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Why does South Asia remains the least integrated region in the world? What lessons can SAARC draw from the EU and ASEAN experience in regional integration?

Introduction:-

Despite being a region that has some of the most populated countries (i.e India and Pakistan) and diverse resources, South Asia remains the least integrated region in the world. This is mainly due to geopolitical rivalries, economic asymmetries and infrastructural gaps between the countries of the region. SAARC is one regional organization that can provide a mechanism for integration of the region. Drawing from the experience of EU and ASEAN, SAARC can focus on free trade agreements between all parties, integrate the regional via physical infrastructure and create uniform custom procedures. Commitment to project completion and respect of all parties is also a lesson that SAARC can learn from these two.

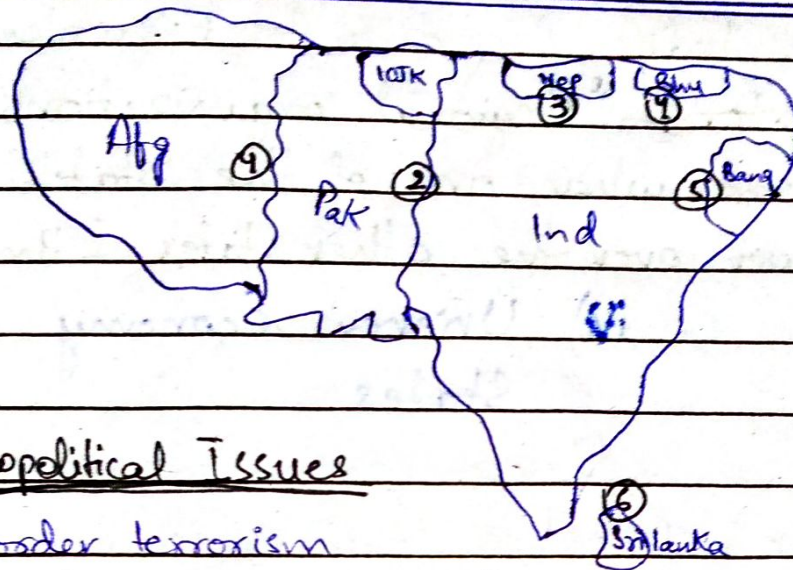
2) Reasons for South Asia's Poor Integration :-

South Asia is a sub-region of Asia that extends from Himalaya in the North and Indian Ocean in the South. The region is dubbed as the least connected region in the world and although it has a potential for trade and business three times higher than it currently is, there is little effort to connect the region. Let's explore a few causes:-

i) Geopolitical Rivalries

This is perhaps the biggest hurdle for South Asia's integration. All countries are entrenched in long-held geopolitical issues with India and Pakistan being the hotspot for these rivalries. Infiltration of terrorist in and out of Pakistan via Afghanistan border is a critical issue. Border skirmishes between religious groups in Iran and Pakistan also occur occasionally. India also has border disputes and resource distribution issues with Nepal and Bhutan.

Geopolitical Issues in South Asia



Major Geopolitical Issues

- ① Cross-border terrorism
- ② Kashmir Issue/Terrorism
- ③ Kalapani Issue
- ④ Border Settlement
- ⑤ Resource Distribution Issues
- ⑥ Insurgency

ii) Infrastructural Gaps

Due to geopolitical issues, most of the infrastructural ^{projects} ~~gaps~~ fail to achieve completion. There are either no such projects for years and the ones that do get approval fail mid-way.

Case in point:- TAPI project is an ambitious infrastructural project but is facing delays due to economic crisis in Afghanistan.

iii) Hegemonic Aspirations of India

For a region to develop interconnectedness under a regional

platform, all parties need to act equitably. That however is not the case with India. According to FP writer, Thomas Thornton: "Regional organizations cannot succeed when one of the states has more power over the other states of the region."

ii) Uneven Economy of States.

Uneven economic condition of the states is another cause of poor integration. BOP crisis in Pakistan and Afghanistan and the recent economic struggles of Sri-lanka highlight this factor. The delayed progress of TAPI project shows how poor economic conditions in a state can affect regional integration.

v) High Shipment Costs.

High shipment cost and non-uniform custom rules also hinder trade in South Asia. Compared to the OECD countries the cost of cargo deliveries in South Asia are much higher which discourages traders from cross-border trading.

vi) Lack of People to People Connection:

Political tension between India and Pakistan, India and its eastern neighbours and ethnic and security issues between Afghanistan are the reason why the people

to people connection is very limited.

3) Why EU and ASEAN Serve as Example for Regional Integration?

Both EU and ASEAN are successful regional organization. EU is currently second largest in terms of GDP while ASEAN has a collective GDP at 5th position (IMF, 2025). Here are a few of their trade policies / practices that serve as an example.

EU	ASEAN
• Free market • Common Trade Policy • Reduced Internal barriers • Harmonized Custom laws	• ASEAN Free Trade Agreement (AFTA) • Internal Dispute Settlement Mechanism • Treaty of Amity & Cooperation

4) Lessons for SAARC :-

Despite being a decades old organization, SAARC has done little to connect the region and provide mechanism to boost intra-regional trade. However, it can be revitalized on the basis of lessons drawn from EU and ASEAN.

i) Creation of Free Market

This the basic characteristic of both EU and ASEAN. Both allow free flow of good, services and finances. EU even allows people to

live, study and work anywhere within EU borders. SAARC can emulate Free Trade Agreements like these. The FTAs under SAARC are currently only bilateral.

ii) Harmonize Custom Law

Both EU and ASEAN have harmonized their custom rules to reduce bureaucratic hurdles and improve the flow of goods. SAARC can work on similar custom laws.

iii) Ensure High Spending on Infrastructure

Both EU and ASEAN plan to elaborate physical and technological connectivity projects. SAARC needs to bolster its spending on infrastructure too.

iv) Operationalize SAARC Development Fund for Sustainable Development

SDF needs to be operationalized on priority basis. This fund will help poor countries of the region by improving their education, health and food security outcomes.

v) Booster People to People Interactions:

SAARC has so far failed to boost people to people interaction. From the experience of EU and ASEAN, we can see that relaxed visa policy and free-border movement is crucial for regional integration.

vi) Operationalize a Strong Dispute Settlement Mechanism

SAARC's article 10 doesn't allow bilateral issues to be discussed on the platform. But the success of EU & ASEAN tells us that such articles should be amended and SAARC should come up with strong internal dispute settlement mechanism.

5) Conclusion:-

South Asia is the least integrated region of the world due to the failure of organizations like SAARC to integrate and connect economies of its states. Learning the lessons from successes of EU and ASEAN, SAARC can turn itself into a hub of integration to booster trade and connect people.