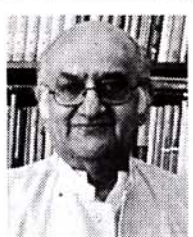


# Reimagining South Asia in 2030



REHMAN SOBHAN

**T**HE future of South Asia, as a community does not look too promising in the wake of the postponement of the SAARC summit. As a person who has been engaged

over 40 years in civil society initiatives to recreate a South Asian community, I have witnessed a number of such fluctuations in the fortunes of the SAARC process.

At all such troubled moments it has remained important for civil society, across the region, to keep the idea of South Asia alive and moving forward. It is civil society, operating through the market place and through increasing movement of people across borders, who have continued to interact with each other. It is through such civic interactions that we have attempted to preserve our South Asian identity and ensured that set-backs at the inter-state level would not erode the concept of South Asia. Such civil society initiatives have fortunately been sustained by the commitment of particular governments, especially from the smaller states of South Asia, to retain their faith in the idea of a stronger South Asian community.

Within the long tradition of a proactive civil society, I would invite South Asians assembled here today to let their minds roam free and try to imagine a South Asia in which our children and grandchildren may come of age. Through such an exercise in reimagination, let us cast our vision towards the Himalayan peaks of South Asia rather than tracking all the holes in the ground which have, in our recent history, threatened progress in our journey to a shared destination. The challenges I lay down before all the distinguished participants assembled at South Asian Economic Summit (SAES) IX from across the region is to apply your creative imagination to explore pathways which will help us to clear the obstacles to our ascent. This is an altogether different challenge from investing our time and energies in identifying the obstacles and then concluding that we had better not attempt such a forbidding journey.

To encourage all of you to look upwards I present my own vision for how I visualise South Asia in 2030. You are each free to challenge aspects of my vision and substitute your own but I would still encourage you to always look upwards.

- My vision of an imagined South Asia is constructed around four challenges:
- Imagining a genuinely just, inclusive and democratic society
- Imagining a South Asian community living at peace with each other
- Imagining South Asia as a lynchpin in a wider Asian community which is emerging as the centre of the economic universe during the 21st Century

## A just, inclusive and democratic South Asia

My vision of a just and inclusive society visualises exclusion as the outcome of an unjust society and international system. This injustice remains the source of poverty, income inequality and social disparity. This sense of injustice which permeates the more excluded segments of society across South Asia is expressing itself in social instability, alienation and resort to violence in our countries. Such tensions threaten to spill across national borders and disturb inter-state harmony. My idea of justice envisions a social universe where the more excluded segments of society, the resource poor, women, minority groups are provided with equitable opportunities to participate in the economic and political market place.

The right to economic justice can only be realised through a politically just order which demands a South Asia in 2030 where our elective bodies are competitively elected, free of the

public employees. To underwrite such a system we should look forward to a South Asia sustained by the rule of law. **Imagining a South Asian community** By 2030, we should aspire to construct an economic community which would provide for the free movement of goods, people and capital across the region, through a common market backed by integrated labour and capital markets. A South Asian economic community would need to provide opportunities for the growth and diversification of the smaller economies of South Asia through leveraging the growth of the Indian economy which by 2030 would be the third largest in the world. We would accordingly need to construct value chains across the region in the same way that China has linked itself to its East and South East Asian neighbours and thereby stimulated their export and economic growth.

To underwrite the common market of South Asia we would need to integrate its economic infrastructure through

strengthened through building transport connectivity which permits for uninterrupted travel originating in China or Singapore, across Myanmar and North East India into Bangladesh, across India to Pakistan, Afghanistan, Iran and Central Asia. China already has its own plans to establish such connectivity but South Asia should position itself as a pivotal route for the Asian Highway and Railway networks and link up with China's belt and road initiative for building connectivity across Asia.

Within the Asian region, apart from its pivotal location, South Asia is possessed of a unique resource, its people. Given the rapidly aging populations of China as well as in East Asia and the sparse populations of West and Central Asia, South Asia's demographic dividend should emerge as one of Asia's most important sources of wealth. South Asia's citizens, equipped with universal quality education and democratization of economic opportunities, could leverage its partnership in the Asia region as the principal source of labour services which will remain integral to the sustainable growth of the region. We should also recognize that South Asia presides over one of the largest untapped markets in the region in the form of its millions of low income households. A policy agenda, which is targeted to significantly enhance the inclusion of these millions in the development process and in the process, significantly enhances their incomes, would generate market demand from the bottom of the pyramid which has not been witnessed since China's managed to lift millions of its people out of poverty.

## Ascending the mountain top

The challenge before us is to move beyond the realm of the imagination to explore what we need to do together and within our own boundaries to scale the Himalayan summit. The journey may look forbidding but it must begin. South Asia cannot condemn itself to travel

towards 2030 moving sluggishly along the swamps and marshes which hold us hostage today. Let me therefore conclude with an uplifting message inspired by the immortal verses of Rabindranath Tagore from his epic poem, *Gitanjali*:

Where the mind is without fear and the head is held high;

Where knowledge is free;

Where South Asia is no longer broken up into fragments by narrow domestic walls;

Where words come out from the depth of truth;

Where tireless striving stretches its arms towards perfection;

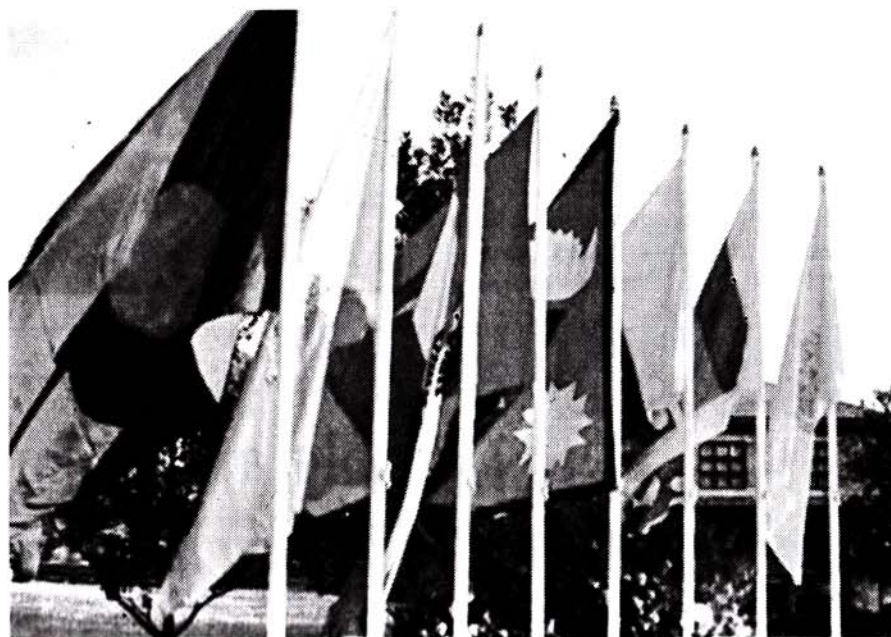
Where the clear stream of reason has not lost its way into the dreary desert sand of dead habit;

Where the mind is led forward by thee into ever-widening thought and action---

Into that heaven of freedom, my Father, let the countries of South Asia awake.

*This is an abridged version of the speech delivered by Rehman Sobhan at the ninth South Asia Economic Summit (SAES).*

The writer is Chairman, CPD.



influence of money and the threat of muscle power or invocations to primordial loyalties and faith based identities. Such elective bodies would thereby include women representatives in numbers commensurate with their share of the population, working people, minorities and representatives from other excluded groups. These genuinely representative bodies should always remain responsive and accountable to their electorate who should be free to recall them if they fail to discharge their mandate to their constituents.

Fully representative elective bodies, should feel empowered to give voice to the concerns of the excluded and hold governments accountable to honour their commitments and for all their actions at all times. Corruption should be constantly challenged within institutions of governance which are kept fully transparent, accountable and non-partisan. Such a system of governance should always seek to draw upon and reward efficiency and integrity while punishing malfeasance among

establishing seamless connectivity which provides for uninterrupted movement of goods and people through rail, road, air and water transport across the region. Dr. Manmohan Singh's dream of having breakfast in Dhaka, lunch in Delhi, tea in Lahore and dinner in Kabul must be realised. We further need to integrate energy grids which trade power across the region and are serviced by regional conduits which link the oil and gas fields of West and Central Asia with South Asia. We must finally work together to exploit the enormous energy potential of the Himalayan waters through cooperative action among South Asian countries served by these waters.

## Imagining South Asia as the pivot of a new Asia

In conclusion, we should recognise that South Asia today serves as a pivotal link between the most dynamic economies in the world in China and East/South-East Asia with the enormous energy and natural resource of West and Central Asia. These linkages should be



## Bangladesh-China Trade

# Widening gap, emerging opportunities

JASIM UDDIN

**Bangladesh** has the potential to gain much from China by enhancing its exports and attracting more investment as the Asian economic giant seeks to deepen ties with its South Asian neighbours.

Over the years, China has become a key trade partner of Bangladesh. Today, trade with China makes up around 27 percent of Bangladesh's international trade. Still, there is a yawning trade gap in favour of China.

Almost 85 percent of Bangladesh-China bilateral trade is in favour of the Asian economic giant that contributes only 2 percent to Bangladesh's total export income.

China is the country's largest source of major imports, including raw materials and intermediates for the textile and garment industry, and these Chinese exports enjoy duty-free facility on Bangladesh market.

According to Export Promotion Bureau (EPB) data, Bangladesh imported goods worth around \$9.64 billion from China in 2015-16 FY against its exports worth \$800 million.

However, Bangladesh's exports to China grew by 769 percent over the last 10 years against a 280 percent jump in China's exports to Bangladesh, according to data.

According to experts, offering duty-free access to China under some new rules is likely to affect the government's revenue income as China is the largest import source for Bangladesh and hence a large contributor to overall customs revenue.

Bangladesh could not get any benefits from the Generalised System of Preferences (GSP) in the Chinese market for around 5000 products due to barrier of Rules of Origin.

China is the world's largest RMG exporter. It, however imports RMG products worth \$4 billion a year and could be a potential market for Bangladeshi exporters.

"Despite having duty-free access to the Chinese market, Bangladesh is yet to boost its exports to China for the lack of diversification compatible with the Chinese market," said Khondaker Golam Moazzem, additional research director of Centre for Policy Dialogue (CPD).

"Bangladeshi exporters should focus on diversification of products targeting the demand of the Chinese market," he added.

Shahidullah Azim, former vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said labour and production cost has increased in China, leading to diversion of some export orders to Bangladesh.

"Bangladesh is the right place for industries that are leaving China

considering the state of cost competitiveness the country offers," he said, adding that China can also relocate industries to Bangladesh that has a vibrant workforce and enjoys duty benefits in Western markets.

The former BGMEA vice-president also focused on the immense potential China's \$170-billion domestic clothing market holds. "If we can even grab one percent of the Chinese domestic market, it would be a big achievement for us."

Bangladesh mainly imports around 30 items from China, they include yarn, cotton, cloth, nuclear plant, boiler, industrial and electrical products and its materials, iron and steel, filament, plastic, fertiliser, organic and inorganic chemical, rail, tram and others transport vehicles and parts, paper and paper board, optical, photography and medical instruments, arms and ammunition, toy, rubber, tea and coffee.

On the other hand, Bangladesh exports readymade garment, leather and leather goods, jute and jute products, shrimp and frozen food, home textile, terry towel and some handmade products to China.

Dhaka Chamber of Commerce & Industry (DCCI) vice-president Humayun Rashid at a workshop recently said China is one of the world's fastest-growing markets with gigantic market of \$200,000 billion, which might jump to \$600,000 billion by 2020.

"The Chinese market is expanding by 12 percent a year," he said, adding that Bangladeshi exporters have huge potential in China in leather goods and jute sectors.

### • Bangladesh-China trade

Year	Exports to China (in million dollars)	Imports from China (in million dollars)
2011-12	401	6433
2012-13	458	6324
2013-14	746	7550
2014-15	791	8233
2015-16	808	9646

Source: Export Promotion Bureau (EPB) and Bangladesh Bank



# South Asia Economic Summit: Thinking out of the box

The South Asia Economic Summit is a reflection of continuous and tireless effort to improve the future of the region and its people, writes Asjadul Kibria

THE Ninth South Asia Economic Summit is being organised in Dhaka at a time when the 19th SAARC (South Asian Association for Regional Cooperation) summit, scheduled to be held in Islamabad on November 9-10, has been postponed.

Thus, the holding of the two-day Ninth South Asia Economic Summit (SAES), which begins in Dhaka today (October 15), has become a challenging job for the organisers, especially the civil society organisations of the region.

A CIVIL SOCIETY INITIATIVE: Civil society organisations in South Asia are always very active in extending cooperation across the region. That's why 'Track II' initiative, non-government and unofficial and informal diplomacy, is more advanced than 'Track I' initiative or official diplomatic engagement in the region.

First SAES was held in Sri Lanka in 2008 which was organised by Institute of Policy Studies of Sri Lanka (IPS) and the Federation of Chambers of Commerce and Industry in Sri Lanka (FCCISL) in collaboration with a number of institutes in the region: Research and Information System for Developing Countries (RIS), India; South Asia Centre for Policy Studies (SACEPS), Nepal; and South Asia Watch on Trade, Economics & Environment (SAWTEE), Nepal.

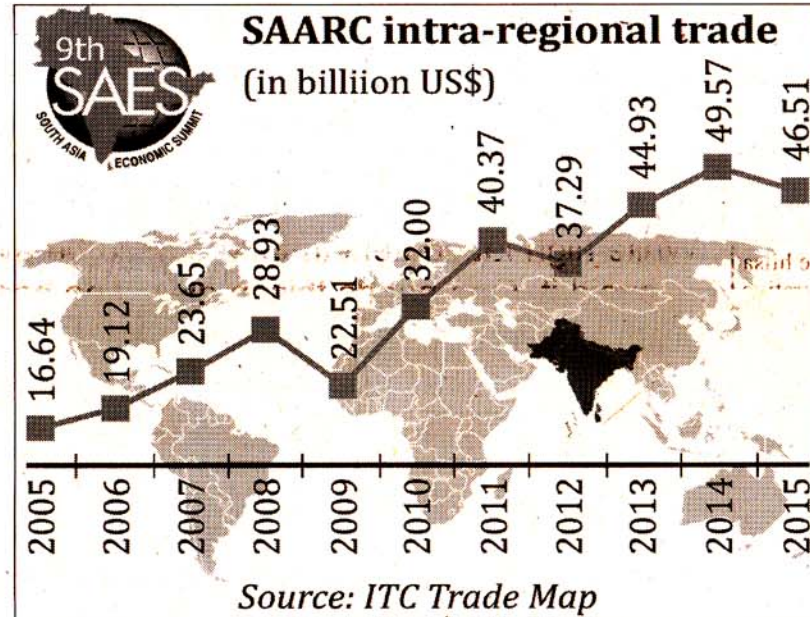
Since then, the SAES has been organised annually. Dhaka first hosted the summit in 2011. The Centre for Policy Dialogue (CPD), a leading think-tank in the country, is organising the current event on 15-16 October, 2016. Co-organisers of the event are RIS, India; SAWTEE, Nepal; Sustainable Development Policy Institute (SDPI), Pakistan; and IPS, Sri Lanka.

The broader theme of the current SAES is 'Reimagining South Asia in 2030.' As the Agenda 2030 or Sustainable Development Goals (SDGs) will guide the global development path in the next 15 years, South Asia can't go beyond this global agenda agreed by the world leaders last year. Moreover, September this year marked the first anniversary of accepting the SDGs in the United Nations (UN). So, it is right time to focus on SDGs in the regional context. The concept note of the summit also says: "Ninth Summit will focus on a set of cross-cutting issues and a cluster of thematic issues that would deliberate on envisioning the South Asia in 2030."

LOOKING BEYOND TRADE: Intra-regional trade in South Asia is considered as an important indicator of progress on regional cooperation under SAARC framework. SAARC intra-regional trade, on average, is stagnant at 5.0 per cent of its global trade. Value of intra-regional trade in South Asia declined to \$46.51 billion in 2015 from \$49.57 billion in 2014 (see graph).

Member countries of SAARC are agreed to implement the South Asian Free Trade Area (SAFTA) by eliminating tariff barriers by 2016. They also agreed to establish a customs union and then an economic union in the region. But, in reality, they are unable to fulfil their commitment on establishing the free trade area within the stipulated time let alone move towards a customs union.

As greater economic cooperation and regional integration require move beyond trade and countries of the region have already adopted several initiatives to extend the horizon. Dr Prabir De, a professor at Delhi-based RIS, thinks that SAARC has to move from FTA-based



integration arrangement to a comprehensive arrangement. In an interview with Thinking Aloud, a monthly news bulletin of South Asian Network on Economic Modelling (SANEM), the Indian economist said that such comprehensive arrangement would be beneficial for the member countries in non-economic areas, particularly cultural and political issues. "FTAs are the case of the past. Comprehensive cooperation is the new trend among developing countries," he added.

But what about the sub-regional grouping when SAARC itself becomes uncertain? Dr Selim Raihan, a professor of economics in the Dhaka University, also SANEM chairman, believes that sub-regional cooperation could be an answer to the deadlock of the regional integration

in South Asia. In an article, published in the Thinking Aloud this month, he mentioned that in order to take forward the regional integration process in South Asia "a good and effective initiative is the Bangladesh, Bhutan, India, Nepal (BBIN) initiative, which is a sub-regional coordinate architecture of countries in South Asia."

Not that sub-regional arrangement has all the tools ready to make the regional integration deeper and successful. It is the smaller size that matters to resolve critical issues quickly. The experiences help to deal with the difficulty in the greater regional integration process.

Both the economists, however, termed the India-Pakistan rivalry and consecutive political tensions as 'sole factor slowing down the SAARC integration process.'

Nevertheless, it is in no way a wise move to abandon the effort of regional integration under SAARC framework. Dr Prabhash Ranjan, an assistant professor at the South Asian University in New Delhi, argues that India and Pakistan shouldn't weaken their trade ties. In a recent article in The Hindu, he said: "Empirically, it has been shown that higher levels of free trade reduce military conflicts. India and Pakistan should boost free trade amongst themselves, Pakistan should honour its MFN commitment to India in the WTO, and India should use the SAARC platform to push for deeper trade ties."

DECODING INTEGRATION: Voluminous research and analytical papers and articles have already been written on the cost and benefit of the regional integration in South Asia. So, decoding the integration and cooperation is important to avoid complexities in the region. To put it simply, regional integration is a process where people and products of the SAARC countries can move freely across the region for socialisation and livelihood. There will be no unnecessary restriction for travelling. Exchange of knowledge, information and cultural activities will be free. The policymakers and politicians of the region will work in such a coordinated and combined manner so that poverty and hunger of the millions of people can be eliminated. As SDGs' ultimate goals are to end poverty and hunger of the people, protect the planet from degradation, ensure prosperity for all human beings, foster peaceful, just and inclusive societies and strengthen the global partnership, a deeper integration of South Asia is very much linked with these goals.

Achieving the SDGs in South Asia is a daunting task and requires extended

regional cooperation. When, two major countries - India and Pakistan - are in an arms race, they are diverting their resources on poverty reduction and balanced development. SDGs bring a new opportunity to reduce the arms race and geo-political tension across the region.

In fact, think tanks involved in SAES initiatives have actively contributed to the formation process of SDGs through Southern Voices initiative of CPD. They are now working on implementation and monitoring the global agenda. Series of policy-oriented research have been undertaken and dissemination of the findings to the policymakers and stakeholders are going on.

The current economic summit would focus on "envisioning a South Asia which by 2030 will be an upper middle-income region with high GDP growth rate, a strong middle class, zero hardcore poverty and hunger, sustainable cities, structurally transformed economies with strong manufacturing sector." The organisers also believe that business as usual would not do, and pathways dictated by past trends are unlikely to work. They, thus, stressed on thinking out of the box if the South Asian countries' 'future is to be shaped in accordance with the high ambitions set out in the SDGs.'

So, the South Asia Economic Summit is a reflection of continuous and tireless effort to improve the future of the region and its people. Despite lot of disappointments and slowdown in regional cooperation, the SAES summit kindles a hope of reviving the comprehensive effort by the regional leaders to advance the cooperation among the countries.

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