

## AN OVERVIEW OF SOUTH ASIA

### Canada and South Asia

South Asia comprises Afghanistan, Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan, Sri Lanka, and, for our purposes, Myanmar (formerly Burma). The region contains approximately one billion people or one-fifth of the world's population. It is a vast area bordering on the Middle East, the Soviet Union, and China. Unlike among the countries of ASEAN, there have been few regional institutions or organizations to focus interests and to use as mechanisms for co-operation or to resolve problems until the founding of the South Asia Association for Regional Co-operation (SAARC) in 1985 (Afghanistan and Myanmar are not SAARC members).

South Asia remains relatively unknown and thus unimportant to many Canadians. Canada's relations with the region are still perceived to be essentially focussed on aid with few opportunities for broader contacts, including commercial relations. But our perceptions are blinding us to the fact that the region is changing rapidly. Canadians have yet to absorb fully the changes occurring in South Asia and their consequences for Canada.

Sustained growth has been a feature of both Indian and Pakistani economies over the past ten years. While these two countries, along with Bangladesh and Sri Lanka, remain as major recipients of Canadian development assistance, our bilateral relationships are no longer asymmetrical and limited to one or two areas of activity. The potential for increased bilateral trade with India and Pakistan is enormous; both countries have a rapidly developing middle class (India's now exceeds 100 million people and is expected to more than double in the next decade) which is generating pressures for liberalization of the domestic economies and a relaxation of import controls.

Economically, India is a major industrial power (being tenth on a global basis), and has a growing middle class and an increasingly well-trained and educated work force. Pakistan is also moving in the same direction, the pace of which is accelerating with its December 1988 return to democratic government. Virtually all countries of the region, including Bangladesh, Myanmar, and Sri Lanka, are actively beginning to seek foreign capital and are modifying their laws so as to encourage foreign investment in their economies.

A major development over the past decade has focussed on population flows. Canada is increasingly becoming a destination for South Asian immigrants, and there are now over 300,000 residing here who have come from the area. As these numbers grow, they will facilitate the development of closer and increased business relationships and contacts between Canada and the countries of South Asia. They will also cause us to learn more about their countries of origin, which, in turn, will affect the way Canadians come to view the area in the future and its potential.

Canada's gaze has been shifting gradually to Asia. This shift has been driven to a great degree by the imperatives of trade. It will continue, and South Asia's participation will grow. Traditional ties, rooted in development assistance and the Commonwealth connection, are expanding to include more trade, investment, immigration, and institutional linkages. In conclusion, we paraphrase the writer who said that while Asia has only been a small part of Canada's past, it will be a large part of our future.