

Stepping Stones For Regional Connectivity

By November 21, 2021 Political Economy



The idea of development in isolation has become obsolete because the world has realised that comprehensive development is possible only when regions develop together. Globalisation has completely revamped the global structures and the world order. Even the countries that had long believed in and practiced isolationism and reached heights of glory through these policies, now stand ready to open up to the rest of the world and consider globalisation and mutual development imperative for national development.

Central and South Asian countries, particularly Pakistan, Afghanistan and Iran, have been quite unfortunate in this regard over the past two decades. They have faced stunted economic growth due to regional

unrest and domestic issues. Though individual nations have made some progress, nothing great has been achieved by the region as a whole.

The fate of regional connectivity depends on how closely regional countries cooperate to reinforce networks in basic regions. This includes exchange and transport networks, internet and communication technology networks, energy availability and people-to-people services.

The advancement in innovation, research and development have allowed these Asian countries to visualise an energy organisation among themselves that can lessen the gap in the energy market by transferring power from energy-rich nations to energy-poor ones. An Asian energy highway could join various sorts of energy transmission organisations, including pipelines and cross-border power frameworks across the region. The Belt and Road Initiative (BRI) and the China Pakistan Economic Corridor (CPEC) are good examples in this regard. The key objective of these initiatives has been to provide energy supply routes across the region.

Additionally, projects like CASA 1000 can help not only in large-scale energy development but also in improving Central Asian trade with Afghanistan and Pakistan. CASA 1000 (Central Asia-South Asia power project) and TUTAP (Turkmenistan-Uzbekistan-Tajikistan-Afghanistan-Pakistan electricity project) alone can add \$2.6 billion to the gross benefits of Central Asian countries once they become operational.

A report published by the Asian Development Bank (ADB) mentions that the inter-regional electricity trade between Central Asian countries is extremely limited. The report also suggests that different countries are rich in different energy resources. For example, Kazakhstan has huge coal resources. Meanwhile, countries like Uzbekistan and Tajikistan have great power generation capacity when it comes to gas and water. By sharing these power sources and trade, each country can benefit from the other. Pakistan, too, is known to have huge coal resources. Through trade with Iran (rich in natural gas) and Afghanistan, these three countries can immensely benefit from one

another.

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Recently, the ICT has also evolved immensely. It has fundamentally changed the ways in which organisations and individuals work and cooperate. The development of the technology sector has driven efficiency and productivity improvements in most of the sectors of the economy. The expanded growth of ICT connectivity has opened new doors for knowledge and sharing of ideas. Online communication and advanced ICT technology are helping connect buyers across countries separated by logistic and geographical barriers. Countries like Pakistan and Afghanistan that depend greatly on trade can efficiently use technology and internet services to determine the efficacy of the trading system, *e.g.*, data and information management, transport and coordination services etc. Technological connectivity has positive impacts on economic growth and GDP, as it enables sellers to participate in foreign investments and global partnerships. With increased technological connections among South and Central Asian countries, employment opportunities and new job roles will be enhanced. This can help regional countries develop faster. ICT sector can help reduce unemployment and create new roles and help shift the economic paradigm.

Another critical aspect of regional connectivity is the services sector. Asia, specifically Central Asia, is an important player in this regard as it provides various services, including transport, hospitality and tourism etc. Regional connectivity helps to offer services and resources to countries which are physically at a distance from regional production and consumption centres, and opens new opportunities for labour migration. Different countries in South Asia have expertise in different services. Growth and development of countries can be ensured through cross-border trade of such services.

Pakistan and neighbouring South Asian countries need more integrated projects for their individual and collective development and growth. Better trade, transport, services, and technological connectivity among nations will help economic growth, innovation, social benefits and overall development. These countries should therefore pursue regional connectivity as their prime national interest.

However, despite having enormous potential for energy-technology-services-induced economic activity and subsequent positive spillover effects, there is an important glitch in the regional equation – an unstable Afghanistan. The war-torn country lies at the pivot of all regional happenings; thus, it acts as a roadblock to any regional cooperation, as risk and uncertainties are involved. Having said that, the Taliban have now taken over the reins of the country's governance. For good or for bad, the Taliban's proactive diplomacy with neighbouring countries over the years has proven beneficial so far.

In the current scenario, a regional approach is vital for two reasons – one, to not let Afghanistan once again become the hotbed of militancy; two, to sustain the economy and governance of Afghanistan so that it does not disturb the region's stability. If the regional approach materialises as envisioned, regional countries, particularly neighbours, would soon recognise the Taliban government. A formal channel of engagement will commence then, and convergence towards optimising regional interests will start. Otherwise, the huge potential for regional cooperation and the utilisation of enormous benefits would not be realised for a long, long time. The onus is not on Kabul alone. It's a collective responsibility of the whole region to carve out a better future for the coming generations.

A detailed article on the subject was originally published in UNDP Pakistan's Development Advocate Pakistan journal, under the title, From Conflict to Connectivity: Prospects for Regional Integration in South and Central Asia, November 2021. The writer is a research economist at the Pakistan Institute of Development Economics (PIDE), Islamabad