

REGIONAL INTEGRATION: CHALLENGES AND OPTIONS FOR PAKISTAN

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ABSTRACT

The research paper explores the challenges and opportunities for regional integration in South Asia, with a particular focus on Pakistan's role within the South Asian Association for Regional Cooperation (SAARC). Integration has been hindered by an array of political, security, and economic challenges, despite the region's advantageous geopolitical location and substantial economic growth potential. Historical rivalries, the variety of political systems among member states, and unresolved territory disputes — particularly between India and Pakistan — are major barriers. The study also looks at possible remedies, including improving trade facilitation, lowering tariffs, and encouraging collaboration in industries including energy, textiles, and agriculture. Deeper economic cooperation might greatly benefit South Asian nations, especially India and Pakistan, by tackling these issues and utilizing their shared cultural heritage. The research concludes with policy recommendations for overcoming barriers to regional integration, emphasising the need for collaborative efforts, improved diplomatic engagement, and investment in infrastructure to unlock the full potential of regional cooperation.

Keywords: *Regional Integration, Economic Cooperation, Challenges, Options, and SAARC*

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INTRODUCTION

Regional integration has emerged as a critical area of interest and opportunity for various nations across the world. In the context of South Asia, where Pakistan is strategically located, regional integration in this region plays a pivotal role in shaping economic, political, and social dynamics. This research thesis explores the multifaceted and complicated landscape of regional integration challenges and potential possibilities and options for Pakistan. Geopolitically Pakistan is located at the crossroads of South Asia, Central Asia, and the Middle East. The country has a noticeable advantage due to its strategic location, which when exercised and tapped wisely can promote political stability, spur economic progress, and strengthen and improve diplomatic relations with the nations that surround it (Razzaque & Basnett, 2014). However, there are many obstacles and difficulties in the way towards regional integration, necessitating a thorough comprehension of understanding. Enmities and historical disparities in South Asia have remained troublesome to the integration in this region. India and Pakistan both being nuclear states, have a prolonged history of conflict and contention, hampering efforts for regional integration in the region. However, in this region, there are enormous potential opportunities and options for economic interdependence specifically and regional integration generally. However, there rests a vast hollow gap amongst expectations and on-ground outcomes or realities and the reasons behind this are numerous challenges in the region generally and particularly to Pakistan (Ali & Talukder, 2009).

This research paper delves into and examines a range of interconnected multifaceted issues that provoke Pakistan in its pursuit of regional integration. It addresses political challenges, such as territorial disputes, historical conflicts, and diplomatic rivalries that have long hindered collaborative efforts in the region. To navigate these complex challenges, this research explores a wide array of options available to Pakistan. It investigates policy initiatives, diplomatic strategies, economic reforms, and people-centred

approaches that can facilitate the country's active participation in regional integration efforts. These options are analysed in terms of feasibility, political implications, and potential benefits.

Statement of the Problem

Despite South Asia's immense potential for economic growth and regional cooperation, it remains one of the least integrated regions in the world. Political disputes, economic inequalities, and institutional inefficiencies have prevented the South Asian Association for Regional Cooperation (SAARC), which was founded to promote cooperation, from accomplishing its goals. Long-standing territorial disputes have contributed to animosity and taken focus away from collaborative growth, especially between India and Pakistan. Economic integration is further hindered by the prevalence of informal trade, protectionist policies, and inadequate infrastructure. South Asia's capacity to utilise common resources and accomplish sustainable development is hampered by these issues. It is argued that disintegration paves the way forward toward conflict, distrust, rivalries, and unhealthy competition which confronts the regional potential to achieve the growth, development, and peace it deserves, because, in the 21st century, growth and development are direct outcomes of connectivity and integration. These challenges limit South Asia's ability to harness shared resources and achieve sustainable development. This research seeks to identify the barriers to regional integration in South Asia, with a specific focus on Pakistan, and to explore viable strategies and opportunities for fostering cooperation, economic interdependence, and sustainable regional growth.

LITERATURE REVIEW

Regional integration is a key driver of economic growth and political stability in various parts of the world, yet South Asia remains one of the least integrated regions globally. Numerous theoretical and empirical works have examined the idea of regional integration, with neo-functionalism serving as a fundamental framework. According

to Haas (1958), cooperation in other areas is frequently the result of 'spillover effects' from integration in one sector. Although this paradigm has proven successful in Europe, institutional inefficiencies and geopolitical conflicts limit its use in South Asia (Baruah, 2019). The long-standing rivalry between India and Pakistan is a significant obstacle to regional integration in South Asia. The conflict over Kashmir, coupled with other territorial disputes such as Sir Creek and Siachen, has created an environment of hostility and mistrust (Mehdi, 2020). Nationalist policies, especially in India, have made these conflicts worse and further polarized the region (Khan & Rizvi, 2023). Political climate in South Asia, characterized by a realist approach to statecraft, has hindered cooperation, with nations prioritizing national security over economic interdependence (Bhat & Siddiqui, 2023). SAARC was created to encourage regional collaboration, but it has not done much to accomplish its objectives. The SAARC Charter's Article X forbids talking about bilateral matters, hence ignoring important disputes that stand in the way of development (Mukherji, 2014).

South Asia has a lot of potential for economic cooperation in spite of these obstacles. For example, the textile and clothing sector in the area presents chances for profitable trading. More integration in this sector could lower prices and improve market access because nations like Bangladesh, Pakistan, and India have complementary skills in textile production (Mehdi, 2020). Similarly, agriculture offers trading prospects, including the possibility of using cross-border exchanges to alleviate seasonal supply shortages (Raza & Khan, 2023). South Asia's historical and cultural connections offer special chances for integration as well. It may be possible to use common traditions in music, movies, and other entertainment mediums to strengthen interpersonal ties. Mutual understanding and cultural exchanges could be improved by easing visa requirements and promoting collaborative performances (Mehta & Joshi, 2023). Tourism, particularly in Pakistan, has immense potential due to its rich cultural heritage and religious sites, yet it remains underdeveloped compared to neighbouring countries like India and Sri Lanka (Ebrahim, 2023).

The literature highlights significant gaps in the region's integration efforts. Informal trade, which dominates economic exchanges, undermines formal trade frameworks and reduces the effectiveness of existing policies (Das, 2009). Moreover, the reluctance of smaller states to engage in economic collaboration due to fears of Indian hegemony limits the scope of regional trade (Bhagwati & Panagariya, 2013). The role of multinational corporations (MNCs) has been underexplored in the context of South Asian integration. MNCs operating in multiple South Asian countries, such as Unilever and GSK, have the potential to foster regional supply chains and facilitate cross-border investments (Ali & Mirza, 2023). Harnessing the capabilities of these sectors could serve as a bridge for deeper economic cooperation. While the challenges are daunting, the opportunities for integration in South Asia are equally significant. Addressing structural inefficiencies within SAARC, fostering trust among member states, and leveraging shared economic and cultural assets could transform the region's potential into reality. Pakistan, as a pivotal player in the region, must adopt strategic policies that address its unique challenges while capitalizing on its geographical and economic advantages (Ali & Talukder, 2009).

RESEARCH METHODOLOGY

This study examines multifaceted and complicated landscape of regional integration, challenges and potential possibilities and options for Pakistan. In order to provide a detailed knowledge of the underlying dynamics, the method of research is Quantitative research method. Quantitative approach is used to interpret the data; the qualitative methodology is used to provide a thorough investigation of the complex relationships between regional countries. This study employs a multifaceted research methodology, gathering and analysing data through media analysis, document analysis, and content analysis of expert opinions and policy briefs. A thorough examination of official documents, policy briefs, and diplomatic communication. The combination of qualitative and quantitative methods allows for a more holistic understanding of the complex

interplay between impact factors, historical contexts, and regional political dynamics.

THEORETICAL FRAMEWORK

In the field of international politics, cooperation is more difficult to monitor than conflict. Nearly all theories explain when conflict arises, when one should anticipate it, or when it will be less desirable as a result, leading to cooperation on its own. However, a few theoretical frameworks have been developed in an attempt to describe integration globally. Neo-Functionalism is one of them. Neo-functionalism is often regarded as the first European integration theory developed by Ernst B. Haas in 1958 as part of his Ph.D. research on the European Coal and Steel Community. It has been used to explain the potential modern South Asian Integration process. The theory of Neo-Functionalism will be applied in this research. Neo-Functionalism provides a compelling explanation for regional integration. The idea of European integration and the role of supranational organizations (such as the European Commission) in promoting it are explained by the 1950s-developed Neo-functionalism philosophy. The concept, often known as '*spillover*', contends that cooperation in one sector creates incentives to open up cooperation in other sectors; it holds that the supranational organization was established to oversee the integration and search for prospects in addition to the increased interaction amongst economically linked units (Baruah, 2019).

DISCUSSION AND ANALYSIS

Geography and Characteristics of South Asia

South Asia contains Afghanistan, Bangladesh, Bhutan, India, Maldives, Sri Lanka, Nepal, and Pakistan, it is home to around two billion individuals, almost one-fourth of the world's complete population. In the landmass of Asia, the South Asian area is of extraordinary importance, conveying articulated international unmistakable quality, especially, if and when considered through the

crystal of territorial and worldwide power rivalry. Geologically, South Asia is situated amid Longitude 56 to 100. The South Asia region is encircled by the Himalayan Mountain Reach, to its south and southeast the Indian Sea through the Middle Eastern Ocean, and the Bay of Bengal. Covering an area of around 5.2 million square kilometres, the South Asian locale addresses roughly 11.71 percent of Asia and 3.5 percent of the general body of land of the world. Having a populace of generally around 39.49% of Asia's and South Asia population is equivalent to 25.29 percent of the total world population (Worldometer, n.d.). As a thickly populated region contiguous to the Indian Sea, it bears vital significance for global business and exchange through ocean courses. The Sea Lines of Correspondence of the Indian Sea typically convey around 36 million barrels of energy exchange consistently, representing around 40 percent of the worldwide fuel supply and 64 percent of the global oil trade. The locale's Gross domestic product remains at \$4.08 trillion, and its per capita pay of \$ 2177.6 The South Asian Gross domestic product represents 3.92 percent of the World GDP (Macrotrends, n.d.).

South Asia is dominated by security concerns all over in the region, which leads to the carrying and maintenance of substantial conventional armed forces to maintains the interests and security of states. The combined functioning military of six neighbouring countries stands around 4,922,000 personnel, which does not include the second-line forces. The security driven environment has fuelled the continuous arms race within the region. For instance, look at the India's defence budget allocation, ranked at the 10th largest defence spender globally in 2009, climbing to 8th in 2012, and eventually landing at the 3rd position in 2020-21 (Niaz, 2022).

Regional Integration in South Asia

As liberal ideologies have propelled a global interconnectedness, the world has converted into a global village. This led to the emergence of numerous regional forums such as EU, NAFTA, ASEAN, and SAARC. SAARC was foreseen as a passage toward globalisation for wider regional cooperation and integration to achieve collective

peace, stability, and prosperity in the South Asian region. Despite these aspirations, the human security domain in the region remains plagued by poverty, illiteracy, economic woes, unemployment, and social inequities.

Regional cooperation and integration are based on interdependence and shared interests between nations around the world. Subsequently, mutual trade and exchange and destroying trade and exchange deterrents, which includes, the opening of borders for shared trade and exchange, which will help all participating states. The region expands and develops as a result. South Asian states ought to team up widely in exchange and trade, industry, farming, and socio-economic development, the 29 part SAARC nations have a common, shared social legacy, culture, and association, which can be urged more to cultivate the improvement of a typical socio-political culture in South Asia. An opportunity exists for enhanced regional cooperation when cultural exchanges and people-to-people connections are strengthened. There is a gigantic space for participation in numerous areas of high concern, for example, the economy, counter-terrorism warfare, climate or environmental change, and ecological issues. However, a few explicit questions do not permit South Asia to coordinate and incorporate, extending from global to regional levels. In the Asia-Pacific locale, there is an extraordinary power contest that essentially affects South Asia. Accordingly, because of this superpowers' dispute, the South Asian locale is steadily being impacted. Political and territorial disputes persist between Pakistan and India, two nuclear-armed states, and key regional players. The general spirit of regional integration and cooperation is seen as harmed by these unresolved concerns (Bhutto & Mir, 2022).

Both states have spent a significant portion of their national budgets on defence as a result of developing nuclear technology and delivery systems as a result of the soundness of their insecurity. Accordingly, atomic weapons contests or nuclear arms race prevails in the region. Political matters and difficulties should be settled prior to facilitating

local coordination in South Asia. On the off chance that Germany and France, being the arch-rivals, can resolve their questions and consolidate, what forestalls South Asian states? Everything necessary is the mutual will and far-seeing ability of leaders, which can give possible shape to the much-wanted regional integration in South Asia (Ali & Talukder, 2009).

Absence of Intra-Regional Trade within SAARC and Formal Trade in South Asia

Excessive trading in the South Asian region is classified as informal trade. When there is no formal trade, there is informal trade and no profit from capital, skilled labour, or unskilled labour in the manufacture of traded goods like consumption and assets. This substantial amount of unrecorded commerce, which is mostly focused on informal and consumer goods, refutes the idea that South Asian states are incapable of engaging in organized, methodical, and healthy trade and investment arrangements. Technology in the modern world is still developing and makes cross-border service exchange easier. Furthermore, as previously said, the removal of legislative barriers might encourage regional trade markets to face need or demand. The potential for this seems enormous and appropriate (Das, 2009).

The South Asia region is plagued by several domestic, regional, and interstate conflicts that stem from variables such as faith, ethnicity, or parochial viewpoint, as well as territorial disputes. In the past, these problems have added up to provide a barrier to any meaningful integration within SAARC (Rahman, 2012). The goal of economic development in the SAARC states has been adversely impacted by number of problems. The goal of achieving self-reliance through import replacement was the cornerstone of South Asian states' economic policies. According to the smaller states, more trade will lead to larger states like India controlling the economic interests of the smaller ones, making them overly dependent on India. The alternative, more muted, viewpoint, on the other hand, was that it was in fact a chance to expand into larger markets in countries like

Pakistan and India (Bhagwati & Panagariya, 2013).

From economic point of view, in South Asia relatively smaller states like Bangladesh or Nepal preferred to receive their commodities from suppliers outside of their region, even at higher rates, indicating a strong reluctance to accept any investment from Pakistan or India. Despite the fact that Nepal has an undeveloped hydropower capacity of about 70,000 MW, the neighbouring nations have not benefited from this electricity, even while Indian energy demands have continued to rise. These countries have only used one percent of this capability (Ebrahim, 2023). Take an example of shipbuilding and cement industry, Sri Lanka's trade with Pakistan and India can result in more advantages rather than the latter engaging with South Korea. Regretfully, by not intentionally interacting with one another, India and Pakistan have both consistently disregarded the welfare of their respective populations. The industrialists and entrepreneurs of India and Pakistan, deserve the most of the credit for even the current low level of trade, whether it be formal or informal (World Bank, 2022).

Challenges to Regional Integration in South Asia

SAARC was accepted to accomplish a regional integration achievement, however, the old heritage and encounters place a shadow on regional integration in South Asia. The non-seriousness of regional states and their multifaceted web of hostility are reflected in the snail-like pace at which regional integration efforts are progressing. The generally volatile and unstable political setting in the area is impeding such work. Presently it is vital for SAARC states to put their previous contrasts separated and join upon their purpose in the midst of dealings with an open mentality and liberal and practical methodology. The following obstacles impede regional integration in South Asia (Yu, 2018).

Unsettled Core Issues

The disrupted Kashmir, Siachen, and other politico-military questions continue to hamper the acknowledgment of regional integration. The Kashmir struggle between these two, border conflicts

or disputes between these two states, and illegitimate migration and movement between Bangladesh and India are a portion of the difficulties influencing the relations of South Asian countries, which adversely influence the course of South Asia, several other high-intensity conflicts, including proxies and terrorism, are threatening peace and stability (Mehdi, 2020).

Heterogeneity of the Region

Homogeneity was widely acknowledged to have aided EU regional integration. In South Asia, there is no such thing because homogeneity does not last in this region. There is an assortment or multiplicity in the political frameworks of territorial states; some are monarchic and religious states, and others are republics and secular. In such a heterogeneity, it is animating for local organisations and their institutions to coordinate or integrate this region. In addition, the political vulnerability and nonappearance of administration overthrow the purpose of integration, as states are shaky, unsteady, unstable, or unable to focus on the integration in such an environment of political insecurity and uncertainty. Administration frameworks have collided with convey, as individuals of South Asia are not sufficiently empowered. The elites of the public are not liable nor responsible; corruption is widespread and damages the chances of administrative approachability (Bhat & Siddiqui, 2023).

Structural Insufficiencies of SAARC

The primary goals of SAARC include promoting and guaranteeing the welfare of the populace, bolstering economic expansion, expediting social and cultural advancement, augmenting self-sufficiency, cooperating and offering support in technical and scientific domains, and enhancing mutual aid among member nations as well as other regional and global institutions. However, there has been a lack of consistency in the organisation's operation and suggested goals. The objective of SAARC is to offer its member states socio-economic benefits and a tool for regional collaboration. The incapacity to yield significant advantages to the populace of South

Asia is consequently ascribed to the member states' inclinations and priorities towards state security relative to economic and human security. India's involvement is primarily seen as being more important than that of any other regional state because of its size and obligation to regionalism (Mukherji, 2014). Article X of the SAARC Charter is a noteworthy feature that exemplifies the organization's political and strategic orientation. It further states that talks on two-sided and fundamentally important issues would not be allowed, so these should not get in the way of regional cooperation. This optimism will remain vacuous and ineffective if resolving fundamental conflicts is not given top priority (Ali & Talukder, 2009).

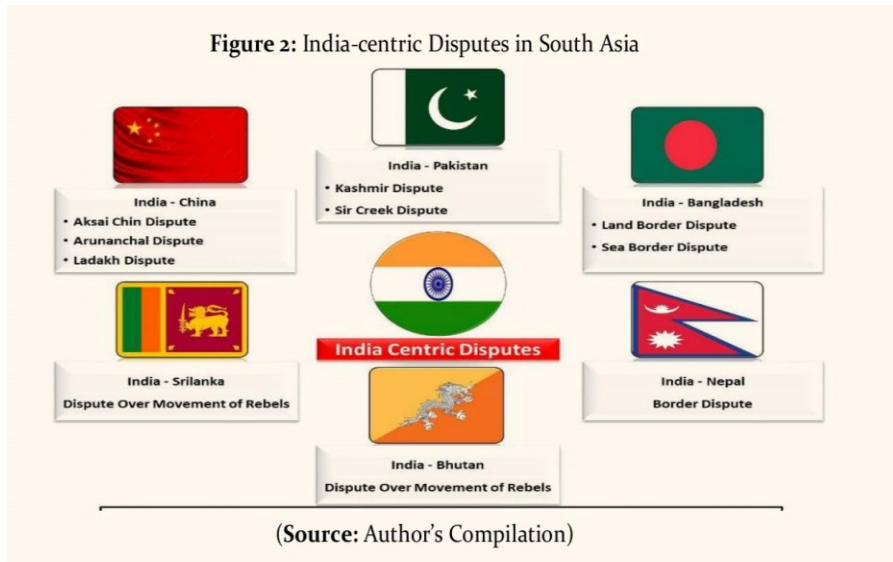
State Focused Socio-Political Construct

The socio-political climate in South Asia, which is oriented toward realism and neo-realism, is one of the main barriers to cooperation and regionalism. In opposition to liberalism, human security, and regional collaboration, South Asia's social, political, economic, and security framework is seen as anarchic and state-focused. The growth and effectiveness of South Asia's regional integration have been hindered by state-centric policies and political goals (Bhat & Siddiqui, 2023).

Indian Hegemonic Role in the Region

South Asia is home to the greatest number of disputes globally, with India clearly playing a vital role in the majority of these disputes. These include the Arunachal Pradesh, South Tibet, and Indo-China Aksai Chin disputes, Pakistan-India tensions related to Kashmir, the Sir Creek, and the Indus Waters Treaty, Pakistan-Afghan concerns around cross-border insurgent movement, the India-Bangladesh border dispute, the sea boundary disagreement over New Moore, Purbasha Island and South Talpatty in the Bay of Bengal, the dispute over the Farraka Dam, and the India-Nepal border conflict. There is a boundary dispute spanning 400 square kilometres at the Kalapani River's source, as well as militant cross-border migration (Niaz, 2022). The issues in the region that are India-centric and have a detrimental

impact on regional peace and stability are highlighted in Figure 2 below. The religious-ethnic nationalism of the Bharatiya Janata Party (BJP), which is principally to blame for internal political division, is reflected in the ideology of the Indian leadership (Khan & Rizvi, 2023).



Options and Potential Areas for Regional Integration in South Asia

It is widely acknowledged that there are enormous available trade and investment potentials among South Asian states and between India and Pakistan as well, in many sectors including goods and services. The private sector has been pre-emptive for recognizing the areas of trade, potential joint ventures, and other areas of cooperation among the South Asian states. Several Credible areas have been recognized as having mutual cooperation potential which include agriculture, tires, chemicals, auto spare parts, leather, textiles, pharmaceuticals, telecommunications, minerals, electricity generation using coal and wind energy, etc. Studies conducted by the private sector also highlight significant prospects for trade in numerous service sectors like entertainment services, energy, information technology, health, and tourism. By establishing a supply

chain for their supplies of raw materials and completed goods in South Asian nations, multinational corporations operating in the region can have a substantial impact on regional economic integration. To give one instance. The majority of multinational firms (MNCs) operating in India and Pakistan are common MNCs. For instance, Unilever, GSK, Standard Chartered, and British Airways, these corporations can play a significant role in facilitating trade and investment by acting as channels for sourcing raw materials from one another (Ali & Mirza, 2023). There is vast potential for consumer goods in this region, which brings substantial opportunities that require more exploration through detailed sector-specific research.

While numerous areas hold significant potential for cooperation and integration in this region. Specific areas in goods and services trade have gathered substantial interest among many business enterprises. These include, as discussed in the following portion, a broad range of industries and different sectors, which holds significant opportunities for collaboration, development, and growth in South Asia (Raza & Khan, 2023).

Textiles and Clothing Sector

The textiles and clothing industry is a compelling force for economic development and growth in many South Asian countries such as India, Bangladesh, and Pakistan. These South Asian countries present various varieties of specialisation in the textiles and attire sector. India is recognised as a significant source of apparel and made-up textiles goods, on the other hand, Men's clothing and household textiles like fabrics and bed linens are among the goods that Pakistan and Bangladesh are thought to be reliable suppliers of. Trade between these adjacent states might improve the availability of various types of cotton yarn. While Pakistan produces medium and long staple yarn, India produces high-quality short staple yarn. Additionally, commerce between these nations can help alleviate any short-term shortages of cotton caused by differences in crop yields. Products with a significant potential market in India include raw wool for carpet manufacturing, clothing accessories, which includes hand- and

machine-made carpets, and cotton fabric, because of the similar culture of these neighbouring countries these goods can avail huge market potential not just in Pakistan and Bangladesh but in other South Asian countries as well (Mehdi, 2020). This way there are massive opportunities for two-way trade in readymade garments with less travel cost and then cheap prices of these commodities, mainly ethnic garments such as shawls, shalwar kameez, and sari's on both sides which will benefit the public in general (Ali & Mirza, 2023).

Agricultural Commodities

Trade in agricultural goods among these neighbouring countries could tie the short-term supply shortages arising from seasonal crop variations. Potential commodities that India could export are wheat, oil meals, coffee or tea, and fresh vegetables. While Pakistan could potentially import fresh fruits, dry fruits, and molasses. South Asian countries such as Bangladesh, Sri Lanka, India, and Pakistan are exporters of processed fish and fish exports can indeed be a source for sustainable economic progress and cooperation for these countries (Raza & Khan, 2023). Since Pakistan is more dependent on agricultural imports than other countries, bilateral trade may be useful in managing shortages in both countries. These nations possess substantial marine resources that could be profitably utilised for shared advantages. Shared ventures could be created to export fish products with additional value (Mehta & Joshi, 2023).

Petroleum Sector

Proximity and economic advantages between India and Pakistan bring a potential ground for mutual trade, particularly in the petroleum sector such as diesel, as Pakistan imports petroleum goods or products, including diesel, and on the other side, India has exporting capability for diesel. Establishing a trade relationship for diesel imports from India to Pakistan could be a win-win situation meeting Pakistan's demands while India's utilizing surplus capacity which will be benefiting for the two countries. Moreover, India's

exclusive possession of naphtha cracking facilities makes it the single country in South Asia to have this capability, while on the other side Pakistan's exports of naphtha bring an opportunity for collaboration in this sector. As Pakistan could consider building up a naphtha cracker plant in partnership with Indian investors, leveraging India's expertise in this area. Such cooperation could further enlarge economic ties between the two nations and simplify the exchange of expertise and resources for shared benefit in the petroleum industry (Sharma & Gupta, 2023).

Light Engineering

The trade potential in ceiling fans, pedestal fans, and standard bicycles among these neighbouring countries specifically between Pakistan and India brings interesting insights; Pakistani producers can have a relative benefit in exporting fans to India based on price comparisons. Both states are major producers and exporters of fans worldwide. However, when it comes to bicycles, Indian producers are likely to hit Pakistani producers, regardless of this, Pakistani consumers and the general public could benefit by having access to Indian bicycles due to their low and cheap pricing. This could offer potential options for intra-industry sort of trade, for example in parts and components for the bicycle and fan industries in India and Pakistan (Patel & Singh, 2023).

Equipment, Machinery and Components

Pakistan imports textile machinery and spare parts from Europe and the Far East to suit its needs despite being a major textile product manufacturer and exporter. Pakistan's textile sector may want to look into importing machinery and textiles from its neighbours, particularly India, as these supplies are reasonably priced and of moderate quality, negating the need for expensive international travel. India has a considerable advantage over Pakistan in this area because a large amount of the machinery needed by its textile mills is produced locally, and for Pakistan, the reasonably priced and decently sized Indian textile machinery may present an appealing

alternative.

Moreover, there is significant room for Pakistan to import specific components from India, which could potentially foster the development of technology-concentrated industries within Pakistan. Components or Parts for textile machinery, machine tools, automobiles, bicycles, and electrical and electronic machinery are sections where cross-border trade could facilitate the growth of such industries in Pakistan, leveraging India's strengths in these domains. This could foster technological progression and industrial development in Pakistan through collaboration with India (Singh & Sharma, 2024).

Automotive Sector

Another industry where Pakistan can get immense benefits from its neighbour is the automobile industry of India, which has progressed enormously. India is capable of producing a wide variety of commercial and passenger vehicles as well as spare parts because of its robust engineering foundation and expanding customer base, whose purchasing power has grown dramatically over the past ten years. However, Pakistan usually imports autos, parts, and accessories from other nations. Pakistan has enormous potential since it could save a lot of money on locally made cars and replacement parts by importing cheaper automotive parts from India as an additional source of supply (Kumar & Rao, 2024)

Energy Sector

Pakistan's geographical location serves as a bridge linking the South Asian subcontinent with Central Asia. This geographic linkage plays a significant role for trade, energy, and connectivity routes. This presents another opportunity for Pakistan, which is another area of immense potential for cooperation in the energy sector. As the population is increasing, this brings massive need for energy supplies, for whom South Asia relies on Middle Eastern or GCC countries, like many others, India has a large energy consumption. In this case, Pakistan might serve as a possible energy transit route

connecting India with the Middle East and Central Asia. Pakistan is expected to receive between US\$600 and US\$800 million in transit toll revenue annually (Macrotrends, n.d.). Furthermore, both nations should look at the possibility of forming a joint venture to produce liquefied petroleum gas (LPG) cylinders, given India's strong manufacturing base in this area. Cooperating on the production of LPG cylinders could not only leverage India's expertise but also foster a mutually valuable partnership in the energy sector in this region (Sharma & Gupta, 2023).

Information Technology Sector

The IT industry has made incredible progress and has appeared as among the fastest-growing sectors in South Asian states. Pakistan has yet to fully leverage the potential of IT as a driver for economic revival. This presents a potential area for exploration. Other South Asian countries including India, with their broader software industry, could offer assistance to Pakistan in fostering its IT industry, significantly through introducing the new joint ventures. Despite being in its early stages, the software sector of Pakistan holds the potential to evolve into a significant software exporting and training centre (World Bank, 2022).

Entertainment Industry

Many South Asian countries share a common culture such as Bangladesh, India, Pakistan, and Sri Lanka to some extent, which brings us sight to see that there is a huge possibility and opportunity for trade and cooperation in the entertainment industry, which includes film, television, and music sectors. India being one of the oldest and leading producers of films, and comparatively, Pakistan is not a country that makes many films. However, it is illegal for Pakistani theatres to show Indian films, and vice versa. Both Indian and Pakistani musicians are in high demand for live performances, and there is a shared interest in each other's music (Rahman, 2012).

Thus, recognising this trade potential in the entertainment sector can be utilised by fostering joint productions. In this era of digitalisation, eliminating the ban on screening films would profit each country. Relaxing visa restraints would further encourage collaboration, allowing individuals, actors, and artists, from both nations to actively contribute to each other's entertainment industries. By adopting such collaborations and easing barriers, South Asian countries could leverage their common cultural ties to foster trade and cooperation in the entertainment industry (Mehdi, 2020).

Tourism Sector

Tourism holds immeasurable potential for South Asian countries, due to their shared cultural heritage, which includes different religious sites and shrines; Pakistan is exclusively placed to take advantage of religious tourism in South Asia. Tourism has developed more rapidly than the global economy for the eighth successive year. In the current world, more than a billion people travel worldwide, with about half of these journeys going to developing countries. Pakistan is exceptionally located to take benefit of this global trend. Tourists would love to experience the ancient heritage of one of the ancient civilizations in the world, visit the enormous set of Sufi shrines, Sikh Gurdwaras, Hindu temples, and Buddhist monasteries, explore a few of the highest mountain peaks in the world, along with that, they can experience natural beauty varying from blossoming trees against snow-covered heights in Gilgit-Baltistan to untouched beaches in Gwadar. But, despite having this means of tourist attractions, Pakistan's tourism sector struggles far behind than that of India or Sri Lanka and of the South Asian region in general.

The contribution of the tourism sector to Pakistan's total GDP is ONLY 2.8 percent against the regional average of around 3.5 percent (Punjab Government, n.d.). In terms of revenues from foreign visitors or tourists across South Asia, Pakistan marks a share of less than 1 percent of this prominent source of foreign exchange contrasted to India's share of 69 percent, Sri Lankans 10 percent and Maldives 7 percent. Furthermore, compared to the remarkable increases in the

share of tourism to India's economy, while in Pakistan, this share has remained comparatively slow and stagnant. Now potential lies inside this whole phenomenon, if Pakistan contributes to the global tourism sector economy at similar grounds as the rest of the region this will bring GDP gains to 1.5 billion dollars, additionally, if Pakistan exceeds South Asia and tourism contributes at global average numbers, The GDP gains will reach about \$3.5 billion from this sector which will be equal to the value of Pakistan's prime export good, cotton. In South Asia, despite the movement of people is limited due to visa restrictions. This is an area for greater cooperation (Mehta & Joshi, 2023)

CONCLUSION

As a result, issues with banking, visas, information sharing, NTBs, trade facilitation, and communication need to be resolved. Additionally, in order to support collaborative ventures amongst these regional countries, a permitting environment for investment must be established for businesses and private sector enterprises. To conclude this, a few important recommendations are given in this context. Relaxation in the visas, particularly, allowing senior company executives to have multiple entry visas; do away with the need to notify the police upon arrival at each location; do away with visas unique to a city or province; and expedite the approval process. Increase the number of transport routes connecting India and Pakistan. Currently, there are only two that are operational the Attari/Wagah rail link on the land border and the Mumbai-Karachi sea route. New routes should be investigated and opened. Since the road channel for passenger movement is currently operational, opening the Attari-Wagah border to allow the transit of goods by road should be done first. For the purpose of moving products, new rail and road connections like the one connecting Srinagar to Muzaffarabad and Khokrapar to Munabao should be started. It is also necessary to open more border crossings, increase traffic regularity on the road route through the Wagah border, which connects the

major cities of Amritsar and Lahore as well as the Khokhrapar-Munabao route, and allow increased traffic through the currently restricted Srinagar-Muzzafarabad route. Enhancing bus routes and aviation connections can promote local tourism. Create cooperative ventures between Pakistan and India, given that some Indian businesses have expressed concern about establishing collaborative projects in Pakistan, it is crucial to comprehend the nature of these investments and offer them the necessary support (SBP, n.d.) Most people agree that one of the main barriers to regional cooperation in South Asia has been the history of relations between Pakistan and India. Pakistan and India, as well as other South Asian countries, stand to gain much from operational regional integration in South Asia, which is contingent upon improved trade and investment relations and political assurances. This paper concludes that following steps may be taken in order to achieve successful and long-lasting regional integration and effective economic cooperation in the south Asian region:

- Expanding trade by addressing trade facilitation issues and lowering tariff and non-tariff barriers;
- Broadening the scope to include trade in services and investment and promoting structural change in the region;
- And focusing reform and policies initially on a small number of key industries to determine the benefits and process of policy measures. On one hand, establishing regularized trade connections between these nations should receive particular attention and on the other hand, focus should be on the implementation of policies (Niaz, 2022).

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