receive the signal from satellites, particularly in countries where they do not exist. Here, India could offer to build these as part of its commitment to SAARC.

One example of offering the services of an existing constellation to SAARC members would be the seven-spacecraft based Indian Regional Navigational Satellite System (IRNSS - a mini Global Positioning System (GPS) covering South Asia), which is expected to become operational by 2015. Based on the IRNSS, the Indian Space Research Organisation has developed a GPS-Aided Geo Augmented Navigation (GAGAN) system to assist civilian aircraft for navigation and non-precision approaches over Indian airspace; GAGAN could also be offered to all aircraft operating within SAARC airspace.

Second, build, launch and operate a dedicated SAARC satellite for all members. Such a satellite could either be a multipurpose communication, weather monitoring and remote sensing satellite (like the first generation

Indian satellites), or a dedicated single-purpose satellites (like the Indian remote sensing satellites). Experts have argued in favor of the latter and propose an Earth observation satellite as the first SAARC satellite. Such a satellite would be useful to better manage land and water resources in the entire region and could become part of trans-border efforts to control floods and drought.

Third, create a South Asian space agency – along the lines of the European Space Agency (ESA) – to pool resources (technical and monetary); to ameliorate costs; and to create a common space program for the region. Such an agency would still be dominated by India (just as France is the lead actor in the ESA) but would also benefit from region-wide funding, expertise and demand.

Clearly, India has more to gain than lose from establishing SAARC's constellation of stars. Modi's call is not a flight of fancy but an opportunity for India to ensure that even the sky is not the limit for SAARC.

Biographies

SHRUTI GAKHAR is Research Assistant at Brookings India, where she conducts research in areas of development, energy and foreign policy.

SUBIR GOKARN is the Director of Research at Brookings India in New Delhi and a senior fellow at the Brookings Institution. Previously, he was the deputy governor of the Reserve Bank of India, where he oversaw monetary policy, research, financial markets, communications, and deposit insurance.

TANVI MADAN is a Fellow in the Foreign Policy Program and Director of The India Project at the Brookings Institution. Madan's research focuses on Indian foreign policy. She is currently working on a book on the China factor and the U.S.-India relationship.

VIKRAM SINGH MEHTA is the Chairman of Brookings India in New Delhi and a senior fellow at the Brookings Institution. He was previously the chairman of the Shell Group of Companies. His research focuses on energy policy, particularly related to oil and gas.

SHAMIKA RAVI is a Fellow with Brookings India in New Delhi and the Brookings Institution. She is also Visiting Associate Professor of Economics, Ashoka University and Research Affiliate, Financial Access Initiative, NYU. Her research is in the area of development economics with a focus on gender inequality and democracy, and financial inclusion, and health.

BRUCE RIEDEL is Senior Fellow and Director of the Brookings Intelligence Project. His latest book is *What We Won: America's Secret War in Afghanistan, 1979-1989* (Brookings Institution Press, 2014).

ANURADHA SAJJANHAR is Research Assistant at Brookings India, where she conducts research in the areas of development and social policy - including food, water, urbanization, gender and foreign policy.

ROHAN SANDHU is Research Assistant at Brookings India, where he conducts research in the areas of international development and political economy – including education, democracy, poverty, and Indian foreign policy.

W.P.S. SIDHU is Senior Fellow for Foreign Policy at Brookings India in New Delhi and the Brookings Institution. Sidhu's research focuses on India's role in the emerging global order; the role of the United Nations and regionalism; and confidence-building measures, disarmament, arms control, and non-proliferation issues.

RAHUL TONGIA is a Non-Resident Fellow with Brookings India in New Delhi and the Brookings Institution. His research covers energy, electricity, and sustainable development, with additional expertise in information technology and telecommunications.

BROOKINGS INDIA

D-64 Defence Colony, 2nd Floor

New Delhi 110024, India

www.brookings.in | [@BrookingsIndia](https://twitter.com/BrookingsIndia)