Impact of SAARC on Indo-Pak Trade
(Development, Issues, and Future prospectus)

1. Tariq Rashid wani 2. Zahoor Ahmad Malik
1. Research Scholar School of studies in Political science Vikram University Ujjain, M.P-India
2. Research Scholar School of studies in Economics Vikram University Ujjain, M.P-India
Email: zahoorlic@gmail.com Email: tariqwani995@gmail.com

Abstract:
This is an attempt to highlight the indo-pak trade relation in the light of SAARC. SAARC becomes the bridge to
develop the number of relations between these two countries, and number of big international issues were
discussed in different meetings of SAARC having positive impact on their trade relations yet number of issues
are to discussed but it need a bit of political understanding between the two countries which may open the past
road links to tighten the trade relation These land routes were closed during the partition, If these routes are open
for trade, it will strengthen and promote pacific relation between the two countries and also employment
opportunities would be generated.

Key words: SAARC, Indo-Pak, Trade, Employment

Introduction
India and Pakistan are considered the most significant members of SAARC. Their mutual interaction not only
influences SAARC, but also the political and economic spheres of the whole region. There are some events
which occurred in recent past may show the growing positive relation between India and Pakistan. Several major
incidents occurred in recent past. Like the killing of Osama-bin-laden in Pakistan, blast on Sam jota express in
Feb. 2007, Mumbai terror attack in 19/11 and Assassination of former leader Benazir Bhutto, no proactive
measure were taken to block trade. Thus this marked change from past to present, when India stopped all air and
road routes for trade, after the attack on Indian Parliament, December 1, 2001. So that, both countries take
measure to enhance trade relationship. In 2004, Pakistan also increased positive list and also reactivated
maritime protocol is great example of their corporation in this field. Through various thinkers, eminent
economies and even the government official of member countries have prepared variety of remedies to eradicate
poverty, illiteracy and other hurdles of development but alas! All these boastful activities and towering proposals
remained within the headlines of paper. Nothing was done practically in the regional integration of the South
Asia, so the economy of south Asian remains nonstarter. The main reasons are i.e. political difference and
security concerns. So these countries pave more attention on state security rather than the human security that is
why, these countries did not allowing people and their ideas move across the border. The failure of economic
integration of the south Asian countries is that they do not co-operate each other. SAARC member countries
should have create funds for helping each other, likewise European countries created funds for lesser developed
countries like Spain, Portugal, Ireland etc., south Asian countries should take some measures which enhance
their relation and help them to boost their economic development, although the economic development and
economic integration will remain stagnant unless India and Pakistan should change their character of the state.
They have needed to focus on human security rather the state security. The economic integration cannot be
achieved until and unless these countries will not co-operate each other in every economic domain.

Objective of study:
1 To highlight the Indo-Pak trade relation in context with SAARC.
2 To examine the Indo-Pak conflicts and their impact on trade relation.
3 To analyses the impact of different SAARC summits in their relation.

Methodology:
For the purpose of the study, both published and unpublished secondary data has been utilized. The data of indo-
Pak trade relation with the contexts of SAARC were also analyzed. The data is collected from various journals
contemporary south Asia, journal of political studies and peace and democracy in south Asia etc.

Discussion:
In the bilateral trade relation between the two countries it has some limitations like the violation of MNF
principle i.e. Pakistan permits to import only those items which are in positive list approach. Items which are not
in the positive list are banned to enter into Pakistan. There are some other limitations while trading under
positive approach. i.e. It had lead a massive informal trade flow mostly those items which are exclude from
positive list, so that goods enter into Pakistan through third world countries like Dubai, Afghanistan, Iran etc.
In 1990, India relation with Pakistan was tense due to the allegation in surgency in Kashmir sponsored by Pakistan. Several steps were taken by India side to reduce the tension to bring down the hostilities. In 1991 at the Colombo summit of SAARC, inter-governmental group was established to seek agreement on an institutional framework under which specific measures from trade liberalization among SAARC member states could be advanced. The IGG met thrice to evolve draft agreement on SAARC preferential trading arrangement (SAPTA).
In 1997 I K Gujral and Nawaz Sharif met on the side line of 9
expressed five principles through which we could ge nerate a climate of close and mutual cooperation in  the
improve the image of India among neighbor and bring  change in international through bilateralism. He a lso
mistrust between Pakistan and India. In this meetin g Pakistan former president Farooq Ahmad khanleghar i
improve relationship between neighboring countries and reduce the hostility and mistrust. His aim was to
look for further areas. Guijral became the foreign minister during 1996 and later on PM of India. He t ried to
participate in the summit and all the head express ed their satisfaction to the achievement of the fir st decade and
 resume the talks at secretary level. These talks were proved fruitless soon the two countries declared nuclear
tests on 11th and 20th may 1998 respectively. These nuclear weapons increased tension between the two
countries.

The 10th summit was held at Colombo Sri-Lanka. In July 1980 in the aftermath of nuclear tests of India and
Pakistan, these tests drew the global attention and the major western powers imposed sanctions on Indi a and Pakistan. In 1999, India PM A.B. Vajpayee paid an efficient visit to Lahore on Feb. 2001 called Lahore
declaration. Its emphasis was to discuss and resolve their conflicts in future under auspicious of SAARC. The
Lahore summit was first ever meeting after Shimla agreement on July 1972. The aim was steps to resolve
Kashmir dispute through peaceful measures. Soon after kargil conflict broke out and US had to involve in this
area to manage the crisis. After that Pakistani president Musharraf visit on July 14-16 2001 but the visit did not
 produce the desired results and Agra summit was taken as failure. After Agra summit and the Mumbai terror
attack of 11 Sept. 2001 and attack on Indian parliament in Dec. 2001 increased tension between the two
countries.

The eleventh summit was scheduled to be held in Nepal but was postponed in the aftermath of kargil war. However again the summit was again held in Kathmandu in which main focus was given political and security concern and also regional integration. In 12th summit held in Islamabad in 4-6 Jan 2004 provides an opportunity to improve relationships. Musharraf underlines fourfold strategy as a basic for dialogue with in dia. These includes

1. Kashmir
2. Peace and security.
3. Economic cooperation and

In this meeting India also moved with diplomatic and economic proposal. The summit produces SAFTA and additional protocols on blocking the finance of terrorism. All the head of state ensured their commitment to the economic prosperity and stability in the region. It was emphasis that SAFTA would be essential for all the small and least developed countries (LDCs). In this summit both countries tried to improve their relationship and both renewed link between the people across the border and also both countries agreed to cease fire on line of control near siachen glacier on Nov. 2003.

Barriers of SAARC with respect to indo- pak Trade
Identifiable barriers to greater interregional trade in south Asia like negative list exclusion from tariff barrier, sector oral composition of negative list specific duties, Para tariff, poor connectivity and infrastructure, bottlenecks, lack of production networks in core export sectors, inadequate testing facilities for technical barriers to trade and sanitary and phyto sanitary etc. are identifiable barriers ,some other barriers which come in the way of SAARC trade are terrorism, Maoist and LTTE etc. both India and Pakistan focus on the economic aspects of their ties. During the government of Musharraf (Taneja 2004) India awarded title of most favored nation (MFN) to Pakistan as a trading partner. India and Pakistan are two prominent countries existing in the region known as traditional rivals, since 1947. The most important conflict is the Kashmir issue. Pakistan as a Muslim country supports Kashmiri’s freedom slogan and this is main reason why India opposes Pakistan strongly.
India and Pakistan had fought three wars in 1948, 1965 and 1971 because of hindu-muslim fundamentals. There lie several disputes between India and Pakistan like Beghlihar Dam, Siachan Glacier, Illegal immigration, Wular etc. but several measures are taken to solve these issues but one issue is to be solved another would rear its ugly head because of the fundamental Hindu-Muslim division however SAARC is the best hope to improve the saturation. India and Pakistan have been locked in long standing conflicts since 1947 however many initiatives have been taken from time to time to reduce the hostility by managing the defense by the peaceful effort. The SAARC played vital role in improving the bilateral between India and Pakistan so that in 1986 the Pakistan former Prime Minister Mohammad Khan Juneau inaugurates a SAARC. Ministerial meeting on international economic issue and tried to improve the relationship between India and Pakistan and tried to resolve major fundamental problems of the world economy.

The other main barrier to trade was hinge and security issues like smuggling of weapons, Indo-Pak Corporation, Kashmir issue, Kargil war, Terrorism, issues of inferiority of mankind, farakka barrage issues etc. there should be strong trade relations among countries which contributes a lot towards their development. Trade centers are established in the countries where trade level is allowed. Policies are made and implemented from strengthening trade in various countries. Positive steps are taken including reducing taxes, duties and charges.

**Conclusion:**
India and Pakistan has enormous potential while trading with each other but both the countries tries to minimize their trade dependency on each other and imports their requirement from third countries which leads informal trade cost US $ 2bn annually. India and Pakistan have to solve hard and soft issues such as Kashmir dispute, Beghlihar dam ,Siachan Glacier etc. there is need to open up more trade traffic by Waugh/Atari and other land routes in Kashmir, Rajasthan; Gujarat , Lahore-Patti(Burk road), Kasur-ferozpur road(ganda) Singh etc. These land routes were closed during the partition, if these routes are open for trade, it will strengthen and promote pacific relation between the two countries and also employment opportunities would be generated.

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