

REGIONAL INTEGRATION IN CENTRAL AND SOUTH ASIA: OPEN REGIONALISM

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Abstract

Regionalism (regional integration) has gained much attention particularly amongst the peripheral regions to address the challenges of globalization imposed by the core regions, to tackle the issues of underdevelopment and to arrest the process of further marginalization. Central and South Asia are the least integrated regions in the world. However the regions possess greatest potential for regionalism due to a number of factors including huge energy resources but high differences in resource endowment, trade and economic complementarity, vast but contiguous landmass, gravitational pull of geographical proximity on movement of goods, common culture and history, and having identical political and economic challenges. Basic structure for regional integration has been framed on the principles of open regionalism in the forms of Regional Trade Arrangements/Agreements (RTAs). The framework of Regional Integration Arrangements (RIAs) includes RTAs regarding energy trade i.e. agreements on pipelines and trade in goods i.e. bilateral, trilateral and multilateral trade agreements. The process will gain momentum by prioritizing economic interests over the regional geopolitics shaped by the extra-regional states having political stakes in the region. Regional states need to focus on the 'functional area' i.e. energy, for providing base to regional integration inter and intra-regionally.

Key words: Regional Integration, Central Asia, South Asia, Open regionalism, Regional Trade Arrangements.

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Introduction

This particular paper aims to discuss the regional integration in Central Asia and South Asia and to provide supportive evidence for the process of integration on the principles of open regionalism. Prior to deliberate upon the concepts of regionalism, open regionalism and regional integration in Central Asia and South Asia, it is imperative to discuss why regionalism is important and gaining significance? Main currency of the 21st century is economic connectivity, human interaction and regional cooperation. Regionalism has been viewed to address the challenges, posed by globalization, to the developing countries. The global politico-economic system of contemporary era is shaped by the international establishment i.e. International Monetary Fund (IMF henceforth), World Bank (WB henceforth), World Trade Organization (WTO henceforth) and Multinational Companies (MNCs henceforth) on the basis of capitalism. Capitalism has its genesis in the principles of free market or 'laissez faire' theory of Adam Smith who presented the concept of 'invisible hand'. The father of Political Economy meant that the market forces of demand and supply will operate the market or economic system automatically and there is no need for government intervention or regulation. Capitalism is exploitative in nature as obvious from its characteristics of class difference and making profit as a sole consideration while utilizing or not utilizing the means of production. Therefore later on Karl Marx gave an alternate theory of socialism or communism having contrasting characteristics of class-less society and utilizing means of production for no profit making but for general welfare in order to counter the exploitative nature of capitalism. During the early 20th century John Keynes Myriad, however, took an in-between position and advocated governments intervention and regulations for the maximum output of economic system. As a matter of fact there is no pure capitalistic economy in the world as even in the West, governments have to intervene and regulate the economic affairs while robust economic growth is taking place in countries having public and private sectors (Mixed Economy) with most dynamic and active governments.

Cartels like IMF, WB, WTO and MNCs under the control of West or core region can be termed as the international establishment which has framed and imposed globalization. Globalization has its origin in the post-World War II period which implies free movement of goods and services across borders and to make the whole world a 'single market' dominated by the MNCs or monopoly of the cartels. This process of globalization allows increased penetration into the national economies whether states like it or not. The tools for globalization were created by Bretton Woods's institutions i.e. IMF, WB and WTO. This faltering system of capitalist based globalized world is threatening further marginalization of developing countries by

keeping the developing world in perpetual recession and by transferring the perils of capitalism to the developing states in exchange for the best resources¹. The developing countries or peripheral regions have been trapped in debt through IMF and WB loans by advocating their neo-liberal policies and the public of third world countries are taxed through the utility bills. The Structural Adjustment Programs (SAPs) funded by IMF and World Bank are the main tools for indebtedness of the developing countries. As during 1982 to 1989 \$155 billion moved from South (peripheral region) to the North (core region) instead of flow of capital and aid investments² from North to South. This money flow from South to North has been in form of debt servicing, capital flight, profits of MNCs and by selling public sector enterprises. The world is producing more than enough but the problem lays in its skewed distribution as a consequence of exploitation.

Professor Joseph Stiglitz in his book ‘Globalization and its Discontent’ has also criticized globalization for lacking human face and pointed out that the neo liberal policies of IMF, WB and WTO had no role in the developed economies of Europe, Japan, USA, South Korea and Taiwan but rather these economies developed by adopting a mix of regulation, protection and interventionist policies³. Toshiro Tanaka a political scientist has also criticized globalization for its selectiveness. According to him exclusion or marginalisation is a characteristic feature of the process of globalization and the benefits of the process are evenly balanced by despair, conflict and violence⁴. Kofi Annan makes a perfect assessment, according to him “it has been said that arguing against globalization is like arguing against the law of gravity. But that does not mean we should accept a law that allows only heavy weights to survive. On the contrary; we must make globalization an engine that lifts people out of hardship and misery, not a force that holds them down”.⁵ It should also be noted that regional cooperation and

¹ Idrees Masood, *The Dark Face of Contemporary Economics* (Peshawar: Aays, 2016), 31

² Khalil ur Rehman, “The Impact of Structural Adjustment Programmes (Saps) On Human Development: A Case Study of India” (Mphil. thesis, Department of International Relations, Quid e Azam University, 2000), 19

³ Joseph E. Stiglitz, *Globalization and Its Discontents* (New York: W. W. Norton & Company, 2002), accessed August 01, 2016, [Library Genesis: Joseph E. Stiglitz - Globalization and its discontents](#).

⁴ Bennett Collins, “Does Regionalism Challenge Globalization or Builds Upon it,” *E-International Relations* (July 29, 2010), accessed April 4, 2016, <http://www.e-ir.info/2010/07/29/does-regionalism-challenge-globalization-or-build-upon-it/>

⁵ S.M. Rahman, “SAARC and New Paradigm of Security,” *Defence Journal* (September 2001), accessed September 21, 2016, <http://www.defencejournal.com/2001/september/saarc.htm>.

integration is almost always antagonistic to the interests of major powers and therefore it is either discouraged or selectively encouraged. America views China and Russia as competitors and challengers, China seeks to balance India regionally and globally, while India is expanding partnership with America to balance China, all these plans and outlines are anti-thesis of the idea of integration and that is problematic. Ahmad Rasheed Malik has properly stated that the imperial powers; France, British, Spaniards, Portuguese, Russian and Americans exploited their spheres of influence rather than genuinely integrating East Asia, China, South Asia and Central Asia.⁶

That is why various regions and their constituent states now realize the necessity for regional cooperation in order to tackle the challenges of globalization. Regions are though territorial based sub-systems of the global system but unfortunately the peripheral regions like Central Asia, South Asia, Middle East are least integrated and therefore lacking edge to compete successfully in the global economic system. These peripheral regions therefore desperately need regional integration i.e. to develop cooperation and coordination to accelerate the economic growth and achieve inclusive development. This particular paper generally argues that the effective way to address the issues of under development and challenges of globalization is the regional integration through organized cooperation and regionness. According to Professor Bjorn Hettne “the peripheral regions include post-Soviet states (Central Asia), South Asia and Middle East and to overcome economic stagnancy, war proneness and turbulence, these regions need to be regionalized.”⁷

Regionalism

A region can be defined as a geographical unit and a sub-system of the global system. Regionalism refers to the organized economic and political cooperation amongst regional states with geographically adjacent regions. Regional integration i.e. harmonization and coordination of political and economic policies makes core of the process of Regionalisation or regionalism. Harmonization addresses the policy content and may best apply to policies regarding tax, trade (tariff and trade facilitation) and legal and regulatory frame work while coordination solves the time consistency

⁶Ahmad Rashid Malik, “CPEC’s Regional Trade Connectivity,” *Pakistan Today*, March 23, 2016, accessed April 16, 2016, <http://www.pakistantoday.com.pk/2016/03/23/comment/cpecs-regional-trade-connectivity/>.

⁷ Bjorn Hettne, “Globalization, the New Regionalism and East Asia,” in *Globalism and Regionalism*, ed. Oshiro Tanaka and Takashi Inoguchi (Tokyo: United Nations University, 1996), accessed April 11, 2016, <http://archive.unu.edu/unupress/globalism.html>.

issues⁸. Traditionally regionalism evolved around the trade and economic cooperation and adopted protectionist measures against the non-member or non-regional states. This kind of regional cooperation has been known as economic regionalism and has various forms depending upon the level of integration the states are involved in. The various forms are Free Trade Area (FTA henceforth) which reduces or eliminate tariff, custom union with uniform tariff for non-members besides reduction or elimination of tariff, common market add to these with free movement of goods and services and economic union in addition to the features of FTA, custom union and common market adopts common currency in addition. This kind of regionalism has been termed as closed or tight regionalism i.e. ‘inward looking’ as it imposes protectionist measures against the non-members or non-regional states. However since 1980s a new form of regionalism known as Open Regionalism has been developed to effectively address the shortcomings and restrictions of not only globalization but also of closed or tight regionalism.

Open Regionalism

The term open regionalism was coined by Sir John Crawford of Australia during the deliberations of the Pacific Community Seminar held in 1980 in Canberra, Australia⁹. Professor John Crawford emphasized on a pattern of regional cooperation arrangement that is ‘outward oriented’ and complements inter, intra-regional and global trade and economic cooperation. The concept of new or open regionalism is broader than regional economic or trade lock. It is multi-dimensional process and encompasses security and political dimensions also besides harmonization of trade and economic policies. In open regionalism the convergence along these dimensions can be natural at times or may be politically steered. Open regionalism offers an open model of integration for advancing trade and economic cooperation amongst regional states and for facilitating regional trade and economic relations with the rest of the world. In contrast to closed regionalism, open regionalism does not impose protectionist measures to limit non-member or non-regional states’ access to the markets of regional states and vice-versa. Similarly open regionalism contains no elements of

⁸ Lolette Kritzingler –van Niekrek, *Regional Integration: Concepts, Advantages, Disadvantages and Lessons of Experience*, (Mozambique: Southern Africa Regional Poverty Network, 2005), accessed June 09, 2016, http://www.sarpn.org/documents/d0001249/P1416-RI-concepts_May2005.pdf

⁹ Sutton Michael, “Open Regionalism and the Asia Pacific: Implications for the Rise of an East Asian Economic Community,” *International Affairs*, no. 5 (Tokyo: Institute of International Relations and Area Studies, Ritsumeikan University, 2007), accessed July 11, 2016, http://www.ritsumei.ac.jp/acd/re/k-rsc/ras/04_publications/ria_en/5-07.pdf.

exclusion or discrimination instead trade liberalization is its main characteristic feature¹⁰. This kind of regional integration is ‘outward looking’ which means a coordinated integration in global system instead of a collective retreat from the world economy for the regional states. This model of integration may be spontaneous at times but mostly is states led gradual process addressing diversity in geography, political and economic sense¹¹.

Regional Trade Arrangements (RTAs) i.e. harmonization and coordination of finances, price, tariff, transit fee, quantity etc. are to be sorted out once the regional connectivity infrastructure across borders is developed. RTAs can be based on economic, political and security considerations. In open regionalism (economic, political and security integration) RTAs are mostly project/activity specific and can be settled bilaterally, tri-laterally or multilaterally. However, in contrast to closed regionalism, harmonization does not need a supra-national body as the case is with the European Union (EU henceforth) and therefore states agree to use a common legal frame work and harmonize tariff and tax policies but also having national custom and fiscal policies and judicial system. It elaborates that this kind of regionalism is based on sectoral approach to regional integration where different types of projects/sectors would require different kind of multi-country cooperation.

Regional governance of the project then becomes a joint responsibility of the signatory group of countries. However it is worth mentioning here that these regional integration arrangements, to be effective, need to have clauses or mechanism for dispute or conflict resolution pertaining to the project. This regional group pertaining to the specific project remains open to other regional and extra-regional states for joining. This model of regionalism would link states in a web of positive interaction and inter-dependence which in turn develop stakes in each other’s’ stability at regional level. It would contribute to regional security and prosperity. Promotion of regions’ insertion into global markets with flexible relations between regional states is the focal point of open regionalism with the core objective to address the weaknesses of closed regionalism which has failed to improve trade (for example Latin American Association for Free Trade between 1960 and 1980) and could not establish mechanisms for political considerations¹². This model of regional integration undoubtedly supplements and expedites global or multilateral liberalization of trade and economic activity. For

¹⁰ Chung-in Moon, “Economic Regionalism”, Encyclopedia Britannica, retrieved from <http://www.britannica.com/topic/economic-regionalism#ref751099>, accessed 21/04/2016

¹¹ Lolette Kritzingner –van Niekrek, op. cited

¹² Eduardo Gudynas, *Open Regionalism or Alternative Regional Integration?* (The International Relations Centre Online, 2005), accessed July 16, 2016, <http://www.integracionsur.com/americalatina/GudynasCritiqueOpenRegionalism.pdf>.

instance without regional cooperation between Turkmenistan, Uzbekistan and Kazakhstan, Central Asian Gas Pipeline system to China would have been a dream. Likewise the Turkmen gas cannot reach to the markets of Indian sub-continent without regional cooperation and integration.

Regional Integration in Open Regionalism

Regional integration is a multi-dimensional process leading to the harmonization, coordination and converging efforts through improved connectivity, logistics and convergence in regulatory policies¹³. Regional integration particularly becomes relevant when the domestic markets of regional states are small in size in comparison to their economic potential. Regional integration has been defined along three dimensions by Lolette Kritzingner i.e. (a) Geographic scope illustrates the number of countries involved in a Regional Integration Arrangement (RIA henceforth), (b) Width or substantive coverage tells about the sector or activity covered by RIA and (c) Depth of integration measure the degree of sovereignty a country surrenders, i.e. from simple cooperation to deep integration¹⁴. Open regionalism is the main key of successful regional integration as it is outward looking in nature and always market oriented. It is important to mention that a country can become part of different regional arrangements simultaneously and the countries need not to surrender sovereignty and retain full control. The regional states are in regular exchange and consultation and need no supra-national institution for decision making in open regionalism. The countries may also opt-out of the arrangement, plan or project with relative ease in comparison to the tight or close regionalism. Successful regional integration has to be directed or conducted under the compatible regional and national interests that are mutually reinforcing while open regionalism is one of the most important such principle. Similarly the private sector involvement in regional integration is also important since the private production and trade of goods and services and private consumers and operators are the main beneficiaries of the process.

The main question regarding regional integration is that whether it is economic or geopolitical interests that dominate the process when national preferences of regional states are shaped. From the experience of EU, it is obvious that the process of integration, though closed regionalism, was

¹³ Isabelli Ramdoo, *Developing Value Chains: What Role for Regional Integration* (Maastricht: European Centre for Development Policy Management, 2014), accessed July 15, 2016 <http://ecdpm.org/great-insights/extractive-sector-african-perspectives/extractive-sector-regional-integration-regional-value-chains/>,

¹⁴ Lolette Kritzingner-van Neikrek, op. cited

based on economic interest. However in the case of Central and South Asia the integration has been impeded due to geopolitical preferences or interests that dominate the economic preferences or interests. Other bargaining impediments are related to coordination problems and the difficulty in finding a jointly acceptable outcome and therefore the regional leadership needs to create a focal point or ‘functional area’ around which agreement can converge.

As regional integration increases market size so the region becomes attractive for market oriented Foreign Direct Investment (FDI). According to Van Langenhove, regional integration fulfills at least eight important functions which are:

- Supporting private sector development
- Trade creation and diversion i.e. trade integration
- Cross-border infrastructure development to support economic growth
- Enhancing public sector institutions and good governance
- Comprehensive Development for general welfare
- Contribution to peace and security in the region
- Strengthening regional integration with rest of the world
- Developing environment protection programs inter and intra-regionally¹⁵

Regional Integration in Central and South Asia under Open Regionalism

The regions of Central and South Asia constitute an ideal case for inter-regional integration, laying in close geographical proximity on a huge landmass crisscrossed by mighty rivers having a variety of climates with trade and economic complementarity, and sharing common history and religions. However, despite great existence of regionalist potential and unanimity of views amongst the intelligentsia regarding regional integration, the regions of Central and South Asia are least integrated in the world. Trade has been slow and over shadowed by fragmented bilateral agreements, inefficiency in ports operations, regulatory environment and logistics, poor connectivity infrastructure and unresolved political conflicts. Despite decades old agreements, regional energy trade has been impeded due to the lack of cross-border energy transportation infrastructure and regional geopolitical scenario. Lack of transport corridors particularly for the land locked regions is yet another stumbling block in regional integration. Restrictive policies within the region – as the regional countries have

¹⁵ Luk Van Langenhove and Ana-Cristina Costea, *The Relevance of Regional Integration For* (Finland: REGGEN a UNESCO and United Nations University joint venture, n.d), accessed August 01, 2016 <http://www.reggen.org.br/midia/documentos/arelevanciadaintegracaoaregionaldaafrica.pdf>

adopted more protectionist policies than with rest of the world – have neutralized the beneficial effects of common cultural affinity and gravitational pull of geographical proximity on movement of goods and services¹⁶.

The regions of Central Asia and South Asia are confronted with almost identical social, political and economic challenges which need regional cooperation on war footing basis. Underdevelopment and weakness of regional states is born in large part to the lack of regional integration and cooperation. Nothing compromises security like a weak economy because only a strong economy can provide resources to pursue strategic policies and tackle security issues effectively. Each region's growth is a function of many factors unique to it and the resource endowment factor cannot be overlooked in the case of Central Asia and South Asia. The regions possess diverse and multiple advantages regarding hydrocarbon resources, human capital and most wanted agrarian products like cotton and grains. Successful transformation of regional resources into a sustainable and inclusive development is closely related to linkage and integration of regional markets through coordinated efforts. The regions present a significant case for regional integration due to their economic models, resource endowment, economic complementarities and geographical adjacency.

Regional integration on the principles of open regionalism has bright prospects for the regions. As in open regionalism, RTAs are basically project specific or sectoral based, much of the ground work has been finalized for many areas amongst various group of countries. The Quadrilateral Transit Trade Agreement was initially signed between four countries i.e. Pakistan, China, Kyrgyzstan and Kazakhstan while Tajikistan later on became signatory. This agreement facilitates trade in transit amongst the mentioned five countries of the region and became operational in 2004¹⁷. RTAs regarding Central Asia, South Asia Electricity Project (CASA 1000) and Iran-Pakistan-India gas pipeline (IPI) have already been settled trilaterally for energy transmission inter-regionally. Likewise regional arrangements for transit trade between Pakistan and Afghanistan in form of Afghanistan-Pakistan Transit Trade Agreement (APTTA) and between Pakistan and China in shape of China-Pakistan Economic Corridor (CPEC) are bilaterally

¹⁶ Sadiq Ahmad and Ejaz Ghani, *South Asia's Growth and Regional Integration: An Overview* (Washington DC: The World Bank, 2007), accessed June 13, 2016 http://siteresources.worldbank.org/SOUTHASIAEXT/Resources/Publications/448813-1171648504958/SAR_integration_overview.pdf

¹⁷ Shabir Ahmad Khan, "Pakistan-Kazakhstan Relations: Future Prospects" *PUTAJ Humanities and Social Sciences* Vol. 19 (2013), 101

settled. In case of Turkmenistan-Afghanistan-Pakistan-India (TAPI) gas pipeline, the RTAs are multilaterally sorted out for energy trade. All these regional arrangements are based on multi-country collaboration where countries are members/part of more than single RTA simultaneously. Any other regional or extra-regional state can also join these arrangements with mutual consultation on the basis of open regionalism. Harmonization and coordination i.e. finances, transit fee, quantity, price etc. are worked out jointly and there is no need for supra-national institution to govern RTAs. Likewise the countries retain national custom, fiscal and judicial administration in contrast to close regionalism.

The regions need to complete the remaining agenda of regional arrangements for the already mentioned projects by pursuing them vigorously and by adding dispute resolution mechanisms to the agreements case-by-case. Regional states need to reconcile interests and identify 'functional area' i.e. shared and common interest which can be used as a cementing element in regional integration. The history shows that when Japan and Germany could not adjust themselves to each other, a huge part of humanity suffered as a consequence of world war. But the history also demonstrates that Germany and France were the worst enemies in Europe but once these states prioritized the economic interests over geopolitics and worked out steel and coal as a functional area, they provided base for the formation of EU. Energy can be used as the functional area for Central and South Asia where the interests of regional states naturally converge. A regional market for electricity can be developed through CASA 1000 by including Iran, India and China in the project and a regional gas market can be created through IPI, TAPI and Iran-Pakistan-China (IPC) pipeline by integrating the isolated electricity and gas networks across the regions. These projects would address the energy issue for the region while energy supply would resolve problem for industrial sector region wide. Resource endowment varies from country to country and differences are high therefore integration will definitely benefit all the regional states. Central Asian resource rich states will find market while energy poor South Asia will have supply source. The benefits which this kind of integration can bring are far greater to be sacrificed at the altar of geopolitics. The recent initiative in the form of CPEC, Gwadar Port and even Chabahar will be instrumental in regional integration. These projects can be seen as in harmony with each other with the larger regional objectives of economic prosperity.¹⁸

¹⁸ Suba Chandran, "Pipe Dreams: CASA, CPEC and Chabahar Projects can help integrate these Regions," *Friday Times* (July, 2016), accessed August 7, 2016, <http://www.thefridaytimes.com/tft/pipe-dreams>

Role of CPEC

According to World Bank report poor transport connectivity and poor trade facilitation policies are the main reasons for poor regional integration in South and Central Asia.¹⁹ Inter-regional connectivity is crucial for integration while CPEC will be instrumental in this regard. CPEC may act as an integral pull factor for all the regional states towards regional integration by materializing the gravitational pull of geographical proximity on the movement of goods and services. CPEC provides market connectivity between the resource rich and resource poor regions. Surrounded by huge supply and demand markets, CPEC would be the best supply chain for previously poorly connected areas of Iran, Middle East, China, Central Asia and South Asia. CPEC, once completed would ensure open regional economic cooperation, efficient resource allocation and markets integration in the above mentioned regions. Consequently playing a crucial role in expediting the rise of Asia and can eventually be a back bone for regional economic integration as the CPEC envisages two way trade in all directions with diversification and shifting of foreign trade.

The economies of the Middle East could get a road and rail link with South and South East Asia, thereby creating an economic stimulus of immense magnitude for a vast region. The various new Silk Road Plans initiated by the West through the Asian Development Bank in the form CAREC (Central Asia Regional Economic Cooperation) and China in the form of OBOR (One Belt One Road) and CPEC, running in the east-west and north-south directions through the Eurasian landmass up to the Arabian Sea, would create significant economic activity through cross-border infrastructure development for both Gwadar and Chabahar. Overall, they produce a series of economic zones tied together by significant transit infrastructure that would connect Russia, China, India, Pakistan and Iran as well as the states of Southeast and Central Asia²⁰. Therefore both the projects i.e. Gwadar and Chabahar are complimentary and the inter and intra-regional trade may grow to an extent in future that both these Ports could be unable to cope with.

¹⁹ World Bank, *Regional Integration and Spillover: South Asia* (The World Bank, 2016), accessed April 21, 2016, <https://www.worldbank.org/content/dam/Worldbank/GEP/GEP2016a/Global-Economic-Prospects-January-2016-Spillovers-ECA.pdf>

²⁰ Jeff Palmer, "Booming Baluchistan: Who Benefits from These Lucrative Trade Routes?" *The National Interest* (August 8, 2016), accessed August 10, 2016, <http://nationalinterest.org/feature/booming-baluchistan-who-benefits-these-lucrative-trade-17283>.

Conclusions/Recommendations

Regional integration on the principles of open regionalism needs to be seen as driver of socio-economic development, prosperity and source of political stability for the regions of South Asia and Central Asia as there is no supra-national institution involved and therefore no decision making powers delegation.

Regional integration is mostly states led process even in the areas/sectors where convergence of interests is natural amongst the regional states i.e. functional area. Therefore the regional governments have to prioritize and accelerate the process particularly by integrating energy supply and demand markets of Central and South Asia. Integration in other sectors/areas would gain momentum simultaneously as integration has its own dynamics of converging on and around the functional area.

The regions of Central Asia and South Asia may be termed as peripheral regions which are politically turbulent and economically under-developed. Therefore they must organize and cooperate to arrest the process of under-development and further marginalization. Landlocked regions of Central Asia would be effectively linked to the global markets.

The regional countries need to prioritize the geo-economic interests for smooth and accelerated regional integration which in turn will increase market size for regional states through regional groupings and sector-country comparative advantage. Large trade creation inter-regionally would dominate small inter-regional trade diversion.

Regional integration will definitely attract the FDI to the regions for the common cause of development because the fragmented small domestic markets would be seen as integrated larger regional markets.

The regions are least integrated in the world and thus regional states are now exposed to integration because much of the ground work has been finalized in the shape of RTAs on the principles of open regionalism as pre-conditions for integration.

In this era of competition for markets on the World stage, the regional states need to realize the integration of markets inter-regionally for meaningful integration and competitiveness in the global economic system. This integration of markets would address the issues of economic disparity inter-regionally. The gas pipelines from Turkmenistan to China via Kyrgyzstan and Tajikistan not only provide transit revenue to these resource poor countries but also energy. Same will be the case with TAPI when materializes.

In case of open regionalism in Central and South Asia, integration of energy demand and supply markets along with the growth of foreign trade will diminish or even eliminate the risks associated with the realization of tight regionalist objectives i.e. the loss of markets and investment.

Regional integration is vital for creating cross-border infrastructure which many poor countries cannot develop on their own or unilaterally for instance trade corridors, energy pipelines, transport networks, water resource management and telecommunication services.

Under open regionalism the regional objectives are not restricted to economic growth in the region solely rather it contributes to security as well through a web of positive interactions which reduce risk of conflict and build trust and confidence.

For the purpose of effectiveness and efficiency, the RTAs or regional integration arrangements (RIAs) need to have project-specific clauses or articles related to conflict or dispute resolution pertaining to the project or sector.

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