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## International Relations and Regional Cooperation in South Asia: Challenges, Opportunities, and Policy Directions

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| ARTICLE DETAILS                                                                                                                                                                                                                            | ABSTRACT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
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| <b>History</b><br><b>Revised format:</b><br>Oct, 2022<br><b>Available Online:</b><br>Dec, 2022<br><br><b>Keywords</b><br>South Asia, regional cooperation, SAARC, BIMSTEC, regional security, economic integration, connectivity, Pakistan | <p>South Asia possesses substantial economic, demographic, cultural, and strategic importance, yet it remains one of the least institutionally integrated regions of the world. Despite geographical proximity, shared historical experiences, interconnected river systems, common environmental vulnerabilities, and considerable opportunities for trade, regional cooperation has repeatedly been constrained by interstate disputes, security competition, political mistrust, weak institutional structures, and domestic instability. This article examines the relationship between international relations and regional cooperation in South Asia, with particular attention to the South Asian Association for Regional Cooperation, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, bilateral arrangements, and emerging subregional initiatives. It applies insights from realism, liberal institutionalism, constructivism, and regional security complex theory to explain why cooperation has remained limited despite strong functional incentives. The analysis finds that India–Pakistan rivalry, asymmetrical power relations, restrictive trade policies, insufficient physical connectivity, securitization of economic relations, and weak implementation mechanisms have prevented South Asian states from transforming geographical proximity into shared prosperity. Intra-regional trade accounts for only about five percent of South Asia's total trade, while inadequate transport systems, protective tariffs, non-tariff barriers, investment restrictions, and a persistent trust deficit further limit economic exchange. Nevertheless, cooperation in energy, climate adaptation, public health, disaster management, digital connectivity, education, tourism, and cross-border commerce provides realistic opportunities for gradual regional integration.</p> |

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**Introduction:**

South Asia is home to a large proportion of the world's population and contains states with diverse political systems, economic capabilities, strategic priorities and foreign-policy orientations. Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan and Sri Lanka are connected through geography, history, migration, cultural traditions, colonial legacies and shared environmental systems. Nevertheless, relations among these countries have frequently been characterized by political disputes, military competition, border tensions, intervention concerns and distrust. Regional cooperation became formally institutionalized through the establishment of the South Asian Association for Regional Cooperation in 1985. The SAARC Charter identifies economic growth, social progress, cultural development, collective self-reliance and improvement in the quality of life as important regional objectives. It also requires cooperation to respect sovereign equality, territorial integrity, political independence, non-interference and mutual benefit. SAARC initially concentrated on relatively non-controversial areas such as agriculture, rural development, health, education, science, culture and meteorology. The expectation was that cooperation in technical and social fields would gradually create confidence and produce spillover into trade, investment, transportation and political relations. However, regional politics repeatedly obstructed this process. No SAARC summit has been held since the Eighteenth Summit in Kathmandu in November 2014, demonstrating the continuing effect of interstate political tensions on institutional cooperation. The region's limited economic integration is particularly striking. The World Bank estimates that intra-regional trade represents barely five percent of South Asia's total trade. Trade among South Asian countries has been estimated at approximately US\$23 billion, compared with a potential value of at least US\$67 billion. Transport deficiencies, protective tariffs, non-tariff barriers, investment restrictions and political mistrust explain much of this gap.

**Theoretical Foundations of Regional Cooperation:**

Regional cooperation can be interpreted through several international-relations theories. Realism emphasizes national power, security competition and the absence of a central authority capable of enforcing agreements. From this perspective, states cooperate only when cooperation does not threaten their sovereignty, security or relative power. The realist approach is particularly relevant to South Asia because political and military competition between India and Pakistan has influenced the region's institutional development. The presence of nuclear weapons, territorial disputes, cross-border security accusations and competing strategic partnerships has reinforced the security dilemma. Actions taken by one state for defensive purposes may be interpreted as threatening by another. As a result, trade routes, water projects, transport agreements and technological networks are frequently assessed through security considerations rather than purely developmental calculations. Regional security complex theory similarly suggests that the security concerns of geographically close states are interconnected. Threats travel more easily across short distances, making the national security of one South Asian country difficult to separate from developments in neighbouring countries. Political instability, militancy, refugee movements, maritime insecurity, environmental disasters, water scarcity and economic crises can therefore produce regional consequences. Liberal institutionalism provides a more optimistic interpretation. It argues that international institutions reduce uncertainty, establish regular communication, develop shared rules and increase the cost of violating agreements. Regional organizations can help states exchange information, manage disputes and coordinate responses to common problems. From this perspective, SAARC's weakness does not prove that regional cooperation is impossible; rather, it demonstrates that the institution lacks sufficient authority, implementation capacity and political support. Functional and neo-functional approaches suggest that cooperation should begin in less politically sensitive sectors. Successful cooperation in electricity, public health, transportation, climate forecasting or disaster management may create practical interdependence.

Governments, businesses and citizens benefiting from these arrangements may then support wider regional integration. Chakma argues that SAARC initially followed this functional logic by concentrating on lower-level areas before moving towards trade, investment and financial cooperation. However, the political and strategic environment limited the expected spillover. Constructivism draws attention to regional identity, historical narratives and political perceptions. Regions are not defined by geography alone; they are also constructed through shared ideas, identities and institutions. South Asian societies possess significant cultural and historical connections, but official national narratives often emphasize conflict, partition, territorial sovereignty and external threats. Consequently, a strong governmental or popular South Asian identity has not developed to the same degree as national identities. An effective regional order must therefore address both material and ideational barriers. Roads, railways and trade agreements are important, but sustainable cooperation also requires confidence, regular social contact, academic exchange and a political understanding that national prosperity can coexist with regional interdependence.

### **Institutional Architecture of South Asian Regionalism:**

SAARC remains the most inclusive organization representing South Asia as a geographical region. Its establishment created an official platform through which smaller and larger states could discuss common developmental problems. SAARC has promoted agreements and programmes covering trade, food security, agriculture, education, culture, health, disaster management, poverty reduction and energy. The South Asian Free Trade Area was intended to reduce tariffs and increase regional commerce. However, sensitive product lists, non-tariff measures, restrictive visa systems, complicated customs procedures and poor transport connectivity reduced its effectiveness. Regional trade policies have frequently remained subordinate to national protectionism and bilateral political relations. Decision-making by consensus protects the sovereignty of smaller states but also enables a single member to delay or prevent collective action. Furthermore, SAARC generally excludes contentious bilateral disputes from its formal agenda. This restriction was designed to prevent political controversies from paralyzing technical cooperation, but it has not insulated the organization from interstate rivalry. Instead, bilateral tensions have frequently affected summit meetings, ministerial consultations and implementation of regional agreements. The institutional weakness of the SAARC Secretariat is another limitation. It has restricted financial resources and limited authority to monitor compliance or enforce decisions. Regional declarations often contain ambitious commitments, but implementation depends on national governments. When domestic political incentives are weak, regional agreements are delayed or only partially implemented. Despite these limitations, SAARC should not be considered entirely irrelevant. It has created regional norms, professional networks, specialized centres, cultural exchanges and a continuing diplomatic framework. Its Charter and institutional experience remain important foundations for any future revival of South Asian regionalism. BIMSTEC has emerged as another significant platform connecting South Asia with Southeast Asia through the Bay of Bengal. It includes Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand. Its areas of cooperation include trade, connectivity, security, energy, agriculture, science, technology, public health, climate and people-to-people contact. The BIMSTEC Charter was signed in March 2022 and entered into force on 20 May 2024, providing the organization with a stronger legal identity. BIMSTEC provides useful opportunities for maritime connectivity and economic engagement between South and Southeast Asia. However, it cannot fully replace SAARC because Pakistan, Afghanistan and Maldives are not members, while Myanmar and Thailand are located outside the conventional geographical definition of South Asia. BIMSTEC should therefore be understood as a complementary institution rather than a comprehensive substitute. Subregional arrangements provide an additional model. Cooperation among Bangladesh, Bhutan, India and Nepal can facilitate electricity trade, road transport and water management without waiting for consensus among all South Asian states. The South Asia Subregional Economic Cooperation programme similarly supports trade facilitation, economic corridors and cross-border infrastructure. Such arrangements

allow willing states to make progress while keeping future participation open to other countries. Nevertheless, excessive institutional fragmentation may produce competing standards, duplicated projects and the political exclusion of particular states. A balanced architecture should therefore combine SAARC's regional inclusiveness with the flexibility of BIMSTEC, bilateral agreements and subregional cooperation.

**Political, Security and Economic Barriers:**

The most significant political obstacle to South Asian regionalism is the difficult relationship between India and Pakistan. Their conflicts have involved territorial disputes, wars, border confrontations, security accusations and competing regional alignments. Because the two countries possess considerable military and political influence, deterioration in their relations affects the entire regional framework. Research on SAARC consistently identifies interstate conflicts, particularly India–Pakistan tensions, as a major constraint on cooperation. Mukherjee argues that both interstate disputes and internal security problems have prevented South Asian countries from developing a unified regional approach and a strong collective identity. Power asymmetry represents another challenge. India's population, territory, economy and military capacity are considerably larger than those of other South Asian states. Smaller countries may benefit from access to the Indian market, infrastructure and investment, but they may also fear political or economic dependence. Regional cooperation therefore requires India to exercise leadership through consultation, restraint and the provision of regional public goods rather than through unilateral dominance. Domestic politics also shape foreign policy. Political parties may use nationalist rhetoric, border disputes or criticism of neighbouring states to gain electoral support. Governments facing domestic instability often avoid regional compromises because such compromises may be portrayed as weakness. Dash's analysis emphasizes that weak governments and insufficient domestic support can reduce the ability of states to make and implement regional commitments. Economic protectionism further restricts cooperation. Governments may fear that trade liberalization will expose domestic industries to larger regional competitors. Businesses with privileged access to protected national markets may resist tariff reductions. Complicated customs procedures, inconsistent regulations, visa restrictions, limited banking channels and weak logistics increase transaction costs.

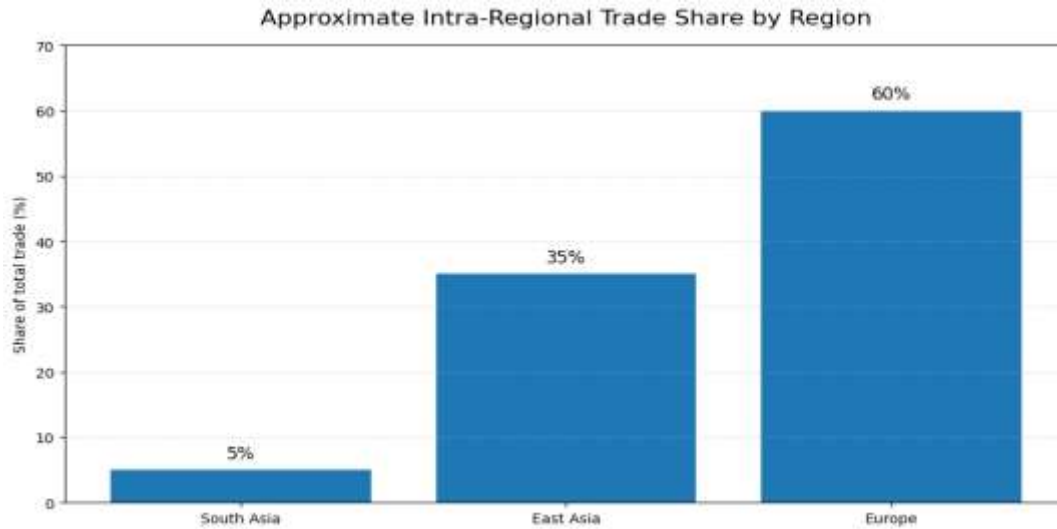
**Emerging Areas of Cooperation:**

Despite persistent political tensions, several sectors offer realistic opportunities for cooperation. Energy is one of the most promising. Nepal and Bhutan possess substantial hydropower potential, while Bangladesh, India, Pakistan and Sri Lanka face growing electricity demand. Cross-border electricity trade could improve energy security, reduce shortages and support renewable-energy transitions. The SAARC Framework Agreement for Energy Cooperation was signed at the Eighteenth SAARC Summit in 2014. It provides a basis for electricity exchange and regional energy connectivity, although implementation has remained uneven. Climate change is another unavoidable regional issue. South Asian states face floods, droughts, heatwaves, glacial melting, coastal erosion, cyclones and changing monsoon patterns. These threats cross national borders and cannot be effectively addressed through isolated national policies. Regional cooperation can strengthen meteorological information sharing, early-warning systems, climate research, disaster-response mechanisms and resilient infrastructure. Water cooperation is particularly important because major rivers cross international boundaries. Water disputes are politically sensitive, but cooperative basin management can improve flood control, irrigation, environmental protection, hydropower generation and access to drinking water. Successful cooperation requires reliable scientific information, transparent negotiations and recognition of the legitimate needs of upstream and downstream communities. Public-health cooperation also offers a practical path towards confidence building. Infectious diseases can spread quickly through migration, commerce and transportation networks. Regional mechanisms for disease surveillance, medical research, emergency supplies, vaccine distribution and professional training could reduce shared vulnerabilities. Digital connectivity has become increasingly relevant. Harmonized digital-

payment systems, electronic customs documentation, cross-border e-commerce, cybersecurity dialogue and affordable telecommunications could enable small businesses to reach regional markets. Digital cooperation may partially overcome limitations created by insufficient physical infrastructure, although differences in regulation, internet access and data-governance standards must be addressed. Education and knowledge cooperation can produce long-term social benefits. Regional research programmes, university partnerships, scholarships, academic conferences and recognition of qualifications can strengthen a shared intellectual community. Students and scholars who interact across borders may develop more nuanced understandings of neighbouring societies. Tourism and cultural cooperation also possess considerable potential. South Asia contains Islamic, Buddhist, Hindu, Sikh and other historical and cultural sites of international significance. Joint tourism circuits, simplified visas and coordinated marketing could generate employment and encourage interpersonal contact. Women, young people, border communities and small businesses should be included in regional policy. Cooperation designed only through central governments may overlook the social groups most affected by restricted borders and weak connectivity. Broader participation can make regionalism more socially legitimate and economically inclusive.

**Policy Framework for Effective Regional Integration:**

The first requirement is the restoration of sustained political dialogue. South Asian governments do not need to resolve every political dispute before cooperating in developmental fields. However, they require predictable diplomatic channels through which crises can be managed and technical cooperation protected. SAARC should be revived through regular meetings at technical, ministerial and summit levels. Institutional continuity is essential even when bilateral relations are strained. Member states could agree that programmes involving public health, climate, disaster management, education and food security will continue irrespective of unrelated political disagreements. Second, SAARC's institutional capacity should be strengthened. The Secretariat requires greater technical expertise, financial resources and authority to monitor implementation. Regional agreements should include measurable targets, implementation schedules and transparent reporting procedures. Third, South Asia should adopt flexible or variable-geometry regionalism. States prepared to cooperate in a particular sector should be permitted to proceed, provided that the arrangement remains consistent with regional principles and open to subsequent participation. This approach would prevent complete paralysis without formally dividing the region. Fourth, trade facilitation should receive greater priority than ambitious declarations about economic union. Governments should begin with practical reforms such as electronic customs systems, harmonized documentation, improved border facilities, transparent regulations, expanded banking channels and simplified business visas. These measures can produce visible benefits and develop constituencies supportive of wider cooperation. The World Bank's comparison between existing and potential regional trade suggests that reducing policy and logistical barriers could substantially expand commerce. Its work on Pakistan similarly indicates that the country's trade with South Asia could rise significantly if restrictions and high trading costs were reduced. Fifth, regional projects should reflect power asymmetry. Larger economies should provide market access, technical assistance and infrastructure support to smaller states. Compensation mechanisms and development funds can help countries and industries adjust to trade liberalization. This would reduce fears that regional integration disproportionately benefits already dominant economies. Sixth, regional security should be broadened beyond military threats. Human security includes access to food, water, healthcare, employment, energy and environmental protection. Framing these issues as shared security concerns can create space for cooperation without requiring immediate agreement on traditional strategic disputes.



Source: World Bank regional-integration benchmarks. South Asia is reported as below/about 5%; values are rounded.

### Summary:

Regional cooperation in South Asia remains both necessary and difficult. Geography, shared environmental systems, cultural connections and economic complementarities create powerful incentives for integration. Yet the region's international relations have been shaped by territorial disputes, security competition, domestic nationalism, power asymmetry and mistrust. These conditions have restricted SAARC's development and prevented South Asian states from converting physical proximity into economic interdependence. The region's low intra-regional trade demonstrates the practical cost of political fragmentation. High tariffs, non-tariff restrictions, inadequate transport links, limited banking facilities, visa barriers and inefficient customs systems have reduced commerce and prevented the development of regional value chains. Political conflict has also weakened cooperation in energy, water, health, climate adaptation and disaster management. Nevertheless, regionalism in South Asia should not be considered a failed or irrelevant project. SAARC has established a continuing normative and institutional foundation. BIMSTEC has created opportunities for cooperation around the Bay of Bengal, while bilateral and subregional arrangements demonstrate that progress is possible when states focus on specific and mutually beneficial objectives. The most effective strategy is therefore gradual, flexible and issue-based cooperation. Regional governments should protect technical programmes from political crises, improve institutional implementation, facilitate trade, expand physical and digital connectivity, involve non-state actors and ensure that smaller countries receive equitable benefits. Confidence generated through practical cooperation can gradually improve the wider political environment. Regional cooperation will not eliminate national sovereignty or political competition. Its purpose is to manage interdependence and ensure that unavoidable regional connections contribute to stability rather than conflict. South Asia's future prosperity will increasingly depend on whether its states can recognize that national development and regional cooperation are mutually reinforcing objectives.

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