



**Reframing South Asian  
Regional Cooperation  
In the New Context**  
*National and Global Dimensions*

4-5 November 2023, Dhaka, Bangladesh



Fourteenth South Asia Economic Summit (SAES XIV)

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Context**  
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*Organised by*

**Centre for Policy Dialogue (CPD)**



*In partnership with*

**Institute of Policy Studies of Sri Lanka (IPS)  
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South Asia Watch on Trade, Economics and Environment (SAWTEE) and  
Sustainable Development Policy Institute (SDPI)**

# **Reframing South Asian Regional Cooperation in the New Context**

## *National and Global Dimensions*

### **PART A**

#### **1. Need for fresh thinking on South Asian cooperation**

Pan-South Asia regional cooperation remains paralysed by the burden of history, the legacy of bilateral tensions and the lack of initiatives to break the status quo. There is an urgent need for a rethink as regards the modalities to take the discourse on South Asian cooperation forward, taking into cognisance the new developments – both within and outside the region – which have implications for intra-regional cooperation in South Asia.

*Four factors should inform the discourse on the emergent new context.*

- First, the political and economic situation in individual member states of South Asia;
- Second, the variable geometry of cooperation involving various countries of the region;
- Third, the nature of the emerging interface of South Asian countries with countries of the neighbouring regions and beyond; and
- Fourth, how this new geo-economic, geo-political and geo-strategic scenario was likely to influence and inform South Asian cooperation over the foreseeable future.

The task before today's thinkers interested in South Asian issues is to factor in these dynamics in crafting a new strategy to broaden and deepen cooperation among the countries of the region at various levels – multilateral, plurilateral and bilateral. This may entail taking a fresh look at the definition of South Asia, the pull and push factors of regional cooperation, centrifugal and centripetal forces influencing cooperation in the region and tools of cooperation in view of the current realities and new demands. The South Asian Economic Summit (SAES) should be seen as a unique opportunity to take on this challenging task and come up with a set of concrete recommendations to reignite attention and trigger action in this backdrop.

#### **2. The traditional impediments**

As a geographical entity, the SAARC region has enormous potential and possibilities which may be harnessed through regional cooperation and deepened through economic integration. However, over the years, regional cooperation in South Asia has been characterised by acute political tensions, historical animosity between countries, and ongoing political and territorial disputes, resulting in a high level of trust deficit. SAARC, launched almost four decades back, has been criticised for not delivering on agreed upon programmes and for lack of initiatives to follow up on the agreed decisions. Many of the initiatives taken under the rubric of SAARC, such as the creation of a South Asian Free Trade Area (SAFTA) and South Asia Food Bank, have not been implemented and/or made effective as envisioned. To be true, some initiatives at bilateral and sub-regional levels, in energy, trade, and multi-modal transport connectivity, produced some results. At the same time, a number of other initiatives, such as the Motor Vehicle Agreement (MVA) involving Bangladesh, Bhutan, India, and Nepal (BBIN), have stalled following some initial progress. The question that arises is whether South Asian cooperation is failing us or whether we

are failing in our responsibility as think tanks to re-envision and reimagine the future of South Asian cooperation.

The SAARC process currently remains in a state of atrophy. It is almost a decade since the last (eighteenth) SAARC Summit took place in Nepal in 2014.

### **3. New drivers, new considerations, new modalities**

In recent times, factors relating to internal political, economic, and institutional dynamics as well as extra-regional geo-political and geo-economic configurations, have become more pronounced. Further, the global economic and political order and alliances in which cooperation in the South Asian region is to take place, have been undergoing significant changes. Currently, like the rest of the world, the South Asian economies are also battling to recover from the COVID-19 pandemic. The war in Ukraine and subsequent global economic challenges are also having multi-dimensional impacts on South Asian economies. Countries such as Sri Lanka and Pakistan are facing unprecedented economic challenges. The other economies in the region are also finding it difficult to maintain macroeconomic stability and sustain the economic growth momentum experienced in the recent past. Political polarisation and revealed vulnerabilities have emerged as significant issues in many countries in South Asia. A number of these countries have gone under IMF programme and resorted to high level budgetary support from external sources. The prospect of smooth graduation of the LDCs in the region (i.e., Bangladesh, Bhutan, and Nepal) has become more challenging.

However, it needs to be also recognised that, during the COVID-19 pandemic, South Asian countries did come together and cooperate among themselves, most commonly on a bilateral basis, in the areas of access to vaccines, financial support and food supply.

New geo-political developments – the growing interest of China in South Asia, on the one hand, and the Quad partnership involving India, Australia, Japan and the United States, on the other, have also infused new dimensions and tensions in the regional cooperation framework in South Asia. Indo-Pacific Strategy, as a key plank of the geo-strategic outlook of the US, has fuelled these tensions. Indeed, over the years, the roles of larger economies are becoming increasingly visible and dominant in influencing the advance of South Asian cooperation. Against the backdrop of the weakening of existing institutions and instruments, new modalities have emerged in the region. These include bilateral, plurilateral (sub-regional) and mega-regional initiatives of varying configurations ranging from bilateral free trade agreements (FTAs) and sub-regional initiatives (e.g., BBIN motor vehicle agreement) to comprehensive economic partnership agreements (CEPAs) and mega-regional trade agreements (e.g., regional comprehensive economic partnership – RCEP). All these initiatives have economic and strategic impacts on South Asian countries –individually and collectively.

Concurrently, while the traditional regional cooperation issues – i.e., trade, connectivity, water, and energy – remain on the table, a number of novel areas of engagement are coming up in a forceful way, e.g., cooperation in the areas of the public health system, structured labour market policies, expansion and deepening of supply chains, and the quest for efficiency-seeking FDI for cross border markets. Issues such as collective bargaining in global climate negotiation and tactical alliances in view of the fourth industrial revolution, which have long-term implications

for South Asian countries, are also becoming important. The importance of cultural and intellectual exchanges in catalysing a regional political settlement is becoming increasingly visible. Challenges of strategic positioning of smaller South Asian economies, in view of the variable economic and strategic alliances, are also demanding urgent attention.

In sum, the discourse on cooperation in South Asia can no longer remain hostage to business as usual and pathways dictated by past trends. Crafting new pathways and charting new trajectories for cooperation among countries of South Asia demand innovative approaches, the novelty of conceptualisation and a reframed empirical analysis. The knowledge actors in South Asia, along with other stakeholders, have to play a creative out-of-the-box role to capitalise on the emerging opportunities as well as to manage the attendant risks. Thus, the 14<sup>th</sup> SAES needs to step up to seek practicable and pragmatic policy solutions in view of the emergent economic and political scenarios, global circumstances, and the often-uncertain domestic political settlements.

## **PART B**

### **4. The initiation of SAES**

SAES is the pre-eminent track 1.5 initiative in South Asia which aspires to identify modalities of deepening cooperation among South Asian countries. It is a unique policy forum that brings together academics and policy activists, policymakers and diplomats, business and civil society leaders, international development partners and other personalities from the region who are keen to advance this cause. The platform was founded through the collaboration of five leading think tanks of the region, viz CPD, IPS, RIS, SDPI and SWATEE. It seeks to bring together, in Davos style, involved key stakeholders from the region and beyond to engage in debate and dialogue to generate innovative ideas and actionable agendas to foster and promote a South Asian identity and cooperation in different areas.

SAES, convened as an annual event, is hosted by the five core partners in their respective countries sequentially (i.e., Bangladesh, India, Nepal, Pakistan, and Sri Lanka). This annual event is also attended by representatives of other countries in the region, including Afghanistan, Bhutan, and Maldives.

The forthcoming fourteenth session of SAES is being organised by CPD, in Dhaka in November 2023. In the past, CPD had hosted the SAES twice, in 2011 and 2016.

### **5. Objectives of SAES XIV**

The overarching objective of the SAES XIV is to search for a new South Asian Deal (Compact) in view of the emergent national, regional, and global developments. The specific objectives of SAES XIV are the followings:

- i. To generate a shared understanding of the changed landscape by exploring new elements that inform national, regional, mega-regional and global contexts in which cooperation will need to take place among countries of South Asia.
- ii. To identify and promote modalities and potential opportunities to advance the cause of regional cooperation in South Asia; and,
- iii. To explore the roles of the knowledge actors and political leadership envisioning the journey of South Asia in the next decade.

### **6. The Sessions of SAES XIV**

SAES XIV will include high-profile inaugural and closing sessions, interactive plenary sessions, and parallel thematic sessions. There will also be a display of publications as well as book launching, networking opportunities and cultural activities.

Different sessions of SAES XIV are designed to attain the overarching and specific objectives of the Dhaka Summit. Thus, the sessions will include a high-level curtain-raising inaugural session focusing on emergent elements at various levels that could inform and influence cooperation among countries in South Asia.

**The inaugural session will be followed by four plenary sessions:**

- i. State of regional cooperation in South Asia: Revisiting Group of Eminent Persons' (GEP) Report: New context, challenges, and opportunities
- ii. Identifying new opportunities and new modalities for fostering regional cooperation in South Asia
- iii. Geo-strategic factors underpinning contemporary trends in South Asian cooperation.

**Eight (8) parallel sessions will be held covering specific issues of regional cooperation and development in South Asia.**

- i. Multi-modal transport (cross-border logistics)
- ii. Macroeconomic cooperation and the possibility of a common currency
- iii. Towards an integrated energy grid
- iv. Climate change and resilience
- v. Cross-border labour market management
- vi. Value chains and Foreign Direct Investment
- vii. Role of knowledge actors in advancing a new political settlement in South Asia
- viii. Cooperation in public health
- ix. Gender equality and women's empowerment

SAES XIV in Dhaka is expected to be an excellent opportunity and a suitable platform to deliberate on the aforementioned issues to give shape to a new approach towards regional cooperation in the region in the backdrop of the emergent and emerging contexts. Recognised experts will be invited to present keynote papers to kick off the discussion at various sessions. Each session will pose a number of critical questions to guide the deliberations and keep the panellists focused on the issues at hand. There will be adequate scope for interactive discussions between the speakers and other participants. The moderator (chair) of the sessions is expected to summarise the key takeaways.

## **7. Output**

A conference volume, containing the presentations made at various sessions along with the summaries of the inaugural and closing sessions, and the plenary discussion, will be published duly.

## **8. Expected Outcomes**

- i. A better understanding of the trends, challenges, and opportunities of economic cooperation in South Asia in view of the new context, new developments, and new modalities
- ii. Enhanced knowledge as regards best practices and lessons learned from cross-regional experiences
- iii. A set of recommendations for policymakers and other relevant stakeholders as regards deepening economic cooperation in South Asia in the new context
- iv. Strengthened network of experts and stakeholders committed to promoting economic cooperation in the region in the days ahead.

## **9. Participants**

Speakers and participants will be from SAES partner institutions, and other South Asian countries as well as from interested regional, bilateral and multilateral institutions.

They will be joined by high-level representatives from key stakeholder groups in Bangladesh, including policymakers, business leaders, development practitioners and international development partners.

Young professionals in particular will be invited to various sessions. Gender balance will be maintained among the participants.

Media will be invited to all sessions of the event. Initiatives will be taken by the CPD to give the event wide coverage in national and regional print, online and electronic media. Social media will be used for this purpose.

## **10. Role of Partners**

The five SAES partner institutions will be the key organising and knowledge partners of SAES XIV.

Bilateral, regional, and multilateral entities are encouraged to be Partners/Supporters of SAES XIV by contributing to the conference fund and/or providing support to specific session(s) by underwriting travel and full-board costs of the participations.

Corporate sponsorship will be also accepted, particularly for hosting/sponsoring specific events/activities lunches, dinners, and other activities.

Contributions of all Partners/Supporters will be recognised in the branding of the conference.

## **11. Contact**

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## **About South Asia Economic Summit (SAES)**

The South Asia Economic Summit (SAES) was initiated as a platform to discuss and debate the issues perceived as critical to advancing the causes of deepening regional cooperation and integration in South Asia. Five leading think tanks in South Asia came together in 2008 to establish the SAES in the image of Davos, to create a South Asian Davos. These were: Centre for Policy Dialogue (CPD), Bangladesh; Institute of Policy Studies of Sri Lanka (IPS); Research and Information System for Developing Countries (RIS), India; Sustainable Development Policy Institute (SDPI), Pakistan; and South Asia Watch on Trade, Economics and Environment (SAWTEE), Nepal. The founding members were entrusted with the responsibility of convening an annual Summit on a rotating basis. The Summit was to bring together key stakeholders of South Asia's integration and also experts and scholars from beyond the region who worked on the issues of interest and concern to South Asia.

SAES was initiated by realising that there was a need for a deeper understanding of the challenges confronting South Asia at a time of rapid changes within the region and in view of a fast-evolving global scenario. SAES was conceived as a two-track learning opportunity: (i) for knowledge actors to share results of evidence-based research and what these could mean in terms of policymaking in various critical areas of development and regional cooperation in South Asia; and (ii) for policymakers and non-state actors to exchange views as regards major challenges in implementing the various policies and initiatives to deepen South Asian integration. By leveraging contributions from across a diverse range of disciplines and by drawing contributions from research and policymaking communities, SAES was envisaged to emerge as an intellectual enterprise important in South Asia from which policymakers, researchers and non-state sectors would stand to gain.

In the process, a new generation of intellectuals and actors was motivated to commit themselves to advance the cause of South Asian cooperation. This regionally motivated network of stakeholders has kept the South Asia vision alive at a time when divisive politics has kept South Asian countries apart, and SAARC remains comatose and dysfunctional. These non-state actors are willing and able to shine a light on the possibilities and potentials of South Asian cooperation in view of the new global emerging contexts SAES XIV is geared to leverage this intellectual capacity to reignite the political inertia and stimulate interest and action to take the agenda of South Asian cooperation forward in the years ahead.

The following table shows that various themes of past SAES conclaves have covered a broad spectrum of issues reflecting both emergent and emerging challenges facing South Asia at that time.



## SAES XIV Concept Note: CPD

Summit	Host, Place and Dates	Themes
First South Asia Economic Summit	IPS-Colombo: 28 July-3 August 2008	Economic Integration in South Asia: SAFTA and Beyond
Second South Asia Economic Summit	RIS-New Delhi: 10-12 December 2009	South Asia in the context of Global Financial Meltdown
Third South Asia Economic Summit	SAWTEE and SACEPS-Kathmandu: 17-19 December 2010	Regional Economic Integration, Climate Change and Food Security: Agenda for the Decade 2011-2020
Fourth South Asia Economic Summit	CPD-Dhaka: 22-23 October 2011	Global Recovery, New Risks and Sustainable Growth: Repositioning South Asia
Fifth South Asia Economic Summit	SDPI-Islamabad: 11-13 September 2012	Making Growth Inclusive and Sustainable in South Asia
Sixth South Asia Economic Summit	IPS-Colombo: 2-4 September 2013	Towards a Stronger, Dynamic & Inclusive South Asia
Seventh South Asia Economic Summit	RIS-New Delhi: 5-7 November 2014	Towards South Asia Economic Union
Eighth South Asia Economic Summit	SDPI-Islamabad: 7-8 December 2015	Regional Cooperation for Sustainable Development in South Asia
Ninth South Asia Economic Summit	CPD-Dhaka: 15-16 October 2016	Reimagining South Asia in 2030
Tenth South Asia Economic Summit	SAWTEE-Kathmandu: 14-16 November 2017	Deepening Economic Integration for Inclusive and Sustainable Development in South Asia
Eleventh South Asia Economic Summit	SDPI-Islamabad: 4-7 December 2018	Corridors of Knowledge for Peace and Development
Twelfth South Asia Economic Summit	IPS-Colombo: 26-27 September 2019	Shaping South Asia's Future in the Fourth Industrial Revolution (4IR)
Thirteenth South Asia Economic Summit	RIS-Delhi: 19-20 April 2022	Prospects of greater Economic Cooperation in South Asia

Each of the SAES meets has come up with a concrete set of recommendations based on the discussions at various dedicated sessions, which saw evidence-based presentations and lively exchange of opinions among leading scholars, policymakers, practitioners, and representatives from civil society organisations (CSOs). Recommendations originating from SAES events were shared with policymakers in SAARC countries and were also fed into the SAARC Summit process. Papers presented at SAES events, proceedings and outputs of successive SAES meets have come out as dedicated volumes and were posted on the websites of participating institutions. These constitute a rich repository of knowledge, policy options and policy recommendations concerning regional integration in South Asia.