

## **INDIAN OCEAN RIM ASSOCIATION FOR REGIONAL CO-OPERATION (IOR-ARC)**

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The Indian Ocean Rim Association for Regional Co-operation (IOR-ARC) was launched in Mauritius in March 1997. The group currently has 18 members: Australia, Bangladesh, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, the United Arab Emirates, and Yemen. China, Egypt, France, Japan, and the United Kingdom are dialogue partners of the IOR-ARC and the Indian Ocean Tourism Organisation (IOTO) has an observer status. The secretariat of the IOR-ARC is based in Mauritius.

This 18 member-state grouping spans a wide geographical spectrum in all and has a population of about 1.9 billion people. The IOR encompasses a number of sub-regions in the world that include Southern and Eastern Africa, the Red Sea, South Asia, Southeast Asia, and Australasia. As with some other notable regional organizations such as APEC, the IOR-ARC is characterized by a significant degree of heterogeneity in terms of population size, income levels, rates of economic growth and degree of openness (Table 1). In addition, there are a number of other inter-country non-quantifiable differences not captured by the data. Among the most important of these are social and political ideologies. The alliance is also one of the few to bring together economies from Asia, Mid East and Africa. This heterogeneity underscores the need for the grouping to be highly pluralistic in nature in order to accommodate the diversity among the member countries.

The IOR-ARC was initiated with an objective to promote sustainable growth and balanced development of the region as a whole, with a special emphasis on economic cooperation that would dismantle the barriers to intra regional trade flows of goods and services among the countries along the Rim. The region is rich in strategic and precious minerals and metals and other natural resources, valuable marine resources and energy for industries and most have embraced globalization as a tool for furthering economic growth and development.

The four key components of the IOR-ARC roadmap include trade liberalization, trade and investment facilitation, economic and technical co-operation and initiating trade and investment dialogue. The association holds a Council of Ministers meeting every other year. There are three different working groups (trade and investment, business forum and academic group) that engage in a variety of projects and work programmes).

Despite the potential of this diverse regional grouping, the association has remained dormant for a long time now. Part of the reason for the lack of noteworthy progress in the IOR-ARC is the absence of leadership by any of the larger countries like India or South Africa.

Things appear, however, to be changing somewhat. Following the recent ministerial meeting of IOR-ARC in Yemen, there has been renewed interest in reenergizing the association, particularly given the renewed interest by the new Indian government. The new Indian minister of state for External Affairs, Mr. Shashi Tharoor has made some promising remarks about the usefulness of this grouping and has also expressed fascination for the sheer diversity that is brought about by a co-operation of this sort. In addition, he underscored the need for this forum to be taken seriously by its own members and that the countries should think beyond water and move on to other domains of co-operation for the benefit of everyone.

In a recent syndicated newspaper column, Mr Tharoor wrote:

“... IOR-ARC doesn't have to confine itself to the water: it is the countries that are members, not just their coastlines. So everything from the development of tourism in the

18 countries to the transfer of science and technology is on the table. The poorer developing countries have new partners from which to receive educational scholarships for their young and training courses for their government officers. There is already a talk of new projects in capacity building, agriculture, and the promotion of cultural cooperation... Making a success of an association that unites large countries and small ones, island states and continental ones, Islamic republics, monarchies, and liberal democracies, and every race known to mankind, represents both a challenge and an opportunity... The world as a whole stands to benefit if 18 littoral states can find common ground in the churning waters of a mighty ocean.”

While the Indian governmental interest is welcome and overdue and should help garner greater interest among other member countries, what the IOR-ARC has also been sorely lacking, is far-sighted intellectual leadership, particularly with regard to economics and commerce dimensions. Virtually no research institute has placed the IOR-ARC as a priority research agenda. Part of the reason for this is likely because the IOR-ARC overlaps many geographical locations such as Asia, Mid East and Africa. As a country, Singapore with strong and growing links with both Asia and the Mid East is a perfect focal point for the convening of research programs and events on the IOR-ARC. If nurtured well, such a program has the potential to become a centre for excellence in the area. Given the growing significance of emerging markets in Asia, Mid East, and parts of Africa, attention to the association ought to pay handsome dividends in the future.

**Table-1**  
**Selected Economic Indicators of IOR-ARC Member Countries in 2007**

<b>Member Countries</b>	<b>GDP per capita growth (annual %)</b>	<b>GDP per capita, PPP (Constant, US Dollars)</b>	<b>Total Population (Millions)</b>	<b>GDP (USD Million)</b>	<b>Value of Exports of goods &amp; services (USD Million)</b>	<b>Trade (as % of GDP)</b>
Australia	1.74	32734.85	21 (0.3)	687923 (1.1)	169308 (0.9)	42.41
Bangladesh	4.70	1171.73	158.6 (2.4)	185803 (0.3)	13530 (0.08)	46.48
India	7.61	2600.13	1124.8 (17)	2924592 (4.6)	250424 (1.4)	45.66
Indonesia	5.10	3505.79	225.6 (3.4)	791012 (1.2)	127082 (0.7)	54.69
Iran	6.42	10345.55	71.0 (1.1)	734752 (1.1)	92050 (0.5)	53.72
Kenya	4.18	1456.45	37.5 (0.5)	54662 (0.09)	6321 (0.04)	63.47
Madagascar	3.39	880.60	19.7 (0.3)	17321 (0.03)	2233 (0.01)	76.83
Malaysia	4.60	12766.19	26.5 (0.4)	338936 (0.5)	205712 (1.1)	200.08
Mauritius	4.04	10667.86	1.3 (0.02)	13449 (0.02)	4194 (0.02)	132.87
Mozambique	5.29	757.78	21.4 (0.3)	16195 (0.03)	3010 (0.02)	84.22
Oman	4.78 <sup>1</sup>	20408.57	2.5 (0.04)	51165 (0.08)	22499 <sup>1</sup> (0.1)	98.67
Singapore	3.32	46938.82	4.6 (0.07)	215383 (0.3)	372559 (2.1)	432.95
South Africa	4.11	9214.57	47.9 (0.7)	440924 (0.7)	89567 (0.5)	66.39
Sri Lanka	6.12	4007.11	20.0 (0.3)	80182 (0.1)	9458 (0.05)	68.77
Tanzania	4.52	1140.96	40.4 (0.6)	46131 (0.07)	3106 <sup>1</sup> (0.02)	48.41 <sup>1</sup>
Thailand	4.12	7682.03	63.8 (0.9)	490360 (0.7)	179911 (1.03)	139.02
Untied Arab Emirates	4.05	48810.29	4.1 (0.06)	200332 (0.3)	149251 <sup>1</sup> (0.8)	164.13
Republic of Yemen	0.60	2205.16	22.4 (0.3)	49358 (0.08)	NA	0.60

Source: Compiled from World Development Indicators Online, World Bank.

Notes: Figures in parenthesis indicates the share of the variable to the share of the world.

1) Data is for the latest available year – 2006.