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Understanding the dynamics  
of regionalism and regional  
hegemony in South America  
and South Asia

**Lessons for the South Asian Association  
of Regional Cooperation (SAARC) and its  
members from regionalism in South America**

Zahid Shahab Ahmed

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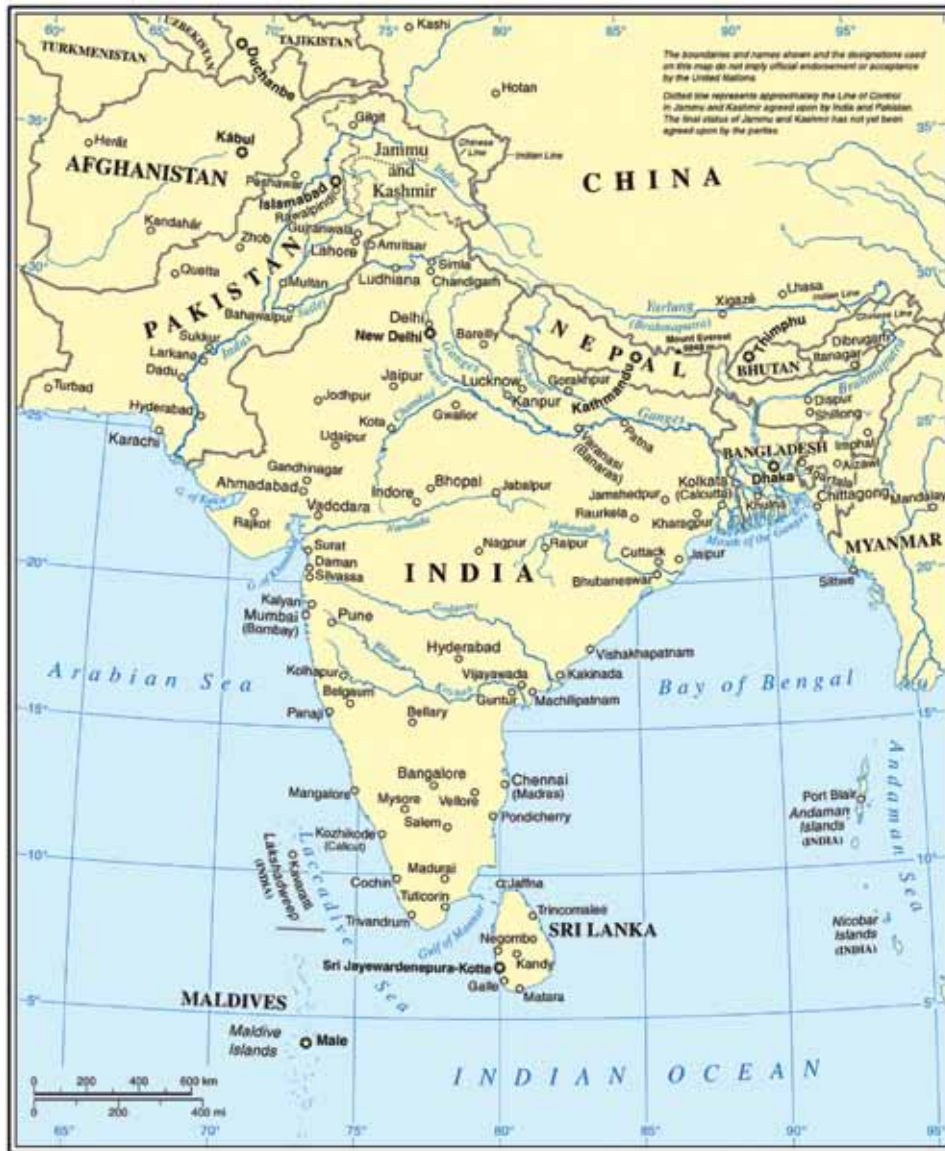
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United Nations' map of South Asia and neighbouring countries



Map of South America

## Introduction

The second half of the 20<sup>th</sup> century has integrated the world as never before. Despite numerous conflicts and wars in different parts of the world, there is more cooperation among nations today than at any time in the past (Gupta 1988:vii). Regionalism is not a new phenomenon, it has existed across the world for many decades; however organisations such as the European Union have added a fresh impulse to regional organisations. Economic cooperation has been key for cooperation between countries at all levels, as is evident from the number of rapidly growing Free-Trade Agreements (FTAs) at multilateral levels. This new trend of FTAs has emerged since the early 1990s, and some scholars have labelled this as 'New Regionalism' because of the growing involvement of non-state actors in a process led by states (Schulz, Soderbaum & Ojendal 2001:4). Developing countries have also been enthusiastically participating in the current movement of regionalism (Fortin 2005:iii).

Every country has a membership in a regional forum, not just because they have found that multilateralism at a global level is insufficient to address their concerns, but also so as to be able to reach quick consensus on issues of mutual concern. In addition, building consensus and the implementation of regional projects are both easier to accomplish within smaller groups than in global institutions with many actors. In developing regions, in particular, there have been growing tendencies toward the creation of regional organisations because of the realisation of the need for cooperation to address common humanitarian, security and development challenges.

Since the end of the bipolar era of the Cold War there has been interest in examining the role of regional powers; however, less investigation has been realised on comparison of regional powers. Research projects, such as the Emerging Powers Program of the World Policy Institute, have analysed the impacts of regional powers, such as Brazil and India, but these lacked a specific focus on the role of a regional hegemon on regional institutions. It is therefore crucial to study the role of Brazil in South American regionalism with respect to both the *Mercado Común del Sur* (MERCOSUR) and the Union of South American Nations (UNASUR), and India's role in the process of South Asian regionalism via the South Asian Association for Regional Cooperation (SAARC). With respect to South American regionalism in this study focusing on regional hegemony, the analysis does not include the Andean Community, (*Comunidad ANDina* or CAN) – a customs union between Bolivia, Colombia, Ecuador and Peru – because Brazil is not part of that, and this as such differs from SAARC. Neither does this study encompass the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) because this group has a wider

membership beyond South Asia, comprising Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal.

This research is focused more on MERCOSUR than on UNASUR, due to the advanced nature of the customs union. However parallels between UNASUR and SAARC are also crucial to this study in order to explore the role of the regional hegemon. When compared with SAARC, MERCOSUR is one step further advanced toward economic integration. SAARC has a broad agenda spanning economic and human development. Albeit economic cooperation/integration is a priority area of cooperation for SAARC members, it is not the only area of cooperation in which members are engaged. Considering that it is crucial that SAARC progress in economic cooperation, it still has a lot to learn from MERCOSUR the fourth largest trading bloc in the world after the EU, NAFTA and ASEAN (ICTSD 2007). Though MERCOSUR is younger than SAARC, scholars view MERCOSUR as a more successful example of regionalism; therefore, a comparison of the achievements of both organisations, in terms of opportunities and challenges is needed. Here it is also necessary to focus on the role of regional hegemon in MERCOSUR, UNASUR and SAARC.

Member states of both MERCOSUR and SAARC have been suffering from rivalry of regional powers. Where in South America, both Argentina and Brazil have addressed each other's concerns and have reached advance level of cooperation; India and Pakistan, on the other hand, are still deadlocked in disputes over pending issues, such as the Kashmir conflict. It is therefore important to see how the member states of MERCOSUR/UNASUR; Argentina and Brazil in particular, have enhanced cooperation by addressing concerns over the regional hegemony of the latter. What are lessons to be learned by South Asian member states, India in particular, regarding the benefits from regional cooperation while addressing fears of its hegemony held by its smaller neighbours? How different is the notion of 'hegemony' as perceived in South Asia or in South America, and why? What lessons can India and Pakistan learn from the experiences of Argentina and Brazil to bring about advances in regionalism in South Asia? In terms of economy and strength, Brazil and India are the biggest countries in their respective regions, so behavioural differences should be analysed when it comes to debating hegemony in regional integration.

SAARC is regularly subjected to a huge amount of criticism for its poor performance when it comes to India-Pakistan rivalry. Criticism has been extended to the self-centred policies of both India and Pakistan, with India often being criticised for its hegemonic role in the region. Regional integration in South Asia has been limited by the conflict between India and Pakistan, and by Indian hegemony due to its size and strength. It may therefore be of great significance to draw lessons for South Asian regionalism from the special relationship between Argentina and Brazil in both MERCOSUR and UNASUR. Here the main focus is on MERCOSUR as UNASUR is still evolving.

### **The concept of regional hegemony**

In today's unipolar world, emerging powers have joined regional organisations to increase their role in multilateralism on a global level as evidenced by India, China, Brazil and South Africa (Destradi 2008:5). All of these countries are attempting to play greater roles in multilateral arrangements via existing regional forums in their sub-regions, with the intention of leveraging this power in global forums. The emerging economic powers also want to counter the US hegemony as will be discussed later on. A conceptual framework is required to understand the role of these emerging powers in regional systems, especially with reference to the concepts of 'regional hegemon' and 'regional leadership'.

The term 'hegemony' originated from an ancient Greek expression of *hegemonía*, meaning the dominant and repressive status of one element in the system over the others (Yilmaz 2002:194). It also means leadership or dominat-



ing influence of one state over the other. According to Destradi (2008:6), regional powers as a result of their economic strength, usually tend to follow a variety of strategies (either constantly or intermittently) to suit their needs in the region. These strategies can be referred to as: unilateral hegemony, cooperative hegemony, empire and concert. The aggressive and intimidating strategies of regional powers are labelled as 'imperial' and the cooperative policy labelled 'leading'. If force is used through an intervention in a smaller country with the purpose of national interests of a regional power, then this strategy is also referred to as 'imperial'. According to Bhasin (2008:10), "leadership does not reflect only one country's national interest; it reflects the common interest of a group of states in the global order". Thus, there is a clear distinction between an imperial and leading hegemon.

To a hegemonic power, it is only her values that are important and not that of weaker states. Hegemony, by its nature, enables a powerful state to spread its moral, political and cultural values in subordinate countries (Yilmaz 2002:194). Destradi (2008:10) argues that hegemony is "a form of power exercised through strategies which are more subtle than those employed by states behaving as imperial powers. The means through which power is exercised – and here the distinction between hegemony and empire becomes evident – can vary from the exertion of pressure to the provision of material incentives, up to the discursive propagation of the hegemon's norms and values".

There are different kinds of hegemonic strategies, and if the policy is to, equally benefit others in the region, then it is "benevolent hegemony". "Soft hegemony" is when a regional power takes the lead to formulate common norms and values to reach its own objectives, and that usually happens through socialisation, cultural exchanges, media programmes, student exchanges etc. (Destradi 2008:23). In generic terms, a regional hegemon, due to its economic and military strength, dominates the weaker states in its region.

Now that we have developed a theoretical understanding of hegemony, we shall attempt to apply that knowledge in an understanding of the characteristics of the policies and actions of Brazil and India in their respective regions.

### Brazil in South America

Brazil shares borders with most of the countries in the region, such as Venezuela, Suriname, Colombia, Bolivia, Peru, Argentina, Paraguay, and Uruguay. There is no other country in the region that shares border with so many states; therefore, it makes Brazil an essential actor in regional cooperation.

The South American region is asymmetrical, as shown in table 1. Brazil stands out in terms of population, area, and economic strength. The size of the country, in this particular case is probably not much of an issue (as in other parts of the world such as South Asia) but Brazil's population and GDP make it a dominant power in South America. In terms of size, Argentina and Venezuela can also be considered large countries. It is therefore important to look into the impact of Brazil's dominance and its behaviour within its region and beyond, and on the attitudes of smaller neighbours towards the big regional power.

**Table 1. Overview of the MERCOSUR member states**

Country	Population in millions (2010)	Area (Square Km)	GDP Purchasing Power Parity (Int\$ billions) 2010
Argentina	40.4	1.1 million	365.71
Brazil	194.9	3.3 million	2087.88
Paraguay	6.5	15,048	18.47
Uruguay	3.4	176,000	40.26
Venezuela	28.8	916,445	387.85

Source: (DSLAC 2011; WB 2011)

In contrast to India and Pakistan, the rivalry between Argentina and Brazil spans more than two centuries; and so the relationship underwent many difficulties. In common with the South Asian experience, South American nations also inherited conflicts having achieved independence from their colonial powers. This was particularly the case in Argentina and Brazil; having achieving independence, the neighbours faced a three-year war (1825-1828) due to the Brazilian invasion of the *Banda Oriental*. In the twentieth century, though there was still rivalry between the neighbours, relations were not so tense. Successful bilateral trade agreements helped both countries improved their relations in the 1980s. MERCOSUR also played its role bringing economic cooperation between the neighbours, as did an initiative ABACC (the Brazilian-Argentine Agency for Accounting and Control of Nuclear Materials<sup>1</sup>.) In 1991, this initiative led both countries to convert their nuclear competition into a confidence-building measure. In 2011, this initiative completed 20 years in existence and the Secretary General of the United Nations lauded the initiative in a statement commending the role of both countries towards nuclear disarmament and non-proliferation:

ABACC has made a very substantial contribution to regional nuclear disarmament and non-proliferation by providing for a sound regional framework for the application of International Atomic Energy Agency [IAEA] safeguards and facilitated the entry into force of the Treaty of Tlatelolco, the nuclear-weapon-free zone encompasses the entire Latin America and the Caribbean region (UN 2011).

Though bilateral relations between Argentina and Brazil have improved, certain issues remain. For example, Argentina continues to oppose Brasilia's bid for a permanent seat on the United Nations Security Council (UNSC). Brazil has been keen to obtain a permanent seat at the UNSC and reflecting this desire through its growing security role at regional and global levels. In 1995, Brasilia arbitrated in the Ecuador-Peru war. Later, in 2004, Brazil led the UN mission in Haiti with an aim of justifying its application for a seat in the UNSC (Burges 2008).

### **South American regionalism and Brazil**

As mentioned in the beginning, South Asian regionalism is a multifaceted process comprising of several parallel initiatives, such as the MERCOSUR, CAN (the Andean Community Union), UNASUR etc. but the focus of this study is on MERCOSUR, which has the following member states to date: Argentina, Brazil, Paraguay, Uruguay, and Venezuela. Though its membership agreement was signed in 2006, the membership of Venezuela depends on an approval from Paraguay<sup>2</sup>. In contrast to SAARC, MERCOSUR also has five associate members from the region: Bolivia, Chile, Colombia, Ecuador and Peru. The associate members, as clear from their status, do not enjoy full access to the markets of the MERCOSUR's full members, however, they receive tariff reductions and are not required to maintain a unified external tariff. The MERCOSUR secretariat is based in Montevideo, Uruguay.

In Latin America, the Latin American Free Trade Association (ALALC/ALADI) and later the more successful MERCOSUR was established in 1991 through the Treaty of Asunción. That treaty was amended and updated by the 1994 Treaty of Ouro Preto, promoting Free Trade via the movement of goods, people and of currency. MERCOSUR has a longer history to than it appears in the founda-

<sup>1</sup> ABACC is its acronym from its name in Portuguese *Agência Brasileiro-Argentina de Contabilidade e Controle de Materiais Nucleares* and Spanish *Agencia Brasileño-Argentina de Contabilidad y Control de Materiales Nucleares*.

<sup>2</sup> Editorial update: In June, 2012 Venezuela entered as a full member of MERCOSUR when Paraguay was temporarily suspended for a parliamentary coup d'état, thus ending their effective ratification ban.

tion for a regional body Integration and Economics Cooperation Programme (PICE) in 1985 (Portuguese: *Programa de Integração e Cooperação Econômica Argentina-Brasil*). A significant feature of South American regionalism is that big players in the region provide its leadership and motivation.

The crisis of the US hegemony has allowed space for alternative regional cooperation projects in the Americas. In the MERCOSUR region, rapid increase in intra-regional trade suggests that this region is becoming independent of the US. In the first five years from 1991-1995, the volume of trade between Argentina and Brazil increased fivefold to \$9.7 billion in 1995 (USDA 1997:23). Currently, bilateral trade between the two countries stands at a record level of \$32.95 billion (DPEC 2011 online) – a proof of improvement in bilateral relations and the value of MERCOSUR.

Similar to other regional process, South American regionalism is evolving. Following the Brazilian devaluation of 1999 and the December 2001 collapse of the Argentina economy, MERCOSUR was reconstituted over time becoming a part of the United Nations of South America (UNASUR). UNASUR is an intergovernmental union integrating two long-lasting customs unions in the region, namely MERCOSUR and CAN. Its membership has been comprehensive enough to include other South American countries and currently has the following twelve members: Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela. UNASUR is modelled on the EU and similar to SAARC in that it has economic and infrastructural development. However, like the EU, the idea behind UNASUR is to have a supranational body superseding both MERCOSUR and CAN. UNASUR is still in its infancy and in the initial consensus-building process moving toward institutionalisation.

South American economic cooperation is at an advanced stage. MERCOSUR has third party FTAs with the Southern African Customs Union (SACU), Israel, and Colombia. In addition, there are ongoing negotiations with the EU and ASEAN to reach FTAs. These agreements are likely to boost the trade between MERCOSUR countries and the rest of the world. There have also been interest from the US for a Free Trade Area of the Americas (FTAA), but MERCOSUR countries have opposed this proposal due to differences with the US free market policies (BBC 2010). Strong opposition was shown against the proposed FTAA coming from dominant players in South America, Argentina, Brazil and Venezuela with both civil society groups and states themselves involved. There are examples of violent protests in 2005 against FTAA in Argentina and Venezuela. At one such occasions President Hugo Chavez-Frias of Venezuela even labelled the US proposal as “American imperialism” while addressing the crowd of over 20,000 protestors (Harris 2005 online).

The MERCOSUR process has not been free of conflict due to differences between almost all the members, however, on a variety of issues. For example, when Brazil’s car industry flourished in 1999, Argentina reacted by imposing tariffs on Brazilian steel imports. This dispute continued for about a year and ended with a bilateral agreement in 2000. There was another dispute of an apparent environmental nature between Argentina and Uruguay over the issue of the latter nation’s plans to build two large pulp mills along the river border with Argentina. Buenos Aires opposed these projects due to fears of air pollution and the impacts on tourism and fishing in the region. The dispute was taken to the International Court of Justice where the decision was made in Uruguay’s favour (BBC 2010). The final decision on membership for Venezuela is still pending due to opposition from the Paraguayan Senate, which is not content with the democratic credentials of Hugo Chavez, the president of Venezuela (BBC 2010).<sup>3</sup>

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3 Editorial note: Now ratified Jun. 2012 Ibid.

The smallest members in MERCOSUR, Paraguay and Uruguay, continue to express displeasure over the limited access to markets in Argentina and Brazil (BBC 2010). In addition, an Associate Member, Bolivia has been sceptical of the utility of MERCOSUR and the Bolivian President Evo Morales once stated that MERCOSUR is a tool for benefitting only the wealthy (*People's Daily*, 18 January 2007). Bolivia is interested in a full membership of MERCOSUR and constant organizational delays are frustrating for the Bolivian government. Brazil, however is interested in granting a full membership to Bolivia and this could be because both countries share borders unlike other members of MERCOSUR.

MERCOSUR, though a purely economic organisation, is becoming politicised which therefore exposes it to criticism. There have been fingers pointed at MERCOSUR's slow progress and politicisation, especially after the creation of UNASUR. Even though, UNASUR is still very new, the body has introduced some promising initiatives and has shown greater relevance in the region. When it comes to security issues, the organisation played a crucial role in mediating the 2010 Colombia-Venezuela diplomatic crisis. There were tense relations between Colombia and Venezuela over the issue of the former accusing Venezuela for supporting guerrillas by providing them with safe havens. The evidence for this link between the Chavez government and Colombian guerrillas was reported in a publication of the London-based International Institute of Strategic Studies (Carroll 2011 online).

The proposal of Brazil – the regional power in South America – to create a South American Security Council is viewed as a reflection of its multi-level policy to gain power both at regional and global levels. As such it is not viewed as a regional integration policy in South America which differs from the European Union (Varas 2008). In 2008, sixty years after the establishment of the Inter-American Treaty of Reciprocal Assistance (TIAR) in 1948 in Rio de Janeiro, Brazil came up with the idea of a South American Defence Council or a Security Council. Perhaps, this idea was always present in Brasilia but they waited for the right moment to share this proposal which came in March 2008, when Colombia and Ecuador were going through an intense diplomatic crisis (Gratius 2008). The analysis of this proposal is significant for this study as it underpins Brazil's long-term foreign policy on regionalism in South America. With the initiative of setting up a regional security mechanism, it is clear that Brazil wishes to counter US hegemony in the region. This was considered likely as a result of increasing Brazilian economic growth and because with this growing economic development the country now is in a position to replace the US economic assistance to developing South America (Varas 2008). The future of a consensus on the Brazilian proposal looks uncertain due to existing differences between Brazil and Venezuela over the implementation of South American Defence Council (Gratius 2008). Varas (2008) is of the view that the best way to avoid the implementation of harmful US policies in South America, is to take actions through regional forums, such as the Organisation of American States (OAS).

All South American nations have either joined MERCOSUR or obtained observer status. The expansion of MERCOSUR and the creation of UNASUR, were followed by the introduction of the *Banco del Sur* (Bank of the South). Once implemented, this bank would essentially be the region's answer to the IMF and the World Bank, making it the 'borrower of last resort'<sup>4</sup> for the region ending the international financial institutions' grip on the region, as well as becoming a lender for infrastructure projects both in South America and the extended of Latin America. The final agreement to create the bank was reached in 2009 by the following members: Argentina, Brazil, Bolivia, Ecuador, Paraguay, Uruguay,

4 The BDS is part of a group of local financial infrastructure organizations including the Latin American Reserve Fund <https://www.flar.net/contenido/default.aspx>

and Venezuela. The idea for this project came from President Chavez, which is a true reflection of his opposition to the dominance of the US-led financial institutions, such as the IMF. The project, once implemented, will have the initial funding of US\$20 billion (Klonsky & Hanson 2009 online). In Banco del Sur, the bigger economies, namely Argentina, Brazil, and Venezuela, each pledged US\$4 billion. In September 2011, Argentina became the fourth member along with Venezuela, Ecuador and Bolivia to fully endorsed the Banco del Sur project (Webber & Mander 2011). It is surprising that the biggest regional power, Brazil has not yet fully committed to this very significant project.

### India in South Asia

A marked geographic similarity is shown by India's position in South Asia when compared to that of Brazil's in South America. India borders with all the SAARC members with the single exception of Afghanistan.

South Asia is unique in many ways but an obvious feature is that India looms so large over the entire region. Therefore, there is always a fear of New Delhi's dominance over smaller states, for example, the landlocked Himalayan states of Bhutan and Nepal. This is evidenced by Indian interventions in the domestic affairs of countries such as Bhutan, the Maldives, Nepal, Pakistan and Sri Lanka, though on occasion this has been at their request. Regional asymmetry among the SAARC member states is evident from table 2. There are massive differences between India and the rest of the region with regard to population, size, and GDP.

**Table 2: Overview of the SAARC member states**

Country	Population (2006)	Area (Square Km)	GDP Purchasing Power Parity (Int\$* billions) 2010
Afghanistan	33,609,937 <sup>a</sup>	647,500	27.44
Bangladesh	155,990,777	144,000	260.53
Bhutan	648,766	47,000	3.88
India	1,109,811,147	3,287,260	4,057.79
Maldives	300,292	300	2.51
Nepal	27,641,362	147,180	35.75
Pakistan	159,002,039	796,100	467.19
Sri Lanka	19,886,000	65,610	105.46

Note: <sup>a</sup> = data from 2009. Source: (ADB 2009:4; Bank 2011 online; IMF 2011 online)

\* International dollar (Int\$) is a hypothetical currency used in the international financial system and it has the same purchasing power as that of the US dollar.

After the 1947 partition, a result of independence from the British, there were two major powers in South Asia – India and Pakistan. Soon after becoming an independent country, Indian leaders, in particular Jawaharlal Nehru, envisioned India as an important player in world affairs, striving therefore to keep the country's foreign policy free from external interventions (Pardesi 2005:44). Even then, India was stronger when compared with Pakistan and its leadership was thereby in a position to maintain this level of self-confidence. In contrast, Pakistani leaders could not preserve the autonomy of the country's foreign policy because of strategic partnerships with the US.

Due to the sheer size and power of India, and its over one billion population, there have always been concerns among its smaller neighbours, particularly about India's dominance in regional affairs and the potential for interference in internal matters of its neighbours. Apprehensions of the Indian hegemony in South Asia had, or have, lead other countries to establish security relations with extra-regional powers (Bailes 2007:1; Inayat 2007:15). For example, Pakistan looked towards the US and joined the US-sponsored Southeast Asia Treaty

Organisation (SEATO) and the Central Treaty Organisation (CENTO). During the Cold War era, India was closely linked with the Soviet Union by maintaining its stance of non-alignment (Inayat 2007:14).

The balance of power shifted drastically in India's favour after 1971 when Pakistan lost its Eastern region to present day Bangladesh. In addition to this, India became a much stronger nuclear state with what New Delhi branded as the peaceful nuclear explosion in 1974. However, according to Mitra (2003:405), the nuclear test "gave yet another indication of the 'Indira Doctrine', which visualised India as the hegemonic power of South Asia". In Pardesi's (2005:ii) opinion, one aspect of India's grand strategy in South Asia includes "a realist drive towards power maximisation due to structural reasons, including the use of force when necessary, under the veneer of morality".

Several disputes exist between India and Pakistan, ranging from territorial to maritime conflicts, and accusations of cross-border terrorism. The cause of disagreement is the dispute over Kashmir, which has existed as long as that of both countries. There have been bilateral and multilateral attempts to resolve tensions between India and Pakistan, but they have been largely unproductive as evidenced by three full-scale wars (1948, 1965 and 1971) between the rivals.

The policy in New Delhi has been to dominate its South Asian neighbours rather than simply invade the smaller nations. This aspect of Indian foreign policy can be observed in its relationships with Bhutan and Nepal. The 1950 Treaty of Peace and Friendship between India and Nepal was required for both parties by China's invasion of Tibet. Nevertheless, through this agreement, India becomes the master of Nepal's foreign and security policy, thus curbing Kathmandu's autonomy in foreign affairs. Nepal is not presented with much of a choice in the matter, sandwiched, as it is between the two giants – China and India. Nepal, as a landlocked this means that cordial relations with India are important for its survival. India is its key route for all imports and exports. The case of Bhutan is similar, as it is protected by India under the Indo-Bhutan Treaty of Friendship (1949). When the British left, India was in a position to continue the British policy towards Bhutan, especially when Bhutan faced threats from China's military activities in Tibet. Also in order to defeat its regional rival Pakistan in the 1971 war, the Soviet partnership, the 1971 Treaty of Peace and Friendship was crucial (Pardesi 2005:24). With a mix of internal and external partnerships, India has always aimed at becoming a great regional power, especially since Pakistan is no longer as powerful as it used to be.

After the creation of Bangladesh in 1972, because of the Indo-Pak war of 1971, New Delhi established its own replica of the Monroe Doctrine. This doctrine was named after the mastermind of this policy, Indira Gandhi; and so it became known as the "Indira Doctrine". This doctrine aimed at ensuring the Indian dominance in South Asia and that through all possible means. According to the Indira Doctrine, South Asian countries should firstly seek help from within the region to address their domestic challenges. This meant, looking to the regional big brother (India) for support. Secondly, the presence of extra-regional powers in the region were considered a threat to India's security, unless that power accepts the Indian dominance (Pardesi 2005:41). In Eastern South Asia, it is clear that India is a regional hegemon and New Delhi aspires to achieve the same goal in Western South Asia also where the largest challenge comes from a traditional rival, Pakistan.

In the late 1980s, India made an abortive attempt at military intervention in Sri Lanka. On this particular occasion, the New Delhi's strategy was not to mediate due to the influence of the Tamils living in its state of Tamil Nadu (Bailes 2007:1). Even after the withdrawal of Indian troops from Sri Lanka, New Delhi continued to show keen interest in the internal affairs of Sri Lanka as a result of Tamil insurgency.

There have been attempts from India and Pakistan to resolve their disputes, but without any significant dialogue advances. During the 1990s, Pakistan moved ahead with the option of peaceful dialogues with India to resolve the dispute over Kashmir, even though India was apprehensive of the fact that such talks with Pakistan would further internationalise the issue (Malik 1994:1087). In the end, talks were frustrating, at least for Pakistan, which sought a solution to the dispute leading to an escalation of tension with both countries testing their nuclear capabilities in 1998. According to one estimate, India has 60 to 70 warheads and Pakistan possesses 60 nuclear warheads (SIPRI 2008:16); therefore, the small scale war at Kargil raised the world's fears of a nuclear confrontation. After the 1971 war, Pakistan was left not only geographically smaller but also militarily weaker in comparison to India; therefore, it was felt essential by strategists in the country to boost up its nuclear program. Hence, as a result of nuclear tests in May 1998 (following India's nuclear tests) Pakistan seemed to have acquired a kind of balance of power with India (Dash 2008:59). From India's perspective, her nuclear weapons policy is a long-running concerned and response to a perceived threat from China. India initiated her nuclear program after losing a battle with China in 1962 (Sridharan 2005:122) holding her first test in 1970. This also provoked the Pakistan nuclear program, Pakistan initiating its nuclear program after a massive defeat at the hands of India and the loss of East Pakistan in 1971.

Since the early 1990s, due to economic reforms, India has benefitted from boosts in its economic growth, and because of this, it has, more than ever before, become noticed by the developed world. It is also now, often, included in the list of the 21<sup>st</sup> century powers, following the US, Europe, China, Japan and Russia (Dali & Hong 2009:47). India has shaped a multi-dimensional policy, in order to analyse whether it is striving to become a hegemonic power in South Asia, it is important to understand its foreign policy with regard to South Asian countries.

There was a brief shift in the Indian foreign policy, particularly with respect to the SAARC member states, via the Gujral Doctrine. This doctrine advocated for the principle of non-reciprocity – meaning India acknowledges that, as the biggest state in the region, it has a special responsibility for regional cooperation and needs to establish unilateral concessions or what some will label as “strategic altruism” (Gordon 2010:7; Hanif 2009:18). The principle applies to India's relations with Afghanistan, Bhutan, Nepal, Bangladesh, Sri Lanka and the Maldives. Strategic altruism has not been practiced in the case of India's relations with Pakistan.

In post-9/11 Afghanistan, India has been a key player and Pakistan has viewed this greater influence with much suspicion, perhaps rightly so. India has its embassy in Kabul but it has consulates in Herat, Mazar-e-Sharif, Kandahar and Jalalabad. The Indian diplomatic presence in areas bordering Pakistan leads Islamabad to presume that the Research and Analysis Wing (RAW) – an India intelligence organisation – is using their existence to carry out anti-Pakistan activities. Also similar is the case of India's relations with Iran, where New Delhi has been funding the construction of a deep-sea port seeking a direct trade link with the Central Asian States. But there is more to that relationship with growing Indian diplomatic presence in Iran with embassy in Tehran and consulates in Zahedan and Bandar Abbas (Pardesi 2005:25).

Again, to have access to natural resources in the Central Asian States, mainly natural gas, India has been showing greater interest in Afghanistan, but there are other reasons too, as will be discussed later. India has become an important donor in the reconstruction process of Afghanistan, and until 2007 provided US\$650 million (Jobelius 2007:8). Afghanistan perceives greater ties with India, as a stepping-stone to become an important player in the SAARC region. India on the other hand recognizes Afghanistan as crucial for its internal

and external security environments. This is also an opportunity for New Delhi to prove its worth in global security in the 'war on terror'.

India's aid policy has strategic objectives. India has been offering development assistance to countries with high strategic significance to her; for example countries with rich oil and other raw material, such as Nigeria, Sudan and Kazakhstan. However, the main recipients of India's development aid have been SAARC member states, namely Bhutan, Sri Lanka, Nepal, Afghanistan and the Maldives. India has had successes with its economic aid to these countries because, if help is needed, now these countries look to India and they agree to its dominance of recipients in South Asia – the primary Indian objective behind its investment in the region. According to Jobelius (2007:8), "the Indian government is fully aware that recognition of its claim for a greater role at international level will depend greatly on how well it manages to realise its role as a regional leader". With this realisation, New Delhi has been keen to play a superior role in SAARC.

Bhutan is perhaps the only country in South Asia, which is largely dependent on India's aid. Thimphu turned towards India after the Chinese occupation of Tibet, which raised greater security concerns in both Bhutan and Nepal. Mainly for its own growing energy needs, India has funded three hydropower stations in Bhutan with 60 percent concession aid and the remainder as a loan. In addition, New Delhi provided an aid package of US\$262 million for infrastructural development of Bhutan (Jobelius 2007:8). It is a win-win scenario for both countries because of India's growing energy demand and Bhutan's need for economic development.

In India, there has been a long-running interest in Nepal, considering New Delhi's strategic interests with regard to China. For this reason, India has been providing both military and economic aid to Nepal, in addition to free trade with India and the increasing Indian investment in Nepal. On an annualised basis, India provides US\$15 million in economic and military aid to Nepal (Jobelius 2007:8).

India in demonstration of its cooperative side has occasionally tried to help Pakistan in emergency circumstances. After the massive 2010 floods in Pakistan, India offered US\$5 million in aid (Gordon 2010:7). Gordon (2010:7) believes that, "for India and Pakistan, a political breakthrough has to precede an economic breakthrough". However, it is very difficult when the bilateral relations are tense. Pakistan refused to directly accept the support from New Delhi (Yousaf 2010 online).<sup>5</sup> Islamabad only allowed the aid from India via the UN. This example shows that the tense bilateral relations between India and Pakistan have implications for cooperation in human security areas. Nonetheless, this example also reflects the significance of multilateralism that allowed the much-needed funds to reach the victims of the natural disasters in Pakistan.

There is a dominant lobby in the Indian strategic policy community, which advocates for "firm India" – meaning India should project itself as a firm and powerful country even if the use of force is required, just like the US and Israel. This line of thinking is aligned with the Indira Doctrine, perceiving "the bomb as a symbol of national power". This lobby continues to criticise the Indian concessions to Pakistan as a result of the Simla Agreement after the 1971 war with Pakistan, and they appreciate the 1988-1990 peacekeeping operations in Sri Lanka even though they were unsuccessful (Mitra 2003:413). India also played its role in aborting a coup attempt in the Maldives in 1989 (Inayat 2007:18). It also seems that the India hegemony in the region has some support from the outside, mainly from the US. During the 1980s, the US seemed to have approved Indian interventions in Sri Lanka, the Maldives and in Nepal (Hanif 2009:19).

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<sup>5</sup> It is important to mention that it was a period of tense India-Pakistan relations in the aftermath of the 2008 terrorist attacks on Mumbai.



Since 1971, opinion in New Delhi is that India has proved its dominance in South Asia by breaking Pakistan (Pardesi 2005:25). India has not hesitated to use its military power in neighbouring countries to show its hegemonic power in South Asia, which is evident through Indian interventions in Sri Lanka and the Maldives. Also, often India has been engaged in cross-border skirmishes with Bangladesh and Pakistan to demonstrate that it is more powerful than others in the region.

It was not only in the 1980s that the US supported India's dominance in South Asia. Washington continues to uphold this policy. The nuclear deal between the US and India is beneficial to India but raises concerns on the spread of nuclear weapons. Perhaps, this deal will further disturb the delicate strategic balance of South Asia. As a result of this deal, India might invest further in its nuclear weapons to become a nuclear giant in the region – by beating Pakistan in that race. The deal has been through all the formalities, for example the approvals from the US Senate, the International Atomic Energy Agency (IAEA) and the Nuclear Suppliers Group (NSG). The nuclear deal was finally cemented with the US President, George W. Bush, signing into law a civil nuclear deal with India, which ends a three-decade restriction on US nuclear trade with India. This deal will provide India 25,000 MW in nuclear power by 2020 (Srinivasan 2007:para. 12).<sup>6</sup> In South Asia, this deal will aggravate the regional imbalance as India would be able to increase its military capabilities by five to ten times (Reynolds 2008:para. 11), which will make smaller nations around her more insecure, especially Pakistan. As reported in the BBC News (2 October 2008), in response to the US-India deal, the Prime Minister of Pakistan, Yousuf Raza Gilani, has demanded that the US reach a similar nuclear deal with Pakistan, and not discriminate between the two nuclear rivals (BBC 2008).<sup>7</sup>

In the Eastern part of South Asia, due to its cooperative hegemony, India has all but managed to create what some label as hegemonic stability through greater economic and defence ties with countries covered under its non-reciprocity policy. India is a hegemon in eastern part of the region because it continues to maintain its dominance on smaller countries dependent on support from New Delhi. Also, for this reason New Delhi continues to ignore the demands from Nepal and Bangladesh to update their bilateral agreements, such as the Indo-Nepal Treaty of 1950, and the Indo-Bangladesh Treaty of 1972 (Bhasin 2008:8). India has been trying to do the same in Afghanistan through greater economic aid, but with the exclusion of Pakistan from cooperation on non-reciprocal terms and with the involvement of extra-regional actors in Afghanistan, India has not been able to achieve hegemonic stability in Western South Asia (Afghanistan and Pakistan) (Hanif 2009:19).

India has all the characteristics necessary to be termed as a regional hegemon in South Asia, as is evident through measures adopted by New Delhi to maximise its power. Through political means, India expanded to include Sikkim, and on other occasions used military force to capture Hyderabad and Goa. It has created greater dependencies in its neighbourhood by becoming the only country with the power to control the security policies of Bhutan and Nepal. India has used force to interfere in the internal matters of its neighbouring countries,

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6 The US-India Civil Nuclear deal will allow India to import uranium for its civilian nuclear energy plants and free up its own uranium for weapons. The nuclear non-proliferation regime has viewed this deal as a disaster, as it clearly depicts the United State's double standard in favor of India. However, this deal might also give an excuse to nuclear capable states; Pakistan, Iran and North Korea, to continue investing in their nuclear weapons capabilities (Reynolds 2008 online).

7 For analysis of the strategic and security implications for the India-US Civilian Nuclear deal, read C. Uday Bhaskar 2009, 'India-United States Civilian Nuclear Cooperation Agreement of July 2005: Strategic and Security Implications', in *Socio-political and Economic Challenges in South Asia*, T.T. Yong (ed), SAGE Publications, New Delhi, pp. 1-11.

for example the 1971 Bangladesh War and the Indian military interventions in Sri Lanka and the Maldives in the 1980s. The Indian leadership does not hesitate to threaten its rivals, principally Pakistan, with heavy mobilisation of troops when required. And with a mission to become a global super power, India wishes to establish military bases outside South Asia, for example in Iran, Tajikistan and Singapore (Pardesi 2005:50).

For the reasons mentioned above, it is predicted that with economic growth, India will behave as per the principles of offensive realism; that is, working toward maximising its political and military power; avoiding alliances that are likely to hurt its autonomy; becoming a regional hegemon in South Asia; and resisting extra-regional influences in the SAARC region (Pardesi 2005:ii). Also, Pardesi (2005:51) predicted that, with increased Indian wealth, the country will expand its political and military power with a mission to become a regional hegemony.

### **South Asian regionalism and India**

In 1985, SAARC was established by the following seven countries of South Asia: Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka, and Afghanistan became the eighth member of SAARC in 2007. There have been a keen interest from China and Iran to join SAARC as permanent members, but decisions depend on consensus among all the SAARC members.

The President of Bangladesh, Ziaur Rahman in the late 1970s, proposed the idea of a regional forum in South Asia. It was warmly accepted by smaller countries in the region but India and Pakistan were not really keen on a regional grouping. Both countries perceived the move (from Bangladesh) as being motivated by Washington – with reference to the Carter Doctrine of engaging South Asia in the Cold War.<sup>8</sup> In particular, the Carter Doctrine emphasised a kind of regional security framework in South and South-West Asia, consequently India and Pakistan were reluctant about the idea of such a regional forum in South Asia (Muni 1989:40). It was a time when both India and Pakistan were in a strong anti-US mood, though the US was making successive attempts to engage Pakistan as an ally in its Cold War game plan. For New Delhi, it was vital not to take sides in the Cold War. However, in Islamabad, the strategy was also to avoid providing a forum to India, which could facilitate its possible alliance with the US, as SAARC under the influence of Washington could have been such a forum (Muni 1989:41).

It is interesting to observe that in the case of SAARC, there is more interest from outside the region, since there are more states with observer status than actual members. Australia, Japan, China, South Korea, the US, Mauritius, the European Union (EU), Iran and Myanmar are SAARC observers. Nations, and the EU, as SAARC observers, could examine SAARC proceedings, propose and support projects via the Association. However, in the case of MERCOSUR, Mexico is the only observer state. This is due to the nature of the South American region, more closely resembling a response to the US hegemony; therefore, MERCOSUR and other regional organisations refrain from opening up to the extra-regional countries and organisations.

Regionalism processes are similar in both regions, particularly in MERCOSUR and SAARC, exhibiting numerous parallels in regional cooperation principles. In both groups decisions are implemented based on the principle of unanimity, for example. That also reflects a preferred way of cooperation among the developing countries. How countries agreed on this principle has some connection with the asymmetrical nature of respective regions. In the case of SAARC,

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<sup>8</sup> The Carter Doctrine was a policy of President Jimmy Carter of the US and was produced on 23<sup>rd</sup> January 1980. The doctrine advocated the use of force to defend national interests in response to the 1979 Soviet invasion of Afghanistan.

at the time of the creation of the Association, India's dominance in SAARC was central to the concerns of smaller countries and on the other hand, India was wary of its neighbours ganging up against her; therefore, such concerns were addressed in the process of formulating the SAARC Charter.<sup>9</sup>

In the case of SAARC, the bilateral tension between India and Pakistan has often been a constraint in the process of regional cooperation in South Asia. SAARC had faced some challenges, arising from Sri Lanka's reluctance to participate in the meetings of Foreign Ministers in Thimpu (1985) and New Delhi (1987) and her refusal to convene the Fifth SAARC Summit in Colombo (due in 1989) due to the presence of the India Peace Keeping Forces (IPKF) in Sri Lanka (Kanesalingam 1993:43). After the Kargil war of 1999 between India and Pakistan, there were a couple of tense years and bilateral relations got worse due to the terrorist attack on the Indian Parliament in 2001. This was an era showing a paralysis of the peace process between the two countries. From the end of 2001 to October 2002, the nations were on the verge of war with heavy mobilisation of troops for about ten months. Also during this period SAARC could not hold its annual summit. Ultimately, the peace process did resume in January 2004, but it again faced hiccups resulting from a series of terrorist attacks in Mumbai (India) in 2008. The peace process faces an impasse due to widespread virtually out of control terrorism in the region. Bilateral talks have been emphasizing on eliminating terrorism to improve relations between India and Pakistan and security in the region, but the 'war on terror' has been a multilateral issue due to reach of the terrorism menace.

Bilateral problems have got in the way of regional economic cooperation. According to Kiang (2009:xi), the efforts of the SAARC towards regionalism in South Asia have been hindered by bilateral tensions and the presence of a dominant power (India). The South Asian Free Trade Area (SAFTA) implemented in 2006, faces challenges due to the fear of India's economic might and the obvious bilateral disputes. The fear of India's economic dominance is a huge factor, and in some ways a hindrance to SAFTA/SAARC in South Asia. There is a fear of economic domination by India among smaller countries in the region because of its central location, size, industrialisation, natural resources etc. India alone constitutes 84 percent of value added in manufacturing of the region – demonstrating its dominion in this sector (Guru-Gharana 1997:34). While the smaller SAARC members have apprehensions about Indian hegemony, India seems to find little merit in striving for stronger intra-regional economic integration when compared with links with global markets and developed regions of the world.

At the time when the seven signatories of SAFTA implemented the first tariff reductions in July 2006, India called for an urgent meeting of the SAFTA Ministerial Council. In this emergency meeting, India accused Pakistan of not abiding by the SAFTA agreement. New Delhi was really concerned over Islamabad's decision to trade with India on the basis of a small list of 773 items in a positive list (Baabar 2006 online). This is not the only example of the countries confronting each other in SAARC. This also shows the sensitivity of SAARC because traditional rivals – India and Pakistan – are preoccupied with their bilateral disputes, and as a result, neither country has been able to fully exploit the potential of bilateral and intra-SAARC trade. In 2011, for bilateral trade under SAFTA, Pakistan had a sensitive list of 1,946 and India of 850 items (*Express Tribune*, 29 April 2011), which shows a great number of items prohibited from trade between the South Asian rivals. Another example, though not related to SAFTA, is of Pakistan not granting Most Favoured Nation (MFN) status to India. MFN is an important aspect of the WTO agreement and allows free flow of trade

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9 In this regard, an important principle of the SAARC Charter (SAARC 1985:11) was stated in Article X: "Decisions at all levels shall be taken on the basis of unanimity".

and capital between contracting parties (Hussain 2010:19). MFN gives special treatment to a trading partner but at the WTO it means non-discrimination, a system of trade in which everyone is treated equally. SAFTA has not changed the bilateral dimension of India-Pakistan trade, because the latter continues to refuse MFN status to India.<sup>10</sup>

Due to bilateral tensions and other flaws, SAFTA is far from reaching its full potential. This represents a loss to the economies of South Asia. For example, trade between India and Pakistan would be expected to reach the amount of US\$10 billion if SAFTA was in full swing (Ali 2005:145). According to a newspaper report, bilateral trade stands at \$2.7 billion and reflects the degree of difficulty in free trade in South Asia (Iqbal 2011).

As to regional security in South Asia; the proposal to set up a SAARCPOL has already been put forward by the government of Nepal at the SAARC Secretariat in Kathmandu. The idea of a SAARCPOL or SAARC Police is to be an institution similar to INTERPOL, which has already replicated in some regions with the names of EUROPOL, ASEANPOL and so on. Therefore, this idea at the SAARC level is not new, and has some potential with regard to joint ventures against transnational crimes and terrorism. In this regard, SAARC organised the First Conference of SAARC Police Chiefs in Islamabad on 17<sup>th</sup> April 2008. So far, the SAARCPOL discussions focus on extradition of fugitives, control of pan-South Asia counterfeit notes racket, and on drug trafficking. India is the primary force urging other members to include the issue of fake currency, which New Delhi identifies as a serious transnational crime, into the proposed SAARCPOL (Mitra 2011 online). It is difficult to reach a consensus in this area, which involves cooperation between the intelligence and law enforcement agencies of the member states, including India and Pakistan. The more India tries to push for its security agenda the more apprehensions grow among its neighbours, especially Pakistan. An example of India promoting its agenda of regional actions is its promotion of anti-counterfeit currency measures in SAARCPOL discussions. At this stage, it seems the biggest issue for the police chiefs of the member states is to accommodate the interests of all stakeholders to progress towards implementing this mechanism. It is not going to be an easy process at SAARC because some issues are of a bilateral contentious nature, often creating tensions between some members. For example on the issue of counterfeit notes, New Delhi has often accused both state and non-state actors in Pakistan (Gilani 2009 online).

For India, China might be a regional rival and perhaps an enemy too because India lost a battle against the former in 1962, but other South Asian countries have established stronger ties with China to balance their affairs with India. Therefore, formation of security cooperation for South Asian countries theoretically might not work because they do not have a common external threat perception since most SAARC members either have disputes with India or have concerns regarding India's interference in their domestic matters. However, the idea of a security mechanism in South Asia, either through SAARC or by virtue of another forum, cannot be completely ignored because there are examples of other regional organisations beginning cooperation in trade and then forming security alliances, such as ASEAN.

China might feel differently about India, but India always has been concerned with Beijing's influence in South Asia. This has been evident through India's move to prohibit China's membership of SAARC because it is likely to dilute India's dominance in the region. One cannot ignore the fact that China has been the biggest trade partner of many SAARC member states. From

<sup>10</sup> According to a news reports published in *Express Tribune* (29 April 2011), at the conclusion of the bilateral meeting of commerce secretaries of India and Pakistan, Islamabad has agreed to grant MFN status to India. However, it is unclear when a formal decision will be made.

1999-2005, China's trade with the SAARC region increased tremendously from \$4.2 billion to \$26.6 billion (Dali & Hong 2009:57). Therefore, China was invited to become a SAARC observer at the Thirteenth SAARC Summit held in Dhaka in 2005 due to its increasing economic and strategic ties with the SAARC region and its significant powers. India, even though it could use its veto power in SAARC, allowed China to become an observer in the Association. This also reflects New Delhi's gesture of improved relations with Beijing. Deserving of mention is the fact that China's application to become a SAARC observer was strongly pushed by Pakistan, having realised that China's presence in SAARC could counterbalance India's dominance in South Asia (Dali & Hong 2009).

Overall, regional cooperation in South Asia has been affected by rivalry between India and Pakistan. SAARC does not formally permit political dialogue and debates on contentious bilateral issues (SAARC 1985). That said, on several occasions the forum has provided opportunities to leaders of India and Pakistan to discuss their bilateral issues on the sidelines of annual SAARC meetings. However, allegations of cross-border terrorism, mainly made by India citing Pakistan, have often derailed the bilateral peace process, therefore, multilateral initiatives are crucial to reinstate the dialogue process under circumstances when bilateral dialogue is suspended.<sup>11</sup>

In the early 1980s, responses from the South Asian states varied from being enthusiastic to being lukewarm towards the idea of a regional organisation in South Asia. At first, leaders in favour of SAARC had to deal with the 'India phobia' in South Asia, concerns shared by the smaller neighbours of India regarding the intention of regional cooperation to reinforce India's dominance or hegemony in the region. India, on the other hand, had concerns as to whether the cooperation would generate a process of ganging up of smaller countries against India (Sami 2005:34). However, after addressing all these apprehensions in the SAARC Charter, the foundation for the regional organisation was laid in 1985.

The above analysis clearly depicts that the India's hegemonic role in South Asia and regional asymmetry has created problems for regionalism in South Asia. SAARC had encountered hindrances due to the Indian hegemony, especially in the case of India-Sri Lanka relations. Nonetheless, India-Pakistan rivalry continues to overshadow the SAARC process.

### **Comparative analysis**

To conduct a comparative analysis of South America and South Asia reasonable, one needs to explore some key differences between the two regions.

If we compare the political landscape of both regions, political instability in South Asia stands out. Aside from India, democracy has not flourished in other major countries. For example, both Bangladesh and Pakistan have long histories of dictatorships and armies that continue to play significant political roles even in democratic periods. Consequently, democracy has been deeply depleted in both countries. In contrast, democratization in South America shows some significant results such as, improvement in overall human development among others.

South Asia is also different due to strong roots of terrorism, both home-grown and imported. This problem has engaged the military powers of over 40 countries in Afghanistan in so-called wars against terrorism in South Asia. Since 2008, Pakistan's army has been engaged in security operations against the lo-

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11 For example, the Indo-Pak dialogues were discontinued after an unfortunate terrorist attack on a train near Mumbai in July 2006 in which hundreds were killed. There was almost a deadlock in bilateralism until the leaders of both countries met on the sidelines of the 2006 Non-Aligned summit in Havana (Masood 2006:46-47).

cal Taliban in the northwest of the country. Terrorism at home, and conflict with India, has given the military a lot more power in Pakistan, creating an ongoing problem with the democratic government.

South America is not as religiously diverse as South Asia; the latter is home to several prominent religions, namely Hinduism, Islam, Buddhism, Christianity etc. As a consequence South Asia faces the problem of religious conflicts. The history of these conflicts is as old as the very existence of India and Pakistan – the countries created as homelands for people of two different religions, Hinduism and Islam. According to some estimates, the partition caused the migration of 10 to 12 million people, in August 1947, the largest ever in history (Brass 2003:75; Meyer 2003:95). When the Punjab province was divided into an Indian and a Pakistani Punjab, most of the migration took place within this region, with one caravan alone comprising 800,000 people. In Punjab, trains, buses, trucks and homes were burnt along with the migrants inside (Champan 2009:195). Sikhs and Hindus attacked Muslims while Muslims in revenge killed Hindus and Sikhs, causing mass bloodshed. All three religious segments had united in the 1850s against the colonial rule (Pennebaker 2000:1) but were divided after differences emerged during India's First War of Independence in 1857. The partition, however, completely changed any semblance of religious harmony in the region for the foreseeable future. Since then, there have been instances of communal violence against religious minorities in both India and Pakistan, for example 1992-1993 Mumbai riots (India), and 2002 Gujarat riots (India). South America, on the other hand has been lucky to be free from religious and ethnic conflicts.

Compared with South America, South Asia has been prone to external influences. For example, after emerging on the world map as independent states, both India and Pakistan got embroiled in domestic territorial disputes. In particular this situation forced Pakistan, a weaker state when compared to India, to forge security relations with extra-regional powers, especially the US and China. In contrast, India which remained non-aligned during the Cold War, established close ties with both the US and Russia, and continues to build on those relations through economic and defence cooperation. There is an apparent competition of global powers for influence in South Asia, for example, between India and China for dominance in South Asia and Myanmar. For these reasons New Delhi continues to oppose the Islamabad proposal to granting full membership of SAARC to China. In South America, even though there is a strong US influence in some countries, the region has not surrendered itself to the mercy of Washington, as demonstrated through actions taken via regional institutions, in particular MERCOSUR.

Scholars predicted the rise of emerging economies back in the 1990s and the names of both Brazil and India were included in the list of "Big Ten" rising markets. Beyond steady upward trending in economic growth, the growing economies also share an interest in playing influential roles at global levels (Hurrell 2006:2). Comparative analysis is essential to understand the policies of emerging economies, in this case Brazil and India and their role in their respective regions, regionalism, and world affairs.

In terms of area, Brazil is the fifth biggest and India seventh in the world. However, in population terms, India is the world's second biggest country and Brazil ranks fifth in the world. South Asia is also home to other large countries, Pakistan is ranked sixth and Bangladesh ninth in terms of world population size. As of 2010, India is ranked the world's fourth biggest economy with the GDP of US\$4 trillion. Brazil is not far behind, ranked seventh with a GDP of US\$2 trillion (EW 2010 online). The world political outlook is changing, perhaps much more than ever before, due to the emerging regional powers, as is the case of Brazil and India. Both countries have been playing dominant roles in their respective regions but neither has gained key player status in international forums, such

as the United Nations Security Council (UNSC). Both Brazil and India have expressed their wish to obtain a permanent seat on the UNSC. In Brazil's case, the country's approach is to use 'soft power'. However, for a greater say at global levels, Brazil and India have used various multilateral forums, both at regional and inter-regional levels.

Climate change negotiations have become highly political issues since the first real step of the G5 of developing nations, Brazil, India, South Africa, Mexico and China, in 2005. The G5 members collectively met the G8 countries and discussed their concerns on climate change stressing technology transfer and financial support (Sharma 2011:11). India is an active player in politics linked to global talks on climate change. For example, both India and Brazil are members of the BASIC Group (comprising Brazil, South Africa, India and China) to negotiate on behalf of the developing world, a group created in 2009. It seems that the purpose of big four developing economies is to bring on board all developing countries for obtaining a better bargaining power in global discussions on climate change. Considering this, India's support of the SAARC's climate change agenda is a mere reflection of its larger objectives. There is no doubt that the SAARC's agenda and actions on climate change have received a great deal of support from New Delhi serving the interests of India, but in this case the 'big brother' role is to the benefit of all the stakeholders; so India could be seen as playing a 'leader' role rather than a hegemon.

Prior to the BASIC Group, both Brazil and India joined a group of emerging economies along with China and Russia to launch the BRIC (acronym for Brazil, Russia, India and China) in 2009. The first summit was organised between heads of state in 2009. After South Africa joined in 2011, the group has been renamed to BRICS. The idea of this group is to ensure that developing countries play a greater role in global affairs, which is very much the focus of the foreign policies of Brazil and India. In particular, all these countries share discomfort over the financial dominance of the US. Now that these countries share power, especially economically, having 40 percent of the world's global currency reserves, they are in a position to demand a greater say at global levels (New York Times, 20 April 2011). Russia and China are already permanent members of the UNSC, having veto power along with the UK, the US, and France; therefore, via BRICS they now seek greater influence in global financial matters. Brazil and India are both benefitting from their global activism to raise their profiles via regionalism in their regions and vice versa. Therefore, I agree with Hurrell (2006:8) that "a state may see the region as a means of aggregating power and fostering a regional coalition in support of its external negotiations."

India changed its age-old policy of prohibiting extra-regional influences in South Asia and in SAARC. This was largely a Cold War era policy when India was a strong ally of the movement of non-aligned nations. New Delhi changed its policy with respect to the engagement of SAARC and its members with extra-regional countries and organisations. This has led to a sudden change in SAARC, which is now more outward facing than ever before, as evident by the engagement with observers and dozens of development agencies.

Regional asymmetry in both South America and South Asia poses challenges to the manner in which big players act and are perceived by their neighbours. I agree with Bhasin (2008:1) that "the over-bearing presence of a neighbour with aspirations for global leadership has also been a source of apprehensions for the other South Asian countries". There are greater concerns in Argentina and Pakistan over the rise of their rivals at global levels; therefore, they continue to oppose permanent seats for their big brothers at the UNSC.

For a greater say in global affairs, both Brazil and India have been searching for greater influence in other parts of the world, especially in Africa. South-South cooperation is growing because of the role played by new players on the global

scene. New Delhi has expanded its diplomatic ties in Congo and Sudan. On the other hand, Brazil opened 68 new embassies mostly in the developing world and increased the number of its diplomatic staff by a factor of three (Mahadevan 2011:2; Wigell 2011:5). This demonstrates the trend toward influence expansion in emerging economies.

India, a powerful state and the biggest democracy in the world, could play a crucial role in the promotion of democracy in South Asia, which according to Yilmaz (2002:194) a hegemon does by practicing her authority over others for the promotion of its political and cultural values. India as a promoter of democratic values could be seen as a positive player in the region. Bhutan and Nepal both have recently developed into democratic states (from monarchies.) However, even though India enjoys a great deal of influence in both countries, New Delhi did not support democratic powers in either country. In the case of Bhutan, it is partly due to India's ongoing hydropower deal. Another reason is New Delhi's apprehensions (to some internal factions) regarding democracy in these states, leading, in such groups such as the Gurkhas of Darjeeling, to secession (Subba 2010). However, India had no objections toward the recent move at SAARC towards on the Charter of Democracy to promote and safeguard democracy and good governance in the region. This could be because at multilateral levels India has an entirely different policy of proving itself a responsible regional leader.

Similar is the case of Brazil because Brasilia has mostly refrained from playing a role in stabilising democracies in South America. According to Burges (2008:79), out of 34 democratic disturbances in the region between 1990 and 2006, Brasilia only played a crucial role in Paraguay and Bolivia for its own national interests. For example, its intervention in Bolivia was to ensure that the gas supply for Brazil is not disrupted by the situation in 2004 and 2005.

When it comes to India's hegemony in South Asia, there has been support from the US, as was the case in the 1980s. However, perhaps at that time Washington perceived India's region as being the Eastern part since during that era, Pakistan was a strong US ally in the Afghan-Soviet war. However, now it seems the US is convinced that New Delhi with its growing military and economic strength is capable of playing a greater role in the whole South Asian region. Hillary Clinton expressed this during a visit to India in 2011 (*Times of India*, 21 July 2011). The US could not do the same to support the greater influence of Brazil in Latin America due to itself being the hegemon in that region. Nonetheless, regionalism in South America aims at countering the US' influence in the region.

## Lessons

It is widely believed in South Asia that with the free flow of trade in the region, ultimately the tensions among SAARC members would dissolve. It has happened in Europe and in the MERCOSUR. There was a long period of rivalry between Argentina and Brazil with its roots in the 19<sup>th</sup> century. In fact, the warming of relation between Argentina and Brazil, the region's two largest economies, ultimately led to both sides giving up their nuclear ambitions (Burki 2005:204). In the case of South Asia, this simply did not happen because India's nuclear programme was in response to the growing threat from China to whom India lost a war in 1962. On the other hand, Pakistan continues to develop its nuclear capability to counter the threat emerging from India's increasing armament. Also there is the growing threat of terrorism, which neither Pakistan nor the international community has been able to counter. This problem has a huge impact on the evolution of regionalism in South Asia.

SAARC is behind MERCOSUR for example in terms of convincing India and Pakistan to commit to the common cause of regional development through intra-regional trade. India and Pakistan have often criticised each other over commitments towards SAFTA; so the pace of free trade in the region is much

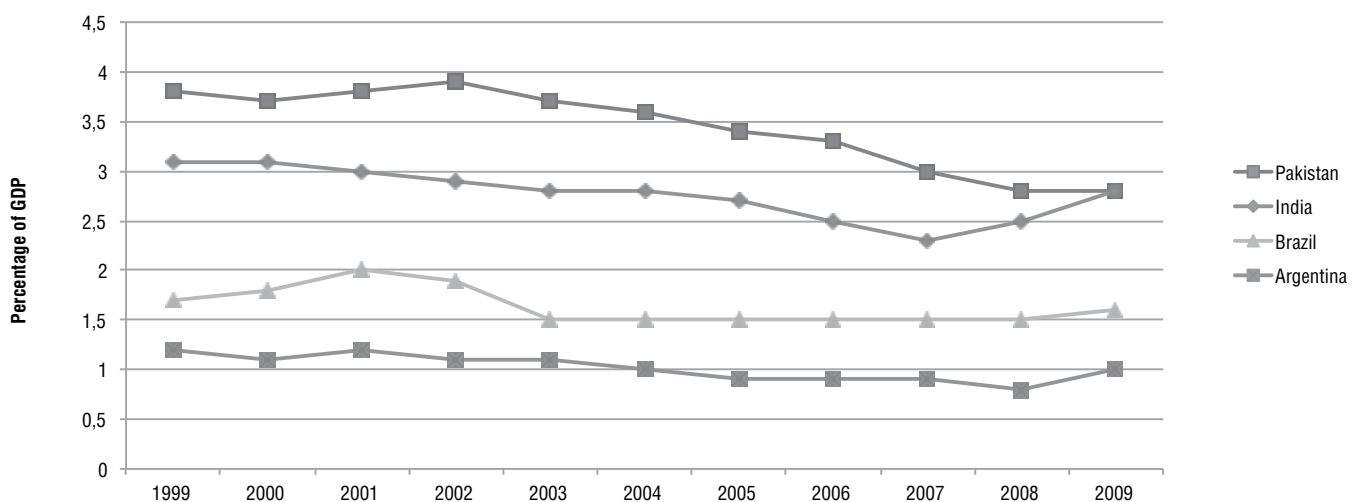


slower. It is also because of the colonial legacy, the tragedy of partition, the Kashmir disputes and four wars, and the disintegration of Pakistan into two parts in 1971, all of which have left the region an environment of mistrust and insecurity. Countries like India and Pakistan are more committed to advance their security motives than to invest in regional development and human security. In this regard, India and Pakistan particularly have a lot to learn from the experiences of Argentina and Brazil in South America. Rivalry between Argentina and Brazil has surpassed the level of grievances against each other progressing to a relationship of cooperation, which is reflected through remarkable increases in volumes of bilateral trade. Bilateral trade is over \$32 million between Argentina and Brazil and less than three percent in the case of India and Pakistan (DPEC 2011; Iqbal 2011). Considering the impact of Argentina-Brazil bilateral trade on their relations, Morin (2008:4) believes that SAFTA could ease tensions between India and Pakistan.

**Table 3: Percentage of GDP**

Year	Argentina	Brazil	India	Pakistan
1999	1,2	1,7	3,1	3,8
2000	1,1	1,8	3,1	3,7
2001	1,2	2	3	3,8
2002	1,1	1,9	2,9	3,9
2003	1,1	1,5	2,8	3,7
2004	1	1,5	2,8	3,6
2005	0,9	1,5	2,7	3,4
2006	0,9	1,5	2,5	3,3
2007	0,9	1,5	2,3	3
2008	0,8	1,5	2,5	2,8
2009	1	1,6	2,8	2,8

**Graph 1: Military expenditure of Argentina, Brazil, India and Pakistan (1999-2009)**



The trade between India and Pakistan might not reach the level of trade between Argentina and Brazil, because of the nature of the economies. South Asian economies are somewhat similar with regard to sector-wise contributions to GDPs. For example, in India and Pakistan, agriculture and textiles are the two major sources not just of economic activity but also of employment. According to an estimate, the agricultural industry contributes 16 percent to India's GDP and 20 percent to Pakistan's economy (Haq 2010 online). Similarly, in terms of major exports, some South Asian countries compete in the international and regional markets. For instance, tea is a major export of Bangladesh, India and Sri Lanka.

The intensity of continuous India-Pakistan animosity is clear from the above graph with both countries spending more than the rivals on their military than in South America. Argentina currently spends only 1 percent and Brazil 1.6 percent of their GDP on military expenditure. In contrast the South Asian antagonists spend far more on building up their military capabilities. Costs in Pakistan, however, have been on a downward trend since 2002 with military expense at 2.8 percent of the GDP in 2009. As of the same year, India spends an equal percentage of GDP as that of Pakistan, but Indian spending is massive considering the huge gap between the GDP of those countries.

Looking at military spending, India stays at the top in absolute terms in South Asia and also in comparison to most countries of the world at \$24.2 billion in 2007, which is two percent of the world's total (SIPRI 2008:11). In July 2009, India launched its first nuclear-power submarine named "Arihant",<sup>12</sup> which raised serious concerns in Islamabad. Officials in Pakistan perceived the submarine as a threat to regional security, especially the maritime security in the Indian Ocean region (BBC 2009:para. 1).<sup>13</sup> In addition, India has become a global weapons seller as the country sold \$3.5 billion worth of arms in 2006 (SIPRI 2008:13), meaning that at least some of its military spending is generating revenue. However, India ranks 11<sup>th</sup> in terms of its share of world military expenditure. India's defence spending could be justifiable if we consider the fact that the country has a larger military and faces both intra-state and inter-state conflicts, but there is no doubt that the increasing strength of India poses challenges to regional security and regionalism vis-à-vis its relations with Pakistan.

One important lesson for India and Pakistan from MERCOSUR is the level of commitment of both Argentina and Brazil to raising economic cooperation to the level of a customs union. Later the rivals transformed their competition into cooperation that has been successful with massive increase in bilateral trade between Argentina and Brazil. New Delhi and Islamabad need to move all barriers and apprehensions to let the process of economic cooperation progress via SAARC. A vital lesson from regionalism in South America is the value of economic cooperation leading to political and security cooperation; therefore, for SAARC economic breakthroughs are significant to achieve its goals in other areas, such as security cooperation. This was also the path taken by Europe, which finally led to the creation of the EU.

India is a bigger economy than Brazil; it therefore, needs to learn from the example of Brazil and show more commitment towards economic development in South Asia. New Delhi needs to take a leadership, which now seems to have some acceptance from other countries trapped by various crises spanning economic to natural disasters. SDF<sup>14</sup>, even though a noble cause, has received merely \$100 million in voluntary contribution from India, much less than which

12 Pakistan ranks 31<sup>st</sup> with 0.29% of the world military spending, the only other South Asian country, along with India, in the list of top 59 countries in the list of the world military expense (Shah 2009 online).

13 Arihant submarines are able to launch missiles with a 700km range. By having Arihant, India has become the 6<sup>th</sup> country to have this capability after the US, Russia, France, Britain and China (BBC 2009:para. 2-5).

14 SAARC Development Fund (SDF)

could have a meaningful impact across the region. It is still far behind from the MERCOSUR's example of the Banco del Sur, having roughly \$20 billion (Weber & Mander 2011). Similar to the case of SDF, Banco de Sur aims at investing into projects in the areas of social and infrastructural development. If SDF is to be turned into a development bank protecting countries from the exploitation of the international financial institutions, such as the IMF, then India needs to take a leading role and set an example by putting more resources into this initiative.

Perhaps, the most significant lesson for New Delhi is in the apparently quiet rise of Brazil within South America. India has been far too visible leading to apprehensions within the region and abroad. On the other hand, as Burges (2008:66) rightly argued:

The reality in Brazilian foreign policy is that power was rarely directly applied or explicitly visible: influence was instead sought by disseminating ideas or by attempting to create situations where it became implicitly too costly for other countries to deviate extensively from the Brazilian position.

Even though Brazil is a dominant player in South American regionalism processes, Brasilia has not played a controlling role. Brasilia has been actively playing its role in stopping and avoiding conflicts within the region, which has greatly improved its image among the other countries in the region. India on the other hand, outside SAARC, still acts like an imperial power and has been a party to most of the conflicts in the region. However, in the case of tensions between Afghanistan and Pakistan over the issue of cross-border terrorism, New Delhi could play a significant role in easing tensions as it has established cordial relations with Kabul. Nevertheless, India has not yet done that.

## Conclusion

There are many differences and few similarities between the regions under discussion. However, in the case of South Asia, the processes of regionalism, particularly SAARC, have been influenced by the geopolitics of the region. South Asia is home to politically diverse states, where though democracy exists in all of SAARC member states, its results in most of these countries, are far from visible. Democracy continues to face serious challenges in military-dominated countries, such as Bangladesh and Pakistan. In contrast, democratization in South America is at a developed stage and free from the interference of non-democratic institutions. South Asia also faces other serious challenges that are not present in South America, for example, the rivalry of two nuclear powers and the spreading influence of terrorism. Both these challenges have deteriorated regional security in South Asia and have constrained the SAARC process from time to time. Unlike South America, South Asian countries face internal challenges in the form of ethnic and religious conflicts. Consequently, South Asia is a politically unstable region, comprised of weak states – the environment, as such, is not conducive for the growth of regionalism.

Smaller countries' fear of India's hegemony in South Asia has some supporting evidence; India from time-to-time has intruded in the domestic matters of its neighbours. Examples include India's military operations in East Pakistan and Sri Lanka. Whenever an opportunity arises it is Indian policy to intervene showing it is the powerful big brother. This has led to an increase in the perception of a threat and to a security dilemma in the region with its implications for SAARC. Even though, India has been playing a role of a leader in SAARC and has not tried to throw its weight around; its intra-regional affairs, however, outside SAARC do not help with its profile as a benevolent player in regionalism. Therefore, there is a lot to learn from the role of Brazil in South America and regionalism for India because of Brasilia's leading role in the region. Pakistan

could also learn from the way Argentina directed MERCOSUR to become a customs union, itself evidence of improved bilateral relations. India and Pakistan have to work on their economic ties in addition to political relations; both issues are interrelated.

### **Bio of Zahid Shahab Ahmed**

After completing his PhD in the area of Political and International Studies from the University of New England (UNE) in 2012, Zahid has been lecturing on political and international studies at UNE. His PhD research focused on the role of the South Asian Association for Regional Cooperation (SAARC) with reference to regionalism and regional security. He has an MA in Peace Education from the United Nations mandated University for Peace in Costa Rica, and an MA in Sociology from the University of Agriculture, Pakistan. Before pursuing a PhD, he worked for local and international development agencies in Asia, particularly in South Asia. Zahid has initiated and evaluated projects on democracy, human rights, youth development and peace-building in Afghanistan, Pakistan, India, Sri Lanka, Thailand and Indonesia. He has also undertaken several research projects, including groundbreaking research on the lawyers' movement in Pakistan. In 2010, Zahid co-authored, with R. Balasubramanian, a study entitled "*Extremism in Pakistan and India: The Case of the Jamaat-e-Islami and Shiv Sena*". Among his prominent publications is a following contribution: Ahmed, Z.S. 2012, 'Political Islam, Jamaat-e-Islami, and Pakistan's Role in the Afghan-Soviet War, 1979-1988', in *Religion and the Cold War: A Global Perspective*, P. Muehlenbeck (ed), Vanderbilt University Press, Tennessee, pp.275-296.

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