

UPCOMING TWO-DAY INTERNATIONAL CONFERENCE

On

Strengthening Peace and Cooperation in South Asia: Incentives and Constraints



Organized by



Islamabad Policy Research Institute (IPRI)

in Collaboration with



Hanns Seidel Foundation (HSF), Germany (Pakistan Office)

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The Institute

Islamabad Policy Research Institute (IPRI) is an autonomous think tank. It is dedicated to undertaking research, analyses and evaluations of important national and international politico-strategic issues and developments affecting Pakistan and the region. One of the prominent areas of activity of the institute is organizing national and international seminars/ conferences. To know more about IPRI, you may visit our website, www.ipripak.org

Concept Outline

South Asia is geographically contiguous to Central Asia, East Asia, Middle East and the Indian Ocean. The region comprises eight countries Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka. It covers less than 4 percent of world's land area and is home to more than 1.7 billion people, representing 21 percent of the world population. Over the years, the region has shown GDP growth at 7-8 percent, yet 40 percent of the world's malnourished children and women live in poverty-stricken South Asia. Climate change, environmental degradation, and increasing socio-economic inequalities are threatening region's growth and prosperity. The lack of access to basic necessities persistently increase the probability of internal conflicts, rendering regional states vulnerable to ethnic and sectarian violence. Peace building efforts, economic cooperation and human security are the least focused areas in South Asia. Regional peace has remained hostage to the unresolved lingering of political/territorial disputes. Due to a high level of these disputes, SAARC so far failed to emerge as a unifying multilateral organization. Over the past three decades global geopolitical developments, such as the Cold War, Afghan Jihad and lately the War on Terror (WoT) have also deeply impacted region's political, socio-economic and security environment. At present the regional outlook is bleakened by terrorism and radicalism which continue to pose a threat to the region's security.

Peace and cooperation are two inter linked phenomenon. Existence of conflicts in the region does not bode well for the prospects of developing regional cooperation. Building peace through resolution of longstanding territorial/political disputes is undoubtedly in the interest of all the South Asian states. While there are several constraints on developing cooperation, the incentives are far greater.

An environment of peace and cooperation in the region would offer multifaceted opportunities and incentives to all the South Asian countries such as faster economic growth, poverty alleviation, increase in employment level, economic interdependence, infrastructure development, energy cooperation and regional connectivity. High levels of complementarity in the energy sectors with varying comparative advantages are a major incentive for strengthening peace and cooperation. For instance India has an edge in producing coal-based energy, Pakistan and Bangladesh have the benefit of gas-based power generation, while Nepal and Bhutan are hydro-based energy producers. In order to sustain more than 6 percent GDP growth rate, there would be a high demand for energy in South Asia. Compared to the last two decades where the energy consumption was 5.8 percent against a low energy production rate of 2.3 percent - the demand for energy is now growing at an annual rate of 9 percent, whereas the deficit in energy production has almost doubled in the last decade. All the ingredients for developing an integrated power infrastructure such as power grids and gas pipelines exist in the region. In the power sector, the present installed capacity of the region (from all fuel sources) is 222,142 megawatts vis-a-vis present suppressed demand is more than 300,000 megawatts. Over 75 percent of petroleum products in the region are imported. The estimated

total hydropower potential is 299,330 megawatts which is far in excess of the requirement.

Another incentive for strengthening peace and cooperation in South Asia is the potential for expansion in intraregional trade. Despite being closely linked geographically, culturally and historically, intra-regional trade has been very low. Pakistan and India have the potential to enhance their present trade of less than US \$ 3 billion to US \$ 20 billion. Bangladesh's exports to India can potentially rise by 300 percent. South Asia's economic potential has long been constrained by low level of economic integration. An important barrier to greater economic integration is the poor quality of infrastructure in the region and inadequate investment for its development.

China's growing interest and investment in the region provides a significant incentive to South Asian countries to draw maximum benefits from various Chinese initiatives relating to regional connectivity and infrastructure development such as One Belt and One Road (OBOR) and Asian Infrastructure Investment Bank (AIIB). Peace and cooperation will create a conducive environment necessary to attract large volume of Foreign Direct Investment (FDI) from multiple sources which currently is very low in case of South Asia when compared to the other regions.

Peace in South Asia is being affected by two major challenges that include unresolved longstanding bilateral disputes. The nature of relations between India and Pakistan is the core of the regional security complex. India-Pakistan strategic stability is essential for regional peace and intraregional economic integration. Moreover, an additional constraint in building peace and cooperation is the nuclear weapons and conventional arms build up in South Asia. India's on-going military modernization poses a serious challenge to conventional military balance with Pakistan. If this trend continues, it is likely that Pakistan would be compelled to undertake counter measures to ensure strategic balance. This may initiate an arms race with inflated defence budgets at the cost of economic and social progress. The experts believe that the arms race has an inherent potential to destabilize the deterrence ability.

Cross border terrorism is yet another issue of concern for many South Asian countries. It is not confined to one specific country or area but the entire region faces this challenge in one way or the other. The porous nature of borders and ethno-communal cross-border linkages make the regional states vulnerable to terrorist groups. At the core of this issue lies militancy-plagued Afghanistan. On the other hand, a stable Afghanistan could become an 'Asian transit hub', connecting Central Asia, South Asia and West Asia. Therefore, concerted efforts are required by regional and global stakeholders to defeat the forces of radicalism. Afghanistan needs persistent financial and material support from the international community to regain peace and stability.

Solution to the regional challenges lies in creating a common vision and approach for strengthening peace, cooperation and economic integration. A regional approach should include mechanisms for resolving political disputes, creating economic interdependence, maintaining balance of power, initiating dialogue process and confidence building measures, increasing people-to-people contact and enhancing the role of regional organizations.

SAARC member states need to enhance energy cooperation as a basis to accelerate regional connectivity/progress. Concept of 'SAARC Energy Ring' as well as the energy projects CASA, TAPI, IP and Kunar Power Plant are major incentives for cooperation. Peace and stability in Central Asian states and Afghanistan is a prerequisite for transfer of energy from Central Asia to South Asia. The role of regional organizations, such as SAARC and Shanghai Cooperation Organization (SCO) with overlapping membership of India and Pakistan is

significant in this regard. Through these platforms, the common threats and challenges can be addressed and preventive strategies can be worked out.

Islamabad Policy Research Institute (IPRI) in collaboration with Hanns Seidel Foundation (HSF) is organizing a two-day international conference titled: "Strengthening Peace and Cooperation in South Asia: Incentives and Constraints". The conference aims at highlighting the importance of peace and cooperation in South Asia by discussing incentives and constraints, issues pertaining to South Asian politics, regional trends and foreign players interest. Scholars from the SAARC region, Europe and China will be invited to share their perspective on South Asia and visualize the prospects of peace and cooperation.

Sub-themes and Topics for the Conference Sessions

Session-I: Strengthening Peace and Cooperation in South Asia: Regional Perspectives

- Perspective from India
- Perspective from Sri Lanka
- Perspective from Pakistan

Session-II: Incentives for Strengthening Peace and Cooperation in South Asia

- Dividends of Energy Cooperation in South Asia
- Economic and Trade Cooperation: An Incentive for Peace and Progress
- OBOR and AIIB: Opportunities for enhancing FDI in South Asia

Session-III: Imperatives of Strengthening Peace and Cooperation in South Asia

- Resolving Kashmir Issue: Bilateral & Multilateral Approaches
- Peace Building in Afghanistan
- Human Security and Socioeconomic Development
- Strategic Stability and Arms Control in South Asia

Session-IV: Strengthening Peace and Cooperation in South Asia: A Way Forward

- Strengthening Confidence Building Measures (CBMs) for Durable Peace in South Asia
- Role of Major Powers in Harnessing Peace and Cooperation in South Asia
- Prospective Role of Regional Organizations (SAARC and SCO)

For Further Details, Contact:

Muhammad Munir,
Research Fellow
Conference Coordinator
Email: munirwarsi@yahoo.com

Ms. Amna Ejaz Rafi,
Assistant Research Officer
Assistant Conference Coordinator
Email: amna.e.Rafi@gmail.com

Note: Entry is through card only

ISLAMABAD POLICY RESEARCH INSTITUTE (IPRI)

Phone: +92-51-9211346-48; Fax: +92-51-9211350; Email: ipripak@ipripak.org;

Website: www.ipripak.org

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