

# A renewed political commitment to regional cooperation must be a priority for South Asia

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SunakhariNews/ Kathmandu – While the COVID-19 pandemic has exacerbated powerful trends towards de-globalization, looking inwards by abandoning regional cooperation is not a solution for the South Asian countries and an improved connectivity and cooperation through renewed political commitment to regional and sub-regional initiatives can benefit the region and engender the much needed reforms in multilateralism and globalization, according to the experts in a virtual meeting organized by South Asia Watch on Trade, Economics and Environment (SAWTEE) in association with Biruni Institute, Afghanistan; Centre for Policy Dialogue (CPD), Bangladesh; Research and Information System for Developing Countries (RIS), India; Sustainable Development Policy Institute (SDPI), Pakistan; and Institute of Policy Studies of Sri Lanka (IPS), Colombo.

A prominent panel of speakers offered their insights on the future of intra-regional and extra-regional integration in South Asia, initiatives needed to harness the potential of intra-regional supply chains, dealing with an increasingly digitalized world, and how South Asia could navigate the apparent changes in the global order, in the second virtual meeting titled “Future of Globalization: Outlook for South Asian countries”. In his keynote speech, Dr. Baikuntha Aryal, Secretary (Commerce) at the Ministry of Industry, Commerce and Supplies, Nepal, asserted that enhancing mutual trust is the fundamental factor needed to deepen regional integration in South Asia in a way that produces tangible outcomes. Dr. Aryal offered way- forward for deepening regional integration in South Asia, which includes, “establishing strong supply chains, improving trade infrastructure and connectivity, following the regional growth patterns carefully, embracing the use of digital technologies, improving the business environment, and improving mutual cooperation”.

Other speakers highlighted that a complete reversal of globalization is not possible and hence South Asian countries should treat the current crisis as an opportunity to improve their regional and sub-regional approaches and reshape the multilateral initiatives to make the globalization more beneficial to them. Prof. Sachin Chaturvedi, Director General at Research and Information System for Developing Countries (RIS), New Delhi, emphasized that the current regional integration approach in South Asia has been a hostage to an obsession of economists with trade integration at the expense of other valuable linkages. “The time has come to go beyond this paradigm and give more credence to people-to-people contact and enhance production networks” mentioned Prof. Chaturvedi. He also mentioned that multilateralism is essential for South Asia’s progress but some reforms in institutional mechanisms, either at regional or sub-regional level, might be necessary.

Dr. Fahmida Khatun, Executive Director at the Centre for Policy Dialogue (CPD), Dhaka, stressed that while the nature of globalization may change, a complete reversal is not possible. “Degrees of inter-dependence may change and densities of trans-boundary interactions may take a different characteristics in the post-COVID world, but we cannot think of a world that is not interdependent in one way or the other,” maintained Dr. Khatun. She further highlighted that a number of trans-boundary issues will be important for regional cooperation—primarily, reduction of poverty, dealing with climate

change issues, dealing with increased use of technology brought by the impending 4<sup>th</sup> Industrial Revolution, among others.

Ms. Subhashini Abeysinghe, Research Director at Verite Research, Colombo, mentioned that even with the ongoing US-China trade war, it is not going to be easy to unplug these supply chains that have been built for decades; hence globalization might undergo some changes but will remain an important force.

Ms. Abeysinghe also emphasized the need for economists and policy makers to be more sensitive to ground realities as insensitivities towards people directly affected have been the main source of backlash against regionalization and globalization. Similarly, she highlighted the need to build confidence and trust, for instance through reducing non-tariff barriers, to deepen the regional integration in South Asia.

Additionally, the speakers discussed several issues such as attracting foreign investments; labour migration and remittances; opportunities and challenges associated with digitalization; among others.

SAWTEE, in association with other prominent think-tanks in the region, has been hosting a series of virtual meetings from 22 September to 16 October to deliberate on various socio-economic aspects of the COVID-19 pandemic, how they relate to South Asia and what should be the future course of action for South Asian countries.