**International Trade Law**

**Unit-5**

**South Asian Association for Regional Cooperation (SAARC)**

The South Asian Association for Regional Cooperation (SAARC) was established with the signing of the **SAARC Charter** in Dhaka on 8 December 1985.

* The idea of regional cooperation in South Asia was first raised in November 1980. After consultations, the foreign secretaries of the seven founding countries—Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka—met for the first time in Colombo in April 1981.
	+ Afghanistan became the newest member of SAARC at the 13th annual summit in 2005.
	+ The **Headquarters and Secretariat**of the Association are at **Kathmandu, Nepal**.

**Principles**

Cooperation within the framework of the SAARC shall be based on:

* Respect for the principles of **sovereign equality, territorial integrity, political independence, non-interference**in the internal affairs of other States and mutual benefit.
* Such cooperation shall not be a substitute for bilateral and multilateral cooperation but shall complement them.
* Such cooperation shall not be inconsistent with bilateral and multilateral obligations.

**Areas of Cooperation**

* Human Resource Development and Tourism
* Agriculture and Rural Development
* Environment, Natural Disasters and Biotechnology
* Economic, Trade and Finance
* Social Affairs
* Information and Poverty Alleviation
* Energy, Transport, Science and Technology
* Education, Security and Culture and Others

**The Objectives of the SAARC**

* To **promote the welfare**of the people of South Asia and to improve their quality of life.
* To **accelerate economic growth,**social progress and cultural development in the region and to provide all individuals the opportunity to live in dignity and to realize their full potentials.
* To **promote and strengthen collective self-reliance**among the countries of South Asia.
* To **contribute to mutual trust,**understanding and appreciation of one another’s problems..
* To **promote active collaboration**and mutual assistance in the economic, social, cultural, technical and scientific fields.
* **To strengthen cooperation with other developing countries.**
* To **strengthen cooperation among themselves in international forums**on matters of common interests; and
* To cooperate with international and regional organizations with similar aims and purposes.

**Challenges**

* **Low frequency of meetings:**More engagement is required by the member states and instead of meeting biennial meetings should be held annually.
* **Broad area of cooperation**leads to diversion of energy and resources.
* **Limitation in SAFTA:**The implementation of SAFTA has not been satisfactory a Free Trade Agreement confined to goods, excluding all services like information technology.
* **Indo-Pak Relations:**Escalated tension and conflict between India and Pakistan have severely hampered the prospects of SAARC.

**BRICS**

BRICS is an acronym for the grouping of the world’s leading emerging economies, namely Brazil, Russia, India, China and South Africa.

* The BRICS Leaders’ Summit is convened annually.

**Structure**

* BRICS does not exist in form of organization, but it is an annual summit between the supreme leaders of five nations.
* The Chairmanship of the forum is rotated annually among the members, in accordance with the acronym B-R-I-C-S.
* BRICS cooperation in the past decade has expanded to include an annual programme of over 100 sectoral meetings.

**Salient Features**

* Together, BRICS accounts for about 40% of the world’s population and about 30% of the GDP (Gross Domestic Product), making it a critical economic engine.
* It’s an emerging investment market and global power bloc.

**Objectives**

* The BRICS seeks to deepen, broaden and intensify cooperation within the grouping and among the individual countries for more sustainable, equitable and mutually beneficial development.
* BRICS takes into consideration each member’s growth, development and poverty objectives to ensure relations are built on the respective country’s economic strengths and to avoid competition where possible.
* BRICS is emerging as a new and promising political-diplomatic entity with diverse objectives, far beyond the original objective of reforming global financial institutions.

**Impacts of BRICS on global institutional reforms**

* The main reason for co-operation to start among the BRICs nation was the financial crises of 2008. The crises raised doubts over sustainability of the dollar-dominated monetary system.
* The BRICs called for the “**the reform of multilateral institutions**in order that they reflect the structural changes in the world economy and the increasingly central role that emerging markets now play”.
* BRICs managed to push for institutional reform which led to **International Monetary Fund (IMF) quota reform in 2010**. Thus the financial crises had momentarily reduced western legitimacy and briefly let the BRICs countries become “agenda setters” in multilateral institutions.

**New Development Bank**

* NDB is headquartered in **Shanghai**.
* At the Fourth BRICS Summit in New Delhi (2012) the possibility of setting up a new Development Bank was considered to mobilize resources for infrastructure and sustainable development projects in BRICS and other emerging economies, as well as in developing countries.
* During the Sixth BRICS Summit in Fortaleza (2014) the leaders signed the Agreement establishing the New Development Bank (NDB).
* **Fortaleza Declaration**stressed that the NDB will strengthen cooperation among BRICS and will supplement the efforts of multilateral and regional financial institutions for global development thus contributing to sustainable and balanced growth.
* NDB’s key areas of operation are clean energy, transport infrastructure, irrigation, sustainable urban development and economic cooperation among the member countries.
* The NDB functions on a consultative mechanism among the BRICS members with all the member countries possessing equal rights.

**Challenges**

* The marked dominance of big three Russia-China-India is challenge for the BRICS as it moves ahead. To become a true representative of large emerging markets across the world, BRICS must become pan-continental. Its membership must include more countries from other regions and continents.
* The BRICS will need to expand its agenda for increasing its relevance in the global order. As of now, climate change and development finance, aimed at building infrastructure dominate agenda.
* As BRICS moves forward foundational principles of BRICS i.e. respect for sovereign equality and pluralism in global governance are liable to be tested as the five member countries pursue their own national agendas.
* The military standoff between India and China on the Doklam plateau, which has effectively brought to an end the naive notion that a comfortable political relationship is always possible amongst the BRICS members.
* China’s efforts to co-opt nation states, which are integral to its Belt and Road Initiative, into a broader political arrangement has potential to cause conflict among BRICS members especially China and India.