

50 APEC ASEAN &

SAARC

Q:1 Explain the Role of APEC in achieving economic integration?

(A) Asia-Pacific Economic Co-operation (APEC) :-

The Asia-Pacific Economic Co-operation is an inter-governmental forum for 21 member economies that promotes Free Trade through out the Asia-Pacific region.

These 21 member countries consist 40% of world's population, nearly 54% of world's GDP and 70% of economic growth in first 10 years.

APEC forum was established in 1989 to promote Sustainable economic growth and prosperity.

(B) Achievements and Benefits :-

1. Economic Growth :- APEC has become a dynamic engine of economic growth. APEC countries have generated about 70% of global economic growth. Due to reduction in Tariff and Non-Tariff barriers, APEC has become more efficient and exports have increased continuously.

2. Growth in Trade :- Since 1994, Total Exports from industrialised APEC countries to other APEC countries have more than doubled. while import have become three times. The 8 developing countries have increased their

exports by three times and imports have doubled.

3. Reductions in Tariffs :- APEC has reduced tariff rates for most of industrialised and developing countries. Average Tariff rates are applied for some sensitive sectors like - Agricultural Products, Footwear, Textiles etc.

4. Rise in Investment :- Most APEC members have taken efforts to Liberalise Foreign Investment. During the Global Financial Crisis, APEC countries increase stock of Foreign Direct Investment. Investment Facilitation Action Plan (IFAP) was prepared to promote transparency, simplicity in the Policy. It also helped to create suitable administrative environment for Investment.

5) Reduce Non-Tariff Barriers :- APEC members have reduced Non-Tariff Barriers (NTBs). NTBs means restricting import through measures other than Tariffs. Example - Import Quotas, Bilateral Quotas, Mixing Quotas, Voluntary Export Restraints (VERs), Foreign Exchange Controls, Domestic Subsidies etc.

6) Reduce barriers in Service Sector :- Many APEC members have made Commitments on Services in their countries. many countries have reduced restrictions in Service sectors.

7. Wider Co-operation :- APEC member countries have increased their Co-operation

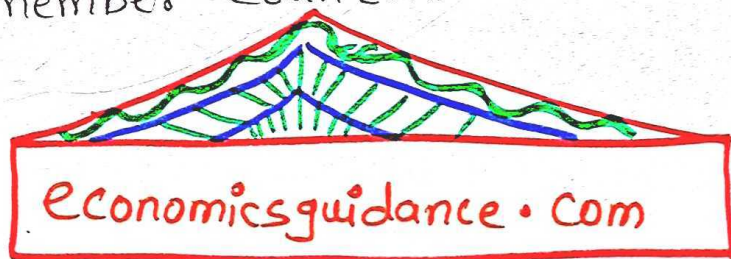
with related to new areas like - health issues and Terrorism. All APEC members have worked Collectively for various economic and social issues like - Global Financial Crisis, Terrorist Attacks, spread of bird Flu, the Indian Ocean Tsunami etc.

8. Economic and Technical co-operations :- APEC began to work with more than 1200 projects. At present, network of 41 APEC Digital Opportunity centres - **ADOC** are working in seven member countries. These centres act as Information and Communication Technology - **ICT** resource centres which provide best Technical support to people and businessmen.

© Challenges and Future Prospects :-

- 1) APEC should reduce the trade barriers in other areas where too much protection is followed.
- 2) APEC should provide more focus on structural reforms and provide more facilities to industrial economies.

① Conclusion :- APEC is an economic powerhouse and efficient global engine of growth. APEC have more strength in diversity of its network. It should give more efforts to this network through co-operation among member countries.



Q:2 Explain the prospectus of Economic integration with reference to ASEAN?

(A) Association of South-East Asian Nations -

ASEAN :- The ASEAN is a regional intergovernmental Organisation which involve - 10 South-east Asian countries. The ASEAN Promotes inter governmental co-operation and helps in economic, Political, security, military, educational and Socio cultural integration among Asian countries.

The ASEAN was formed with signing of Bangkok Agreement on 8th August - 1967 by six countries i.e - Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand.

But Now there are 10 members with inclusion of four countries i.e - Vietnam, Myanmar, Cambodia and Lao PD Republic

Foreign Trade is the Life blood of ASEAN countries.

Beside 10 member countries of ASEAN, There are Six dialogue partners like - China, Japan, India, South Korea, New Zealand and Australia.

(B) Achievements of ASEAN :-

1. Peace and Stability :- The main aim of ASEAN to maintain Peace and stability among member countries which help the individual member countries to concentrate on promoting economic growth and modernisation.
2. Increase in GDP :- At present, ASEAN has a total market of about 600 million people and GDP has increased more than US \$ 1.8 trillion.

3. Food Security :- ASEAN member states signed the Agreement on ASEAN Food Security Reserves in 1979. Each ASEAN member should establish ASEAN Emergency Rice Reserves (AERR) within its national border.

Two main Projects are implemented by ASEAN members

- i) - East Asia Emergency Rice Reserve - EAERR
- ii) - ASEAN Food Security Information System

4. Food Safety :- ASEAN has developed the ASEAN Food Safety Network website - (www.aseanfoodsafetynetwork.net). It provide very useful information on food safety and various issues in the international standard setting bodies etc.

5. Political Co-operation :- Since 1967, ASEAN members have established better political relations which maintain regional peace and prosperity. In 1994, The ASEAN Regional Forum (ARF) was setup to -

- i) To promote the confidence among member countries
- ii) To development of prevention Diplomacy
- iii) To Settlement of Disputes among members.

6. Economic Co-operation :- The ASEAN Summit in Singapore in 1992, started - ASEAN Free Trade Area (AFTA). It remove Tariff and Non-Tariff barriers to promote economic efficiency, productivity and healthy competition. At present ASEAN economic co-operation covers many important areas like → Trade, Industry, Investment, Service, Finance, Agriculture, Forestry, Energy, Transportation, Communication, Tourism, Intellectual Property, small and medium

Enterprises

7. Reduction in Tariffs :- On 1st January, 2005, tariffs on various goods and services traded have been reduced. More than 60% products have zero tariffs and on other goods have tariff upto 5% only.

8. Expanded Co-operation :- ASEAN countries have expanded its co-operation on different areas like - Politics, security, economy, Trade, Cultures, Science, Technology and environment. ASEAN members have also expanded its relations with external partners for Peace, stability and mutual benefits.

(C) India and ASEAN :- India's relationship with ASEAN started in 1992 when India became a dialogue partner of ASEAN.

The ASEAN and India Free Trade Area came to effect on 1st January, 2010. ASEAN countries and India have removed tariffs on more than 80% traded production between 2013 and 2016. At present, ASEAN and India are working towards Trade in Services and Investment Agreements.

Reasons Why Free Trade Agreement with ASEAN will boost India's Trade :-

- i) It will offer more facilities to ASEAN market for India.
- ii) India's Export level will increase at Lower Cost with ASEAN countries

- iii) The total Population of the ASEAN Market is around 500 millions which provide a Large market for Indian businessman.
- iv) As the middle class Population is on the rise in ASEAN Region which can provide better Future for India.
- v) India's Export to ASEAN were only 10% in 2007 but there is a good market for Leading Export items.
- vi) India's imports from ASEAN was 9.5% in 2007 but it has increased at slower speed.

(D) Future Prospectus :- India and ASEAN Countries have a great scope in future. India has continuously become a dialogue partner with ASEAN countries. It will help to increase their trade in goods and services and investment.

Q:3 Explain the achievements and the Program of Economic Co-operation among SAARC Countries?

(A) SAARC - South Asian Association of Regional Co-operation :- SAARC was created in 1985, by Eight member countries as a regional co-operative framework. Its members are - Afghanistan, Bangladesh, Bhutan, India, Nepal, Maldives, Pakistan and Sri Lanka. Its headquarters is in Kathmandu - Nepal.

(B) Achievements :- In the past 26 years, due to joint efforts of member countries, SAARC has made

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Commendable achievement in reducing Poverty, improving energy co-operation, Food Security, Promoting trade, improving social welfare and educational opportunities.

Important Achievements are :- →

1. Mutual Trust :- SAARC has played a very important role in building Mutual Trust among member countries. All member countries bring together their Political Leadership and government systems.
2. Free Trade Area :- Creating a Free Trade Area is an important achievement of SAARC. Politically SAARC is very important agreement for economic growth and development.
3. Project based Co-operation :- SAARC Development Fund was set up at 15th Summit in Colombo in 2008. This fund will be useful as an Umbrella financial institutions for all SAARC Projects and Programmes. It includes Three windows like —
 - The Social Window
 - Infrastructure Window
 - Economic window
4. SAARC Social Charter :- The member countries of SAARC have taken Legislative, Executive and administrative measure to improve social standard

OF living of People in areas of - Education, Health, Human Resource Development, Poverty Reduction, Women Development, Stable Population, Youth mobilization
Main aim of this charter is to bring Social change in the living conditions of SAARC countries.

5. Environmental Action Plan :- SAARC countries put several efforts to Control Pollution, to Conserve water resources and environment. They also keep ready to deal with natural calamities.

6. SAARC and ADB :- SAARC and Asian Development Bank - (ADB) have signed a Memorandum of Undertaking (MOU) in 2004. It has improved Co-operation between SAARC and ADB. It has also improved financial position of SAARC members.

C] Future Prospectus :- For future Prospectus of SAARC, the member countries have to give importance on following measures -

- 1) Regional Co-operation.
- 2) To create Mutual Trust and Confidence.
- 3) Need to Reduce the sensitive list Under SAFTA - (South-Asian Free Trade Area)
- 4) Act as Peace broker (negotiate) in the Country.

D] Criticism/Limitations of SAARC :-

1. **Omission of Commodities :-** There are many

Commodities which have been not given tariff benefits by SAARC.

2. Commodities not traded :- SAARC members have given trade concession on many commodities but number of goods were not actually traded on which concessions have been given especially by Pakistan and India.
3. Bargain for Tariff :- Member countries of SAARC often bargain for removal of tariff on every traded commodity.
4. Trade Liberalisation Barrier :- SAARC provide trade concession under SAPTA - South Asian Preferential Trade agreement. It became a great barrier to Trade Liberalisation because when concessions are given on wider scale then it is not possible to convert SAPTA into SAFTA (South Asian Free Trade Agreement).
5. Tariff Concessions :- Some member countries of SAARC are not interested to grant Tariff Concession due to Lack of Trust.
Example :- Pakistan is not willing to grant Most Favoured Nation status to India.
6. Non-Tariff Barriers :- Few member countries of SAARC impose Non-Tariff barriers which affect the trade and production.
Example :- Import Quota restrictions, restrictions on Licenses etc.

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7. Lack of Transport facilities:- Regional Trade has not increased in India, Pakistan and Bangladesh due to - Lack of better and cheaper Transport facilities.
- High Transit Duties.
- Insufficient water Transport facilities etc.

8. Lack of Banking facilities:- Improved and efficient banking facilities are not available which affect on investment or delay in payments. All this will create many trade barriers.

9. India's status:- SAARC members are always afraid of India's superior status as India have Largest natural, Financial, Technical and human resources in the region. Thus India's better Potential Power is the great issue for SAARC members.

10. Hostility (Feeling against) between India and Pakistan:- Both India and Pakistan are the members of SAARC and SAFTA but Terms of Trade were not fair between them

(E) Conclusion:- SAARC achieved many challenges due to better economic and Political environment among member countries. Still more efforts are required by all the member countries to make the SAARC as an effective economic region.

