

Are Regional Organizations Passé?: A Study Focusing on South Asia

**Himanshu Tandon*

ABSTRACT

Regional Organization (R-O) generated considerable interest in last quarter of 20th century and with flagship successful experiments in Europe and South East Asia, the interest seemed genuine and justified. However, the first decade of 21st century has brought about newer and better challenges to the R-O concept, and their reaction towards existing and emerging, R-O and similar to R-O type experiments.

This paper attempts to trace the various regional integrative and partnership inducing initiatives at the global level; however the focus remains in South Asia. The paper discusses the experiences of South Asian regionalism, at both conceptual and operational levels; seeks to examine the impacts through the use of trade related data; and also through the lens of evolutionary changes being experienced in the global regionalism debates.

The paper looks at contemporary challenges being tackled by the European Union; and ASEAN and other such experiments. It attempts to put in perspective the interplay of variables like diversity within the region; existence of conflicts (incl. civil, military, & terror related); diversity on roles of big brother in the region; varied approaches towards handling economic challenges; and the overall interactive results in a holistic manner- so as to help us re-configure the optimal course for South Asian regional experiments, if needed.

Key words: RTAs; Regional Organizations; World Trade organization (WTO) and South Asia

In an increasingly global, but simultaneously being regional world, the task of global governance and the role of the global body – the United Nations (UN) – no longer made up solely of interstate cooperation. In-fact out of these newer challenges that are still evolving, with multiple consequences for governance, - regional governance remains the most interesting one.

Regional governance has been in ascendancy in the past few decades (or definitely so since the end of the Cold War) in various fields, namely economy, trade, finance, health, development, environment – and very clearly so – in peace and security. The influence of this new form of governance, whether it is based on cooperative arrangements or deeper integration, on the development, the present management and the foreseeable (and if needed) modifications/reforms of the such bodies deserves a closer look.

In effect, among many new developments the 2011 change was most drastic when the relationship between a Global governance structure was made to adapt itself to deal with a regional body. The UN General Assembly (UNGA) adopted Resolution 65/276 on the participation of the European Union (EU) in the work of the UN. Although the EU internal structure will still need to adapt to this new situation, the resolution gives for the first time to a regional body the right to intervene in the intergovernmental equality of the UNGA. It is not unthinkable that other regions will want to follow this example. And if that happens it would open-up an entirely new line of models which have not even be discussed amongst academics.

Another similar case, however driven more by desperation, - is that of - gross and systematic violation of human rights in Libya (in 2011) led to the UN Security Council (UNSC) authorising the Resolution 1973 coercive actions. The UNSC made explicit reference to the crucial roles played by the League of Arab States (LAS), the African Union (AU) and the Organization of the Islamic Conference (OIC). This again showcased the increasing importance of regional organizations (R-Os) .

It has been observed that in the post-war history (and esp.the most recent decades), supranational regions have de facto become more important and that governance and policy-making has become spread over different layers of governance (from local to global). The rise of the regions can often be linked to the challenges posed by globalisation and is, in turn, challenging the conceptual and institutional foundations of the Westphalian system. The UN, as a club of states, is also essentially based on this logic. Although the UN has recognised the emerging regional reality since its origin, and links between the UN and the institutionalised regions have multiplied

Globalization 'has become a popular term since the 1990s to describe the increasingly integrated and interdependent world economy, which has led to higher trade, production and services outsourcing, as well as the migration of highly skilled professionals. As these developments have unfolded, economic integration at a regional level has also strengthened, as a result of tighter institutional arrangements as well as substantial pressure from market forces.

**Management Consultant, Allahabad, India*

Every single country in the world is now a member of regional trade agreements and at least one regional bloc. More than one-third of world trade takes place within such arrangements. All regional agreements have the objective of reducing barriers to trade between member countries and therefore, implicitly, of discriminating against trade with non-member countries.

The dramatic surge in regional cooperation schemes in the post-1980 period has been one of the most important developments in world politics. Significantly, countries like the United States, Canada, Japan, and China, which showed little interests in regionalism in the post-World War II period, have embraced regionalism with considerable enthusiasm in the Post-Cold War era.

The basic explanation of the, regionalism's, prevalence is offered by the experts attempting to answer the following question: why do states cooperate and commit themselves to comply with agreed sets of rules?, thereby accepting some constraint on their policy autonomy and even sovereignty. The argument is basically classified in two broad categories:

(a) power-centric (b) institutionalist

The power-centric view of regionalism considers the international system to be anarchic by nature, which pressures individual nation states to acquire power and maximize self-interest to ensure their own security. As a result, the political-military power of nation states and its distribution among them holds critical influence over inter-state relations. Coexistence among nation states in such situations can only be achieved through frequent realignments of the balance of power against each other. Following this reasoning, power-centrists see regionalism as a response of nation states within a region to power projection by powerful (hegemonic) state/s from outside the region.

Institutionalist explanations are based on the view that interdependence among nations is so complex and overwhelming that it is beyond the capabilities of any single nation to solve its external problems by itself. Thus, there is a need to create regional and global institutions that can effectively deal with international economic and non-economic problems facing nation states by resolving the collective action problems. Moreover, such institutions can also supply technical expertise to solve problems in identified issue areas. These considerations encourage states to cooperate and form institutions to meet specific functional needs. Further, when member states begin to receive benefits of efficiency and expertise from an institution in one issue area, they become willing to create similar institutions to deal with problems in other areas.

But the moot question remains how do we explain the recent spurt in regionalism? At least four developments seem to have come together in the late 1980s to create a

momentum toward regionalism: expansion of European integration; the demise of Soviet Union; the shift in US strategy; and changing perspectives on regional trade and foreign investment in the developing world.

Unlike the "years of hardships and of disillusionment" in the 1970s, during which regional integrative activities declined in Western Europe as a result of the revival of nationalism, the late 1980s witnessed several new integration initiatives in Europe. The continued expansion of the European Union in terms of scope, depth, and geographical area is a significant achievement. This success has had a demonstration effect, encouraging emulation of regional integration initiatives in other parts of the world.

Cooperation among countries of a particular region(s) for creating an exclusive economic group, or pursuing a broad based agenda within that group has become the norm of the day.

Both political and economic factors influence the formation of such groups. Even among those groupings which claim to focus solely on the economic agenda, there is a definite influence of political and other strategic factors. While formation of such regional groupings are not a new phenomenon, there has been proliferation of late, as they are an effective vehicle to address the challenges - social, economic, political - faced by nations which respect no national boundaries and can be dealt with through a coordinated effort only

Regionalism has been an important force in international relations since 1945. Most regional organizations that came into existence after the end of the Second World War dealt primarily with defence and security issues. With the passage of time, however, regional trading blocs have considerably gained importance.

Usually, regional organizations in the past have been inspired by very specific aims. Some regional organizations are concerned mainly with trade and economics; some are more concerned with defence and security whereas others are more concerned with the protection of cultural values.

In a globalized era, when countries are more concerned with absolute profits and the benefits associated with these profits, regional trading blocs have gained more importance with time, the most successful of which has been the European Union. Other regional bodies include the North Atlantic Free Trade Agreement (NAFTA), Latin American Free Trade Association (LAFTA), the Caribbean Community (CARICOM), the Organisation of African Unity (OAU), The Economic Community of West African States (ECOWAS), Southern African Development Community (SADAC) and Gulf Cooperation Council (GCC) and ASEAN.

Why exclusively talk of R-O and RTAs ?

Table1 showcases the various trade facilitation measures being implemented by the various Regional Trade agreement (RTA) and R-Os in the world. Table1 is created using the methodology developed by Neufeld (2014), the

focus of the examination of the trade facilitation content of RTAs in this report is restricted to the areas covered in the WTO Trade Facilitation Agreement (TFA).

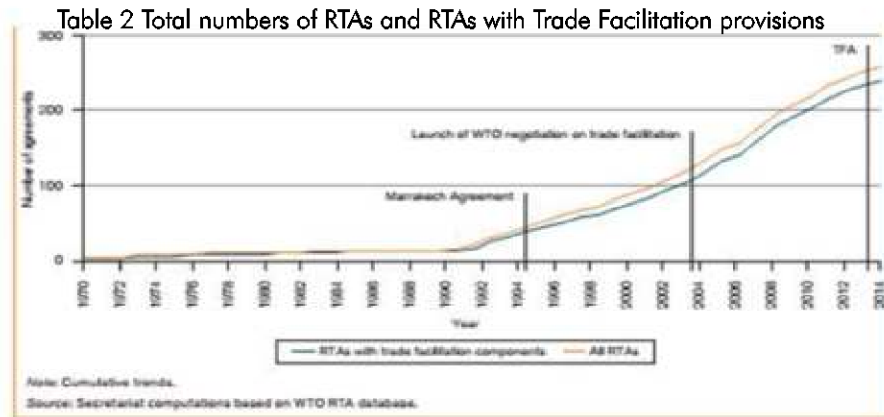
The scope is thus limited to a total of 28 areas listed in Table1:

Table1 Trade facilitation measures contained in RTAs by frequency of occurrence (per cent):

Rank	Measures	Occurrences in (% terms)
1	Exchange of custom-related information	72.5
2	Simplification/Harmonization of formalities/procedures	63.6
3	Cooperation in customs & other trade facilitation matters	63.1
4	Publication and availability of information	54.2
5	Appeals	46.6
6	Harmonization of regulations/formalities	42.0
7	Advance rulings	40.7
8	Publication prior to implementation	40.3
9	Risk management	40.3
10	Automatic/electronic submission	36.9
11	Disciplines on fees and charges connected with importation & exportation	35.6
12	Use of international standards	35.6
13	Opportunity to comment on the proposed regulations	32.6
14	Freedom of transit for goods	30.9
15	Enquiry points	30.1
16	Internet publications	29.7
17	Temporary admission of goods	25.8
18	Release times	17.4
19	Separation of release from clearances	17.0
20	Pre-arrival processing	16.5
21	Expedited shipments	16.5
22	Penalty disciplines	16.5
23	Authorized operators	14.4
24	Obligation to consult traders/business	10.6
25	Custom brokers	6.4
26	Post clearance audits	5.9
27	Single window	4.7
28	Pre-shipment inspection / destination inspection/post shipment inspections	4.2

Source: World Trade report 2015 (using the RTA databases)

Another aspect which requires attention is that this emphasis on Trade facilitation has occurred as a knee-jerk reaction, rather this has been a part of an organic growth wherein the „liberalization of trade mechanism „ has come to occupy the central position in the R-Os and RTAs. The same can be seen in the following table:



Another way of examining Regionalism is through the lens of the basic motivation themes:

The First being the place of development in the R-Os/RTAs: The premise of development being at the center of the regionalism initiative. Developmental regionalism tries to assess the equations between the macro-level regional relations & development-- eg. in Africa.

The Second being the trade & non-trade cooperation wherein the groups exhibit the varied relations between Trade - related cooperation (T) and non-trade cooperation (C). Now this relationship can be T-C or C-T, as has been found by Devlin (2003) while studying ASEAN and MERCOSUR.

The Third way can be the Economic structure based approach towards examining the R-Os: three types of regional integration can be identified based on economic structure: a) Industrialized regions characterized by high intra-regional interdependence (EU type), b) Developing regions without asymmetries characterized by high extra-regional interdependence and limited economic asymmetries (ASEAN and CARICOM: Caribbean Community type), and c) Developing regions with asymmetries characterized by high extra-regional interdependence and high economic asymmetries (Santibañez & Fink (2013)).

The above argument can be supported by enough evidence of trade creation and trade diversion in a number of R-Os over the last two decades. However, along with the same we also have enough literature to support a contrarian view wherein the regional cooperation as envisioned in original charter seems to have a sketchy presence on the ground. The reasons for this low degree of cooperation given vary according to the underlying theoretical assumptions (Korany 1999; Hudson 1999; Fawcett 2005). Neorealist approaches and dependency theories tend to focus on the huge power asymmetries between the states of the region and international players, which pursue their national interests in the region. Thus, internal splits, conflicts and lack of regional institution building are considered a product of external superpower

intervention, asymmetric economic integration with Europe and the US, and balance of power politics. This is especially true for South Asia where the regional cooperation has become a victim of the internal crisis of the big two members.

Focusing on South Asia:

The South Asian Association for Regional Cooperation (SAARC) was formed in 1985. The current eight members are: Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka. Afghanistan, Bhutan & Nepal are landlocked countries.

Observer countries are: Australia, Burma, China, and European Union (not a country but enjoys observer status), Japan, Iran, Mauritius, South Korea & the United States.

Purpose of the organisation was & remains collective economic, technical, social, & cultural development of member states.

Broad SAARC characteristics:

Moreover, the region is also a home of large number of people living below poverty line (around 70.9%), which is higher than Sub-Saharan Africa, and also has the problem of malnourished children, lacks basic education facilities, has weak infrastructure and low intra-regional trade. While on the other hand, India is World's largest arms importer in 2007-11 with 10% of all imports, Pakistan takes the third place with 5% on arms imports.

The region has experienced a growth rate of 5-6% in 2008-2010 despite a global recession and debt crisis in Europe.

The region also attracts a large number of remittances, its investment plans are driven by domestic savings.

SAARC characteristics:

1. Indian dominance India accounts for 75% of SAARC's population and nearly 80% of GDP, while the next largest SAARC member state accounts for about 11% of each. India also holds an overwhelming advantage in military power over all other SAARC members combined.

2. India shares borders with all other member states (except Afghanistan and the Maldives), while no other member (except Pakistan) shares a border with any country other than India
3. Nepal and Bhutan, are land-locked and depend on India for transit outside world. Another member, Bangladesh, has direct access to international seas from one side but is surrounded by India on all other sides.
4. Large number of unresolved bilateral disputes among members that mostly involving India. However the position of India also offers it the binding role for the region. Hence India remains the "rue fulcrum" for SAARC initiative.
5. A recent IMF study looks into how India's growth affects the growth of its immediate neighbours. The study found that the spill-over effects of India's growth to other SAARC countries were positive, but low (Ding and Masha 2012)

With above background the proposal to create a regional arrangement was mooted by Bangladesh in late 1970s-1980s which ultimately led to the creation of SAARC in 1985. The idea was to target regional stability and peace, and improved inter-state relations, more than the promotion of trade among member economies. In the 1970s, when efforts to launch an RCA/R-O were initiated, South Asian nations were committed to the goal of self-sufficiency through import substitution. Hence, trade was probably not very high on their agenda. More likely, the region's smaller states wanted a bulwark against the threat of real or perceived dominance by India more than they sought access to markets in India and Pakistan.

Assessing SAARC's success it is imperative that we glance at the major changes in the region during the last 31 yrs where SAARC has been around.

The following listing lays out the broader changes in this context:

1. The region has gone nuclear with two biggest states asserting their nuclear power. in the late 1990s
2. One major ethnic conflict which had transformed into Terrorist activities, too has subsided in the form of the end of LTTE
3. The Economic revival and growth of India, in particular has caught the attention of the world twice in this period once, in early 2000s and then in post 2013 period. - with the nation registering healthy growth rates inspite of the global slowdown.
4. The political structuring of the governments has also swung from a single-party governance to multiparty/coalition governance structure and back.
5. The role played by erstwhile Bi-polar power has seen a drastic change, with the Soviet Union fading away, being replaced by Russia (which now fishes with never

partners in South Asia) and USA (which now tries to balance an old military pact with Pakistan, while offering greater importance to India in economic spheres)

The Issues at hand:

Issues of interoperability of R-O concept in SA:

- (a) Is South Asian regionalism legally mandated to intervene in conflicts ?
- (b) Is SA trade liberalism likely to achieve the reduction in terror cases?
- (c) Is cooperation in terror/trade disputes resolution smooth in SA?

The answers are mostly No.

First, security concerns about India did not abate as India is unable to engender enough confidence and trust among its neighbours about its commitment to non-interference and peaceful resolution of bilateral disputes. The changing relations in SAARC (minus Pakistan) since does offer some hope but its still too soon to call it in.

Second, the trade liberalism as it was envisioned in 1980s has not happened, inspite of SAARC's attempt to fast-track trade liberalization among members under a Preferential Trading Arrangement (SAPTA) which can at best be called a half-baked pie of regional trade liberalization. The introduction of SAFTA in 2006 is one of the most significant achievements of SAARC. The SAARC Secretary General observed in 2009 that SAFTA creates an enabling basis, hitherto non-existent, for regional trade in South Asia. SAFTA thus has the potential to drive SAARC economies towards building a tariff-free trade regime in South Asia. Moreover, tariff liberalization in goods trade under SAFTA can be expected to be accompanied by the similar liberalization of trade in services and investment activities, and in general contribute to accelerated deepening of cooperation and integration in South Asia. However the data does not seem to support the enthusiasm of the member states, - the case in point being the handling of 'negative lists' by the eight member nations.

Third, the pace of trade liberalization and expansion in the region remains heavily governed by inter-state relations among SAARC members, particularly those between India and Pakistan. Both countries continue to maintain special lists and restrictive trade policies and practices against each other, effectively negating the prospects of major trade expansion under SAFTA.

The tables in the subsequent sections also tries to summarize and compare the major R-Os and their domination by single player(s):

Table 3 Dominant powers in selected Regional groupings

Name of the Regional Cooperation scheme	Year Signed	Dominant Power	Outcome
NAFTA	1992	<p>USA</p> <ul style="list-style-type: none"> • US accounts for nearly 85% of NAFTA's GDP • US has more than double the combined population of the other 02 members. • US military strength is unmatched in region 	<ul style="list-style-type: none"> • Relatively successful • Role of US serves as an institutional focal point and regional paymaster
ECOWAS	1975	<p>Nigeria</p> <ul style="list-style-type: none"> • At formation of this grouping Nigeria accounted for 65% of the region's GDP, Now it accounts for more than 42% • Nigeria has 54% of the region's total population • Has the strongest military, in region. 	<ul style="list-style-type: none"> • Relatively stagnant • Nigeria's domination is challenged by other members • Coordination dilemma persists
CIS	1991	<p>Russia</p> <ul style="list-style-type: none"> • Accounts for nearly 68% of the region's GDP • Has more than 50% off the region's population • Has the strongest military in the region 	<ul style="list-style-type: none"> • Limited growth • Lack of mutual trust among members issues with Russian leadership
COMESA	1993	<p>Egypt</p> <ul style="list-style-type: none"> • Accounts for nearly 49% of the region's GDP • Has the highest population, more than 20% of the combined population of the other bloc members • Has an military edge in region. 	<ul style="list-style-type: none"> • Limited growth • Low confidence on Egyptian leadership • Coordination dilemma persists • Other claimants for the leadership are emerging slowly.
SAARC	1985	<p>India</p> <ul style="list-style-type: none"> • Accounts for nearly 70% off the region's GDP • Has a huge population edge • India's conventional military strength is unmatched in region. 	<ul style="list-style-type: none"> • Limited growth • Coordination dilemma persists • India's leadership is always contested by Pakistan • Lack of trust in general, and esp. between biggest members India & Pakistan
Source: Compiled from World Bank dev. report(s) and the Military balance 1999-2005			

Table 4 South Asia- selected Indicators 2009-2010 average

	Imports from India (as share of total imports)	Exports to India (as share of total exports)	GDP (US \$ Billion)	GDP per capita (US\$)
Afghanistan	5.3	22.4	10.6	517.0
Bangladesh	13.9	2.2	89.4	636.0
Bhutan	41.4	93.5	1.	1978.0
Maldives	8.9	21.5	2.2	6363.0
Nepal	56.7	56.5	12.5	652.0
Pakistan	5.7	1.3	166.5	1050.0
Sri Lanka	23.6	5.3	42.0	2435.0
Memo	Trade with SAC , as per cent of total			
India	0.6	4.7	1310.2	1265.0

Source: IMF World economic Outlook (2012)

The Alternate version:

Tables 5, 6 showcase the performance of South Asia as creator of greenfield investment and also as the destination of the same.

Table 5 Announced Greenfield FDI projects by Industry 2013-14 (in Million US\$)

Sector/Industry	South Asia As destination		South Asia as Investor	
	2013	2014	2013	2014
Total	26368	38957	15955	14220
Primary	22	311	43	11
• Mining, quarrying, petro	22	311	43	11
Manufacturing	10919	14223	7085	6879
• Textiles, clothing, leather	397	431	104	1037
• Coke,petro products, and nuclear fuel	44	1057	81	2645
• Metals & metal products	589	1364	885	369
• Motor vehicles & other transport equip.	1971	4270	2791	933
Services	15427	24423	8827	7331
• Electricity, gas, water	2044	6701	2756	250
• Transport, storage, communications	3644	5936	2185	784
• Finance	3378	5216	861	793
• Business services	2710	3389	2079	1179
Source: UNCTAD 2015				

Table 6 Announced Greenfield FDI projects by Region/Country 2013-14 (in Million US\$)

Region/Country	South Asia As destination		South Asia as Investor	
	2013	2014	2013	2014
World	26368	38957	15955	14220
Developed Economies	19282	23129	4134	2856
EU	7384	7358	2587	1503
Germany	2061	2074	491	31
UK	2470	1146	1718	530
USA	5405	8489	1314	744
Japan	297	3129	45	13
Developing economies	7011	15724	10952	11079
Africa	637	107	5482	1366
Asia & Oceania	6355	15586	4755	9202
China (PRC)	884	6079	506	137
Latin America & the Caribbean	20	30	715	510
Transition Economies	74	104	870	285
Source: UNCTAD 2015				

A quick glance at the table is enough to highlight that certain sectors remain attractive enough for investment over the years, in spite of being close to a conflict zone and also the year of 2013 is just a case of recovering economies, at the global level.

Tables 7 & 8 highlights the investments in Bangladesh in 2014 in selected sectors and also from the showcases the origin & identity of the investing entity; and announced automotive greenfield investments in South Asian nations in 2014.

Table 7 ten Largest Greenfield projects in Bangladesh, 2014

Industry	Estimated Capital expenditure (as Million US\$)	Investor	Home Country
Oil & Natural Gas	1048	Chevron Bangladesh	USA
Communications	107	SEA-ME-WE5	Singapore
Communications	107	Verizon Communications	USA
Paper, Printing & Packaging, converted paper products	107	Britannia Garment Packaging	UK

Chemical , paints, coatings, , additives & adhesives	81	Asian Paints	India
Transportation, freight/distribution, services	70	Pacific International lines	Singapore
Transportation, Air transportation	70	Emirates SkyCargo	UAE
Building & Construction material	64	Holcim	Switzerland
Medical devices	63	Telstar	Japan
Transportation, freight/distribution, services	61	TNT express	Netherlands
Source: UNCTAD, based on inputs from Financial times Ltd , FDI Markets			

Table 8 South Asian countries, other than India: Announced Greenfield investments in automotive industry 2013-14

Host nation	Industry	Estimated Capital expenditure (as Million US\$)	Investor	Home Country	Year
Bangladesh	Light trucks and utility vehicles	227	Mahindra & Mahindra	India	2013
Nepal	Heavy duty trucks	200	Global Autotech	Rep. of Korea	2014
Pakistan	Automobiles	200	Honda Atlas Cars Pakistan	Japan	2013
Sri Lanka	Automobiles	03	Toyata lanka	Japan	2013
Source: UNCTAD, based on inputs from Financial times Ltd , fDi Markets					

Another aspect which becomes relevant here is the current share of these nations in global exports as exhibited by the Table 9. With significantly low share, which has almost stayed the same, proves that in spite of noble intent the regional performance hasn't seen any significant change.

Table 9 share of world exports to developing Asian countries. (in percentage share)								
	1995	1998	2000	2003	2006	2008	2009	2010
ASEAN-4	6.2	7.3	7.1	7.4	7.4	7.4	7.6	8.7
China	2.3	2.6	3.0	4.0	5.4	6.4	6.9	7.1
India	.8	.9	.8	1.3	1.5	1.4	1.6	1.7
South Asia*	.3	.4	.3	3.	.4	.3	.3	.3
Source: Compiled from IMF-direction of Trade Stat (2010) and World Eco.Outlook 2012 * excluding India, Afghanistan & Bhutan not reported ASEAN-4 means Indonesia, Malaysia, Philippines, and Thailand.								

Table 10 Energy demands of SAARC in 2020

Nation	Electricity (in Million Kilowatt hours)	Oil (in Million tonnes of Oil equivalent)	Gas (in Million tonnes of Oil equivalent)
Afghanistan	3897	3.4	0.9
Bangladesh	72791	11.6	44.0
Bhutan	6876	0.6	0.0
Maldives	1571	1.6	0.0
Nepal	8076	1.6	0.0
Pakistan	251039	30.9	72.7
Sri Lanka	23876	7.8	0.0
India	1755685	246.9	101.8

Source: South Asia Initiative for Energy 2011; and Tripathi 2011

The table 10 shows that Energy demands for South Asian countries, in the forecasted form. And it here that intra-region trade might come in handy especially for smaller states like Nepal & Bhutan, which would be well advised to work closely with India.

Reality check:

At present, intra-SAARC trade is quite low as compared with that of ASEAN. Plus growth of intra-regional trade in SAARC has remained at a low level due to considerations other than economic issues. Some of the impediments that are slowing aforementioned process are:

- Lack of adequate physical infrastructure which hampers SAARC global competitiveness.
- High level of protectionism existing among SAARC countries.
- High tariff and non-tariff barriers.
- Unfavourable Rules of Origin.
- Lack of harmonization of customs and other procedures, mutual recognition of certificates and standards and trade facilitation measures.
- High barriers to FDI.
- High cost of trading across borders, i.e. high level of protection.
- Procedural formalities are cumbersome.
- Low level of cross-border energy trade with the exception of Bhutan, India and Nepal.

However the counter argument of learning from other successful R-Os leaves more questions than it provides the answers especially along the following lines.

EU being the biggest poster child of regional integration efforts deserves the first evaluation:

1. Europe offers important lessons to South Asia as they relate to the transition from economic cooperation towards economic integration
2. At present, there is very little regional economic integration in South Asia. the prospect for a shared monetary policy in South Asia is at best remote.
3. The creation of the Euro, like currency, though a great idea seems far too remote as the earlier discussions on "Asian common currency" in early 2000s have already collapsed.
4. Some have called for - enabling of political integration mediated by the creation of a SAARC parliament type of structure- This advice is even more wishful as in South Asia wherein the differences between member states reign supreme, plus two nuclear powers would seldom allow the creation of a quasi or real supranational organizational structure.
5. Replicating frictionless environment for the free movement of people, goods and services, and capital across the region like in EU - isn't as easy as it is made out to be- simply because harmonizing procedure along these sectors of activities, requires data collection, categorization , and sharing among member states, which seems too good to be true, given the history of distrust in South Asia.

However, this paper does refrain from relying too much on EU, mostly because (i) the sudden Brexit referendum result brought about a sense on confusion in both Britain and the rest of EU (ii) the long delayed agreement on Brexit deal between Britain and EU is a testament to the uncharted territory that this Brexit event has dragged the EU into. The reactions from EU to repeated and delayed renegotiation approach means that the EU as a regional body also is grappling with a unforeseen scenario. It is thus contingent

on the researcher to not overtly rely on EU for the purpose of this paper. Whether the European Union (EU) will emerge strengthened by the departure of its most awkward member, or else be greatly weakened and potentially even collapse - is the question on which the jury is still out.

ASEAN being the other poster child of integration and our regional neighbour offers much greater inputs as compared to EU:

1. ASEAN's success with Eco. diverse members needs careful evaluation, especially when it has quite successfully handled the distancing economic efforts from historical "hotspots" in ASEAN.
2. Success in FTA and trade facilitation in ASEAN
3. ASEAN's better track record even without a centrally mandating supranational body at its core needs attention.
4. Success with handling multiple crises (health/currency/migration) has deep lessons for SAARC.

Recommendations for South Asian efforts:

1. Do we necessarily need tried & tested models of R-Os': The paper recommends that a new hybrid type R-Os is more suited towards achieving sustainable success in regional efforts. The emphasis on older R-Os models does offer learning however these lessons seldom remain relevant in a ICT influenced, fast paced environmental changes. The newer challenges towards the R-O and RTAs in present decade, creates enough pressure to look for newer solutions.
2. Economic integration centered models with clear and faster spillover may find more takers.
 - a) Explore the possibility of SEZs driven Economic Development at Regional level: Could the shared resource model under SEZ space be the solution ?
 - b) Addressing of security aspects in more pronounced manner by the dominant state.
 - c) Bold moves on lines of Trans-Pacific Partnership (TPP) like initiatives.
3. Greater interaction with ASEAN as a whole and Myanmar in particular could be the key to SAARC in future.
4. Exploitation of intra-regional initiative like BBIN, (Bangladesh, Bhutan, India, Nepal) Initiative a sub-regional architecture of countries in Eastern South Asia); might offer a new lifeline towards resuscitating the SAARC.

The paper started with the question that is the conventional R-O model arriving at an extinction stage, and by the end

of the paper would try to be adventurous enough to suggest that in might not be a bad idea to look at a new hybrid model's evolution, which will anyways be facilitated by the changes in overall macro-economic and political environment at both global and regional levels. This will create newer pressures and demands for a more responsive and robust R-O structures. The rapidly evolving political economy of trade liberalization will also necessarily play a role here, and with the emergence or rather the re-emergence of "right-wing" political players in multiple nations, who would invariably be "protectionists" in their outlook would speed up this need to examine.

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