

Trade cooperation in South Asia

Chowdhury, Quamrul Islam

1988

Chowdhury, Q. I. (1988). Trade cooperation in South Asia. In Economic perspectives of SAARC : Dacca, Bangladesh, 19-24 November 1988. Singapore: Asian Mass Communication Research and Information Centre.

<https://hdl.handle.net/10356/90943>

Trade Cooperation In South Asia

By

Quamrul Islam Chowdhury

TRADE COOPERATION IN SOUTH ASIA

-By Quamrul Islam Chowdhury

In the politically restricted economic relations within seven-nation SAARC, born three years back, trade between the member countries has not developed for mutual benefit. Often the existing trade relations are lop sided. There is possibly a deliberate effort among the member countries to avoid discussion of economic and trade issues at SAARC, which normally form the basis of cooperation in other regional groupings.

There appears to be a built in apprehension that such exchanges will precipitate controversy and should be avoided as part of a conscious strategy to concentrate only on non-contentious issues. Such a strategy would not only be inimical to the goals of SAARC but also counter productive to the objective of building harmonious economic and trade relationships within the region with unforeseen consequences.

Unless the forum is very consciously used to plan and promote economic and trade exchanges within the region" according to professor Rehman Sobhan," the impact of such strategy will be asymmetrical to the detriment of the less developed south Asian economies (LDSAEs) and it is the stronger economies of south Asia which will prosper let the market forces operative"

Thus SAARC could become its own worst enemy unless a very conscious effort was made within the framework of SAARC to make a planned intervention in the market place to provide a more balanced pattern and structure of economic relationship designed to improve the circumstances of the LDSAEs within the South Asia region.

The extent of intra-regional trade in South Asia's total trade is very small-only 4 percent in the case of export and 2 percent in the case of import. All the seven countries of South Asia have been facing persistent trade deficits and in order to reduce their deficits they impose comprehensive quantitative restrictions and foreign exchange control on imports which apply with equal rigour to imports from intra-regional and external sources.

- 2 -

All the seven nations have been pursuing import substitution policies for development and in order to protect local industry have been imposing import barriers in varying degrees to maintain a strict control which is no less important for these countries. The seven South Asian countries constituting one of the poorest regions of the world, could significantly improve the prospects of their economic development through specialization and trade among themselves in the regional framework.

Given the prevailing World trade situation, the necessary export growth of these countries cannot be realized. Here lies the need for greater reliance on expansion of intra-regional trade. Prof. A.R. Bhuiyan of the Department of Economics, Dhaka University, has shown that the prospect of classical integration in the region is not very bright. While economic rationale for integration exists in the region, a slow and step by step approach will have a better chance of success. Policies of selective trade liberalization and market sharing ~~agrs~~ agreement may be effective in creating conditions for eventual formation of an integrated scheme. In view of the similarity in the nature of the individual economies, coordinated planning will be needed to avoid duplication of efforts among countries of the region.

The problem of course lies in the fact that it is always easier to let the market forces play themselves out than the plan for structural changes to facilitate the exports of small countries. Such negotiations demand a climate of political goodwill, a spirit of accommodation and a degree of magnanimity on the part of more powerful of the South Asian Economies.

Although the creation of markets for the exports of smaller economies within the Indian and Pakistan economies were likely to have a ~~reciprocal~~ exporting facilities for the bigger countries no such initiatives came from their sides so far. In fact the bigger countries are more keen to export more than import from the small ones. Demonstration of statemanship

in the area of trade and economic negotiations, which depends on the prevailing socio political dialectics of any given nation must be shown by the south Asian countries so that such beneficial cooperation could take place. This could also help solve a number of outstanding problems ranging from mutual suspicion to interferences in the domestic affairs of small countries. This could also help in solving bilateral disputes as in the case of water sharing and corridor issues between Bangladesh and India, or the matter of repatriation of Pakistani nationals from Bangladesh to Pakistan and a willingness of Pakistan to handover Bangladesh its legitimate share of common assets. A policy of genuine accommodation built in the short run around a series of concessions by the dominant economies would create the basis for a more durable programme of accommodation.

The gesture of facilitating unilateral duty free access of all south Asian exports to the Indian market on a non-reciprocal basis could lead to a stimulus of exports from these countries virtually without any damages to the Indian economy. In fact India could ultimately make some gains if the enhanced earnings of the smaller countries encourage more imports from India. Quite naturally the growth of regional co-operation in South Asia will continue to depend in a crucial degree on the sense of confidence that each country feels in respect of its national unity and national security.

The South Asian Community will, therefore, have to press forward to build a framework of cooperation whether by planned effort or by allowing the less equitable market mechanism take its course for the betterment of one billion people of the region.

BIO-DATA

1. NAME : MUHAMMED QUAMRUL ISLAM CHOWDHURY.
2. Address : F-8, Sher-E-Bangla Nagar, Dhaka
3. Age : 31 Years.
4. Capacity of Representation : Senior Staff Reporter & Economic Page Editor, Daily Sangbad, 36 Purana Paltan, Dhaka
5. Experience : Nine Years.
6. Educational Qualification : B S S Honours & Masters in Economics from Dept of Economics, Dhaka University.
7. Nationality : Bangladeshi by birth.