

# India-ASEAN Relations: An Assessment

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## INTRODUCTION

Diplomacy has been utilised for maintaining international peace and order as an alternative to military means. Similarly, protecting national interests through carefully calibrating statecraft depending on the prevailing situation is another dimension of it. In a regional setting, regional organizations such as the Association of Southeast Asian Nations (ASEAN) provided the platform for deliberating on regional issues and providing consensus solutions. Over the years, ASEAN has evolved as a multilateral process which has benefited its member countries because of regular dialogue and economic integration leading to an incremental reduction in the threat perception and building of the ASEAN Community into political, security, cultural and economic domains. However, many international critics and scholars have criticized its consensus building approach and the policy of non-interference in each other's internal affairs. Despite this criticism, ASEAN has slowly transformed itself into a core regional grouping in East Asia, and institutions such as ASEAN Defence Ministers Meeting Plus (ADMM+), Extended ASEAN Maritime Forum (EAMF) and affiliated institutions have promoted dialogue and cooperation among regional stakeholders.

With regard to India's approach to Southeast Asia, the narratives have germinated from historical, religious and economic perspectives, and draw on different resources to buttress the fact that the ties between the two regions have been harmonious and mutually beneficial. The most dominant narrative starts from the historical perspective and gets amplified with the interactions during the Bandung Conference (Asian-African Conference) held in 1955 and the role played by the Asian leaders in creating new camaraderie between the newly independent nations of Southern Asia. Indian leadership recognized and promoted the independence of Southeast Asian countries, primarily Myanmar, Indonesia and Philippines, from colonial subjugation. In fact, India conducted the Conference on Indonesia in 1949 which was attended by 15 nations. In the late 1940s and early 1950s, the role of iconic political leadership in Myanmar, Indonesia, and Vietnam, and the relationships between countries were predicated

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upon the personal equations or unbridgeable chasm between the political leadership because of different views on international cooperation. The chasm was apparent between Sukarno and Nehru as well as Mahathir and Indira Gandhi. Indian policymakers faced a diplomatic and political predicament when Pakistan decided to sign a Mutual Defence Assistance Pact with the United States and subsequently joined the Southeast Asia Treaty Organization (SEATO), followed by its membership in the Baghdad Pact (which was later known as Central Treaty Organization or CENTO)<sup>1</sup>. This facilitated India's inclination towards the former Soviet Union and the anti-capitalist attitude of the leadership gave birth to a socialist welfare model of development and growth in India. The emergence of communist China and the annexation of Tibet<sup>2</sup> by the country changed the political and strategic dynamics in India's close proximity. However, the political understanding between India and ASEAN progressed with phases of discord and divergence.

## POLITICAL UNDERSTANDING – CREATING AWARENESS

Political and academic references regarding India's view towards Southeast Asia were shaped by the impact of the Indic civilization and the symbiosis of the religious dialogue in the larger Asian context. The influence of Hinduism and Buddhism was felt far and wide and the remnants of the religious influence could be witnessed in the form of architecture in ancient temples, monasteries and religious artefacts<sup>3</sup>. This historical narrative merged into the socio-cultural milieu and was interspersed with religious discourse within societies. This has formed the bedrock of India-Southeast Asia relations. The Hindu kings and the adoption of Buddhism in subsequent years by the Southeast Asian societies were seen as a natural corollary to the interaction among the traders, merchants and religious preachers. The syncretic Islam which travelled from the Gulf region, transcended India and thereafter to various kingdoms of Southeast Asia also built the intracontinental narrative about religions and practices.

In the pre-independence period, the raising of the *Azad Hind Fauz* (Indian National Army) in Southeast Asia in 1942 and the role played by the much popular Indian leader Subhash Chandra Bose created a soft affection towards Southeast Asia. India's approach towards the building of ASEAN as an institution was supportive. In May 1967, M. C. Chagla, who was then the foreign minister of India, paid a visit to Malaysia and Singapore in support of the nascent idea of ASEAN. During his visit to Singapore,

<sup>1</sup> Mohammed Ayoob, *India and Southeast Asia: Indian Perceptions and Policies* (London: Routledge, 1990), p. 3.

<sup>2</sup> Dawa Norbu, "Chinese Strategic Thinking on Tibet and the Himalayan Region", *Strategic Analysis*, 12(4), July 1988, pp. 372-373.

<sup>3</sup> Nicolas Tarling (ed.), *The Cambridge History of Southeast Asia: From Early Times to c.1800*, Vol. 1 (Cambridge: Cambridge University Press, 1992), pp. 174-175.

he said, “We will be very happy to have bilateral arrangement with Singapore, with regard to trade, commerce and economic cooperation. But if Singapore chooses to join any regional cooperation, we will be happy to join such a grouping, if other members want India to do so.”<sup>4</sup> India was not invited to join the grouping which somehow was not appreciated within the Indian establishment. However, there are contrasting narratives in this regard that India refused to join when it was asked to do so. While India was initially supportive of the organization, it was ambivalent towards its existence. It was apprehensive of the fact that two members of SEATO, Philippines and Thailand, had also joined the grouping as the founder members. This fusion between US alliance partners and the new institution created suspicion in the minds of the Indian policymakers. The thaw in the approach towards ASEAN happened when ASEAN was referred to in a Joint Communiqué between Indonesia and India in 1973. Subsequently, with the disbanding of SEATO, India’s reservations and apprehension related to ASEAN dissipated.

Drawing inspiration from the developments in the 1960s and early 1970s, India embraced building ties with its eastern neighbours and the *raison d’être* was provided by the anti-colonial stance, anti-apartheid view and promulgation of the Non-Aligned Movement to safeguard the interests of the developing and newly independent nations from the influence of the power blocs’ politics. India’s outlook about its eastern seaboard as well as the far west like Iran was quite well known. In fact, it is perceived that during the anti-communist struggle in the countries of Southeast Asia, India could have developed better relations with Southeast Asian countries such as Philippines, Singapore and Indonesia, had it not been seen as a partner of erstwhile Soviet Union. India’s Peaceful Nuclear Explosion (PNE) in 1974 was not liked by many countries in the region but the response to this event was calibrated. India was actively involved in Southeast Asian affairs, as illustrated by its recognition of Unified Vietnam<sup>5</sup> and, subsequently, the Kampuchean government in 1980<sup>6</sup>. The recognition of the People’s Republic of Kampuchea was seen as an irritant in India-ASEAN ties. India’s approach towards ASEAN was relatively lukewarm during the times of coalition governments (during Janata government rule [1977-1979] and the subsequent coalition government in the late 1980s)<sup>7</sup>. With the disintegration of the Soviet Union, India was compelled to

<sup>4</sup> Cited in K. P. Saxena, *Cooperation in Development: Problems and Prospects for India and ASEAN* (Sage Publications: New Delhi, 1986), p. 53.

<sup>5</sup> For further reading with regard to India’s ASEAN policy from 1967 to 1980, see Kripa Sridharan, *The ASEAN Region In India’s Foreign Policy* (Singapore: Dartmouth, 1996), pp. 34-39. Also, for a discussion about the strategic priorities of India in the post-independence phase, see Mohammad Ayoob, *India and Southeast Asia: Indian Perceptions and Policies* (London: Routledge, 1990).

<sup>6</sup> Kripa Sridharan, op. cit., p. 135.

<sup>7</sup> For a rather impassionate discussion on the subject, see Kripa Sridharan, *The ASEAN Region In India’s Foreign Policy* (Singapore: Dartmouth, 1996), pp. 60-75.

liberalize its economy and also reformat its relations with the western world. Initiatives taken by the then prime minister Rajiv Gandhi through visits to China, Indonesia, Australia and other Asian nations in the late 1980s were replicated by the subsequent Prime Minister P. V. Narsimha Rao. Southeast Asia was seen as the best example for sustainable economic growth and a lucrative destination for outlining India's economic and strategic priorities.

Within the Indian political establishment, the discourse with regard to the importance of Southeast Asia has been manifested in a number of parliamentary questions and debates. The Lower House of the Parliament has raised questions related to India's participation in ASEAN post-ministerial conferences, and India's role in ASEAN meetings and bilateral meetings on the sidelines of the summits. The Parliamentary Standing Committee on Commerce is one of the eight Standing Committees, being serviced by the Rajya Sabha Secretariat. The Department of Commerce and Department of Industrial Policy and Promotion are within the purview of the Committee's scrutiny. One of the important agenda items for this committee has been the impact of Free Trade Agreements (FTAs) between India and other neighbouring countries, including ASEAN, on the domestic industry and plantation sectors<sup>8</sup>. Between 2010 and 2016 one of the major agenda items for the committee has been trade with ASEAN<sup>9</sup>. More lately questions have been raised within the Upper House of Parliament related to the Indo-ASEAN rail/road link and Indo-ASEAN summit<sup>10</sup>. During the Sixteenth Lok Sabha (Lower House of Parliament) between May 2014 and April 2017 more than 16 questions were placed on the table of Parliament related to trade issues with ASEAN, visit of ASEAN countries' leaders, India's participation in the ASEAN summit, bilateral ties with ASEAN countries, investment by ASEAN countries, digital connectivity with ASEAN, and exclusion of natural rubber in the ASEAN-India trade pact<sup>11</sup>, to list a few. This clearly shows that in terms of political understanding about India's engagement with ASEAN the law makers are fully aware of the potential as well as curious to know India's role and position within the ASEAN framework. However, there have not been many questions within the Indian Parliament related to regional security and stability within the ASEAN region, clearly highlighting the cautious approach that major political parties have adopted related to the security of the region.

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<sup>8</sup> Committee Section (Commerce), accessed 19 April 2017, [http://rajyasabha.nic.in/rsnew/annual\\_report/2010/Commerce.pdf](http://rajyasabha.nic.in/rsnew/annual_report/2010/Commerce.pdf).

<sup>9</sup> Committee Section (Commerce), accessed 19 April 2017, [http://rajyasabha.nic.in/rsnew/annual\\_report/2016/Commerce.pdf](http://rajyasabha.nic.in/rsnew/annual_report/2016/Commerce.pdf).

<sup>10</sup> Ministry of External Affairs, accessed 30 April 2017, at <http://rajyasabha.nic.in/rsnew/question/200/external.pdf>.

<sup>11</sup> Sixteenth Lok Sabha Question list related to ASEAN, accessed 30 April 2017, <http://164.100.47.194/Loksabha/Questions/questionlist.aspx>.

Within the Ministry of External Affairs also, the response to the question related to India-ASEAN ties is met with enthusiasm as it is seen as the rich dividend of India's Look East policy, which is now rechristened as Act East policy. During a speech in 2017, Secretary (East) Ms. Preeti Saran remarked, "This is an important opportunity for us to assess what we can do further, for a deeper and comprehensive engagement with South East Asia, cutting across the three agreed pillars of politico-security, economic and socio-cultural cooperation with the region. Already there are 30 dialogue mechanisms between India and ASEAN, including a Summit and 7 Ministerial meetings on a wide range of sectors such as Foreign Affairs, Commerce, Tourism, Agriculture, Environment, Renewable Energy and Telecommunications. We have undertaken a number of initiatives, including establishing a separate Mission to ASEAN in Jakarta in April 2015, to supplement the efforts of our bilateral Missions in the region."<sup>12</sup>

The Ministry of External Affairs has also streamlined its policy approach towards ASEAN through institutionalizing the interaction through the establishment of an ASEAN-India Centre, an India-ASEAN special section in its website as well as an ASEAN division in the External Affairs Ministry. For the Indian establishment, ASEAN has been recognized for its important role in promoting regional security and stability.

## REGIONAL SECURITY AND STABILITY

One of the important aspects of the formation of ASEAN as an organization was the promotion of regional security and stability in the Southeast Asian region. The subsequent formation of the ASEAN Regional Forum (ARF) created the necessary institutional set-up to discuss issues of larger Asia-Pacific security. The ARF was criticized for being a talk shop and an institution which lack implementation support from the member countries. Still, the ARF was successful in creating a platform for discussion and was instrumental in socializing North Korea into the regional security discussion. India's enmeshment into ASEAN institutions did format its strategic outlook into a more proactive approach.

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<sup>12</sup> Keynote Address by Secretary (East) on "India and ASEAN – An Overview" at Nehru Memorial Museum and Library, New Delhi (2 February 2017).

Scholars like Mohammad Ayoob<sup>13</sup>, Kripa Sridharan<sup>14</sup>, Sudhir Devare<sup>15</sup>, S. D. Muni<sup>16</sup>, G. V. C. Naidu<sup>17</sup>, C. Rajamohan<sup>18</sup>, Harsh V. Pant<sup>19</sup>, V. P. Dutt<sup>20</sup>, and a few others, have referred to India's changing strategic outlook but its articulation with regard to Southeast Asia as a region has left much to be desired. K. M. Panikkar's<sup>21</sup> work was the harbinger of India's need to reconfigure its outlook towards Southeast Asia. Subsequently, K. Subramanyam opined about the Indochinese region and stated that pressure on China should be made from the Indochina region. He also identified Vietnam as one of the strategically relevant countries for India. K. Subramanyam stated, "We have a large stake in ensuring that the pressure is contained. That has been our basic policy from the fifties."<sup>22</sup>

During the mid-eighties, many ASEAN nations were worried about the potential threat to their security from India. India's role in Sri Lanka (peacekeeping operations in 1987) and Maldives (Operation Cactus in 1988 to end an armed coup against the Maumoon Abdul Gayoom government) and even stalemate with Nepal on trade, projected India as a bully for the Southeast Asian nations. Also, India's "reported plan" for building a major naval base in Andaman and Nicobar Islands in the late 1980s perturbed Indonesia and other littoral neighbours about the ramifications of such a base close to their territorial waters. India's naval modernisation programme was also seen as a manifestation of India's power projection capabilities in Southeast Asia. Indian leaders had to justify their naval modernisation programme though there was no precedence of any untoward behaviour in the past. After the initial dithering, India decided on a damage control exercise. Adopting a more rational approach and sensing the necessity to convincingly articulate its aims in the Indian Ocean region, India offered to hold

<sup>13</sup> Mohammad Ayoob, *India and Southeast Asia: Indian Perceptions and Policies* (London: Routledge, 1990).

<sup>14</sup> Kripa Sridharan, *The ASEAN Region In India's Foreign Policy* (Singapore: Dartmouth, 1996).

<sup>15</sup> Sudhir Devare, *India and Southeast Asia* (New Delhi: ISEAS, Capital Publishing, 2006).

<sup>16</sup> S. D. Muni, *India's Look East Policy: The Strategic Dimension*, ISAS Working Paper No. 121, Singapore, 1 February 2011.

<sup>17</sup> G. V. C. Naidu, *Looking East: India and Southeast Asia*, accessed on 28 May 2012, [http://www.freewebs.com/indiaslookeastpolicy/articles/GVC\\_Naidu.pdf](http://www.freewebs.com/indiaslookeastpolicy/articles/GVC_Naidu.pdf).

<sup>18</sup> C. Rajamohan, *Crossing The Rubicon - The Shaping Of India's New Foreign Policy* (Delhi: Penguin Books, 2003).

<sup>19</sup> Harsh V. Pant, *Contemporary Debates in Indian Foreign and Security Policy: India Negotiates its Rise in the International System* (New York: Palgrave Macmillan, 2008).

<sup>20</sup> V. P. Dutt, *India's Foreign Policy Since Independence* (New Delhi: National Book Trust, 2007).

<sup>21</sup> An extract from Sardar K. M. Panikkar's Annual Day address to the Indian School of International Studies on 13 February 1961, accessed 29 May 2016, <http://acorn.nationalinterest.in/2009/10/16/k-m-panikkar-on-indias-strategic-omphaloskepsis/>.

<sup>22</sup> Quoted in C. Ravindranatha Reddy, *India and Vietnam: Era of friendship and Cooperation 1947-1991* (Chennai: Emerald Publishers, 2009), p. 36.

joint naval exercises with ASEAN states. K. M. Panikkar had argued that an “Oceanic Policy” for India was needed: “a steel ring can be created around India...within the area so ringed, a navy can be created strong enough to defend its home waters, then the waters vital to India’s security and prosperity can be protected...with the islands of the Bay of Bengal with Singapore, Mauritius and Socotra (now a part of Yemen), properly equipped and protected and with a navy based on Ceylon security can return to that part of the Indian Ocean which is of supreme importance to India”<sup>23</sup>. India had to make multiple efforts to assuage the concerns of a few Southeast Asian nations and project its benign image.

The active engagement with ASEAN after 1992 with active support from Singapore, and a decade later, its elevation into a summit-level partnership through the ASEAN-India Summit (2002), showed that India has relevance in the neo-liberal and constructivists sphere of international relations. India embarked on getting engaged with the erstwhile small players and engaging the major powers without showing signs of strong affiliation to any one power centre. The strategic configuration was simple: protect interests and bargain hard. India’s strategy is to negotiate strategic partnerships (though with different levels of engagement) and embark on offensive realism with strategic hedging policy. India’s commitment to the region’s development was articulated through “ASEAN-India Partnership for Peace, Progress and Shared Prosperity” (2003). On the issue of future economic cooperation it stated:

- Work through both conventional and innovative trade and economic arrangements, and full implementation of the ASEAN-India free trade area by 2011 for ASEAN-5 and India, 2016 for the Philippines and India and by 2011 by India and 2016 by the 4 new ASEAN Members Countries, including the early implementation of the Early Harvest Programme, to achieve freer movement of goods, services, investment, and cooperation in other economic areas;
- Reiterate full support for the implementation of the Declaration of ASEAN Concord II, leading to the formation of a more integrated ASEAN Community comprising the ASEAN Security Community, the ASEAN Economic Community and the ASEAN Socio-Cultural Community.<sup>24</sup>

Within the larger East Asian region, in order to enhance political presence, strong economic fundamentals and interaction with other economies is a prerequisite. Rather than rely on one major economic partner, India has to diversify its economic relationships and look for markets. India’s economic engagement with the region has expanded by

<sup>23</sup> Scott, David (2006), “India’s ‘Grand Strategy’ for the Indian Ocean: Mahanian Visions”, *Asia-Pacific Review*, 13(2)100. Also, see Packer, Gerald (1947), “Security problems in the Indian Ocean”, *Australian Journal of International Affairs*, 1(4)27.

<sup>24</sup> “ASEAN-India Partnership for Peace, Progress and Shared Prosperity”, accessed 4 February 2012, <http://www.aseansec.org/16839.htm>.



an order of magnitude since 1990 as its annual trade with ASEAN nations grew from \$2.4 billion to over \$30 billion by 2008, with a goal of expanding bilateral trade to \$50 billion by 2011. As a result of these increasing ties, India reached an agreement with ASEAN to create a free trade zone by 2012, and a FTA was signed in August 2009 (and which was implemented in January 2010) that linked 1.6 billion people in an area with a combined GDP of over \$1.5 trillion. These measures are welcomed in the region, because they allow countries to avoid economic dependence on a single market. As Singapore's Deputy Prime Minister has argued, "For Southeast Asia, a dynamic India would counterbalance the pull of the Chinese economy, and offer a more diversified basis for prosperity."<sup>25</sup> Complementing its economic and political linkages to Southeast Asia, India has taken steps to achieve physical linkage as well. These efforts include the construction of a rail link between Hanoi and New Delhi that passes through Myanmar, Thailand, Laos, and Cambodia, as well as a major highway project linking India to Thailand via Myanmar<sup>26</sup>.

ASEAN, which germinated out of the anti-communist forum, galvanized itself into a more proactive community which popularized the concept of the "ASEAN way" and integrated the region into one community encompassing the spheres of economic, political, social and cultural aspects of the region. The integration of the diverse Southeast Asian nations into one homogenous regional bloc in which decisions are to be taken through consensus did provide the essential adhesive to keep the regional grouping together. The regional security framework has also given birth to informal dialogue mechanisms, such as the Shangri-La Dialogue. Indian participation in these dialogues have been relatively muted in comparison to more vocal ASEAN dialogue partners such as the US, Japan, China and Australia.

Prime Minister Narendra Modi clearly articulated India's concern regarding regional security in the Southeast Asian region. He said, "In [the] face of growing traditional and non-traditional challenges, politico-security cooperation is a key emerging pillar of our relationship. Rising export of terror, growing radicalization through ideology of hatred, and spread of extreme violence define the landscape of common security threats to our societies. The threat is local, regional and transnational at the same time. Our partnership with ASEAN seeks to craft a response that relies on coordination, co-operation and sharing of experiences at multiple levels"<sup>27</sup>. India has steadfastly tried

<sup>25</sup> Remarks by DPM Lee Hsien Loong on "The Future of Asian Economies", 24 Jan 2003, at Davos, World Economic Forum, accessed 5 May 2017, [https://www.mfa.gov.sg/content/mfa/overseasmission/wellington/press\\_statements\\_speeches/2003/200301/press\\_200301\\_1.html](https://www.mfa.gov.sg/content/mfa/overseasmission/wellington/press_statements_speeches/2003/200301/press_200301_1.html).

<sup>26</sup> Walter C. Ludwig III, "Delhi's Pacific Ambition: Naval Power, 'Look East,' and India's Emerging Influence in the Asia-Pacific", *Asian Security*, 5(2), 2009, p. 94.

<sup>27</sup> Opening Statement by Prime Minister at the 14th ASEAN-India Summit (8 September 2016), accessed 13 April 2017, <http://www.mea.gov.in/Speeches-Statements.htm?dtl/27371/opening+statement+by+prime+minister+at+the+14th+aseanindia+summit+september+08+2016>.



to avoid core regional security concerns related to increasing military modernization, China's assertive behaviour in the South China Sea and East China Sea and also the role that is needed to be played by the dialogue partners to bring about peace and stability in the region. However, it has made its priorities clear through speeches and statements by the political leadership. For India enhancing ties with ASEAN countries was for economic benefits and building an investment relationship.

## EXPLORING ECONOMIC SYNERGIES

India's impression about the Southeast Asian economies grew because of the World Bank Report released in 1988 which showcased the perfect example of export-oriented industrialization, which somehow undermined the model of import substitution which India had been following since its independence. Jawaharlal Nehru's vision of controlling the commanding heights of the economy through a socialist welfare model had created a debt trap and also limited the options for domestic growth. The disintegration of the erstwhile Soviet Union created suspicion in the minds of a number of Indian economists about the survivability of the import substitution model. With the then Finance Minister Manmohan Singh, who was a western-educated economist, growth options were explored. As a result, it was felt that the Indian economy needed an impetus which would sustain economic growth in the long run<sup>28</sup>.

Emphasizing the importance of trade and commerce to the realization of India's development goals, the then external affairs minister Pranab Mukherjee recalled ancient India's "active trade links with Africa, Arabia and Mesopotamia, the empires of ancient Persia, Greece, and Rome and China, and a number of kingdoms in Southeast Asia." But he added that India's "maritime tradition" and "overseas presence" had assumed a cultural and civilizational rather than a territorial manifestation. He pointedly noted that when India's ruling elites "forgot the imperatives of maritime security...ancient and medieval India's dominance of world trade was lost" and this eventually led to the colonization of the subcontinent for nearly three centuries<sup>29</sup>.

The economic implications of the "Look East" policy have been substantive. The direction of India's trade with the rest of the world has undergone phenomenal changes because of the policy. India's trade with its eastern neighbourhood was distinctly limited during the Cold War period. Among the countries of ASEAN, its economic exchanges were confined mostly to Malaysia, Indonesia, Singapore and Thailand. Trade with other major East Asian economies such as China, Hong Kong and South Korea were noticeably limited. Indeed, Singapore was the only country among those men-

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<sup>28</sup> Isabelle Saint Mezard, *Eastward Bound: India's New Positioning in Asia* (Delhi: Manohar Publishers, 2006), p. 63.

<sup>29</sup> Vidya Nadkarni, *Strategic Partnerships in Asia: Balancing Without Alliances* (Oxon: Routledge, 2010), p. 34.

tioned with whom the size of India's bilateral merchandise trade was US\$1 billion-plus in 1992-93 (US\$1.2 billion), with Hong Kong coming in a close second (US\$935.4 million)<sup>30</sup>. India's economic performance has not yet matched China's in either intensity or longevity. The country's economic reforms, which have produced its recent spurt in growth, began only in the early 1990s, a decade or more after China's. To date, these reforms have been neither comprehensive nor complete, and have been hampered by the contestation inherent in India's democratic politics, the complexity of its federal system, the lack of elite consensus on critical policy issues, and the persistence of important rent-seeking entities within the national polity. Yet, these disadvantages notwithstanding, the Indian economy has grown at about 6-7 percent annually during the first decade of the 21st century, thus eclipsing its own historic underperformance, enabling a doubling of per capita income about every decade. As a result, the Indian economy, when measured by purchasing power parity methods, was in fourth place globally with a GDP of approximately \$4 trillion in 2010<sup>31</sup>. It has now been placed at the third position in terms of purchasing power parity (PPP terms).

The two-way merchandise trade between India and ASEAN witnessed a significant leap from a paltry \$7 billion in 2000-01 to \$57 billion in 2010-11, representing an impressive eight-fold increase in a span of 10 years. "India-ASEAN trade and investment relations have been growing steadily, with ASEAN being India's fourth largest trading partner. The annual trade between India and ASEAN stood at approximately US\$76.53 billion in 2014-15. It declined to US\$65.04 billion in 2015-16 essentially due to declining commodity prices amidst a general slowing down of the global economy. Investment flows are also substantial both ways, with ASEAN accounting for approximately 12.5% of investment flows into India since 2000. FDI inflows into India from ASEAN between April 2000 to May 2016 was about US\$49.40 billion, while FDI outflows from India to ASEAN countries, from April 2007 to March 2015, as per data maintained by Department of Economic Affairs, was about US\$38.672 billion. The ASEAN-India Free Trade Area has been completed with the entering into force of the ASEAN-India Agreements on Trade in Service and Investments on 1 July 2015"<sup>32</sup>. "The main items of India's exports to ASEAN are agricultural products, chemical and related products, engineering goods, textiles, and readymade garments, while India imports food and related items, raw materials and intermediates, and manufacturing

<sup>30</sup> Amitendu Palit, "India's 'Look East' Policy: Reflecting the Future", *ISAS Insights* No. 96, 5 April 2010.

<sup>31</sup> Ashley J. Tellis, Travis Tanner, and Jessica Keough (eds.), "Asia responds to its rising powers, China and India", *Strategic Asia 2011-12*, Chapter Highlights, The National Bureau of Asian Research, Washington DC, 2011, p. 6.

<sup>32</sup> "ASEAN-India Relations", MEA Report, accessed 5 May 2017, <http://www.mea.gov.in/aseanindia/20-years.htm>.

goods. Given ASEAN's economic significance, India still does not figure prominently as a trade partner for ASEAN"<sup>33</sup>.

India's desire to engage with ASEAN also has strategic considerations. Particularly since the early 2000s, India has been concerned that, if the World Trade Organisation (WTO) trade negotiations failed, it would be left alone to face growing protectionism in Europe and North America. While India has sought to negotiate FTAs with as many countries as possible to keep its options open, it found East Asian countries the most enthusiastic potential partners. The China rivalry factor – a sense of rivalry felt by India towards China and its successful push for closer economic ties with Southeast Asia – initially figured prominently in India's push towards ASEAN. India was compelled to counter China's push into the rest of Asia with moves of its own. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the Mekong-Ganga Cooperation (MGC), for instance, are regional cooperation agreements supported by India. Part of their initial purpose was not only to exclude China's participation, but also to counter its lead in the Greater Mekong Sub region (GMS) programme, which also involves Cambodia, Laos, Myanmar and Vietnam (CLMV), and in the development of the sub-region<sup>34</sup>. CLMV, which are relatively new members of the ASEAN, have similarities, despite the fact that they differ in the size of their markets and economic priorities. While Vietnam, for example, has achieved high levels of economic development (ranging between 6-7 percent annual growth rate), per capita income, and industrialization, the other members of the group still have low per capita income and limited human resources<sup>35</sup>. CLMV's similarities include their primarily agro-based, transition economies, high poverty incidence rate, insufficient infrastructure, and institutions that are still too weak for a shift to a market economy. Although CLMV have enjoyed a certain degree of macroeconomic stability in recent years and are considered one of the fastest-growing economies in the region, unemployment and underemployment still persist. CLMV are still facing huge challenges in fighting poverty, narrowing gaps in wealth among the population, and addressing development gaps within the region. Although each country in CLMV faces different development constraints, CLMV as a whole has a huge potential for future development, which will

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<sup>33</sup> Dr. Mohammad Samir Hussain and Dr. Janatun Begum, "India-ASEAN Economic and Trade Partnership", 31 October 2011, <http://www.turkishweekly.net/news/125793/-analysis-india-asean-economic-and-trade-partnership.html>.

<sup>34</sup> Dong Zhang, "India looks east: Strategies And Impacts", Ausaid Working Paper, September 2006, Asia Economic Section, pp. 15-16.

<sup>35</sup> Chap Sotharith, "Development Strategy For CLMV In The Age Of Economic Integration", accessed 23 April 2017, <http://www.eria.org/research/images/pdf/PDF%20No.4/No.4-part0-Executive%20Summary.pdf>.

depend on the individual country's efforts and support from development partners within and outside the region<sup>36</sup>.

For India, the ASEAN dialogue partnership also showcased an option of integrating the two regions of South Asia and Southeast Asia through a bridge. As a result, sub-regional organizations such as MGC (1997) and BIMSTEC<sup>37</sup> found takers in the Indian establishment. MGC was envisaged as a more social-cultural organization with the objective of promoting cultural interactions and people-to-people linkages and re-exploring the historical connections. BIMSTEC, which was the alphabet soup of the countries involved in the organization, was seen more as a bridge between the two regions, excluding Pakistan. However, BIMSTEC, because of a lack of economic and investment support, languished on the fringes till very recently when it was infused with the necessary structural and political support during the BRICS meeting in Goa recently.

India's Look East Policy (LEP) was previously meant for economic engagement as well as political participation in Southeast Asia. It has developed a strategic and developmental aspect also. The initiatives that have been taken after the year 2000 in North-eastern India are worth mentioning. With the so-called Look East Policy, which is a term defined by a liberalised foreign policy towards Southeast Asian countries, this should change. That policy was launched in 1992 and was mainly strategic in nature as "they are thinking of opening the Eastern corridor not for the development of India's North East Region (NER) but it is in the country's overall interest towards the Asian countries", as Bhagat Oinam puts it. "Instead of the sea-route it is better to open the land-road". Since the NER provides a viable land route, as an alternative to maritime connectivity, it is through the NE that trade would flow, hence making development of the North East region necessary for the sake of India's increasing outreach to Southeast Asia. Thus, the Northeast integration with the ASEAN region was seen as an important agenda to fulfil domestic objectives and promote connectivity with Southeast Asia. As a result the development of the NER is "critically important for the Indian government's economic and geo-political ambitions"<sup>38</sup>.

This already adds to another dimension as with the economic liberalization, and the ensuing Act East Policy (AEP), foreign investment was also attracted to the NER, adding to the premise that the problems in the NER are arising out of the region's lagging

<sup>36</sup> Chap Sotharith, "Development Strategy For CLMV In The Age Of Economic Integration", accessed 23 April 2017, <http://www.eria.org/research/images/pdf/PDF%20No.4/No.4-part0-Executive%20Summary.pdf>.

<sup>37</sup> Chandra Embuldeniya, "'Look East' Summit Pursuing 2C's – Commerce & Connectivity", organized by the Indian Chamber of Commerce Calcutta, 27 March 2010, Hyatt Regency, Kolkata at Special Plenary Session on: "India ASEAN FTA: Role & Prospects of Trade & Investment "Regional Integration in South & South East Asia", at <http://www.bimstec.org/PDF/Regional%20Integration%20South%20Southeast%20CII%20Speech.pdf>.

<sup>38</sup> Anne-Sophie Maier, "Government of India's Northeast policy", August 2009, Heinrich Boll Stiftung, India, p. 8.

behind. Thus, foreign investment tended to be seen as a solution for the development of the NER. However, there is considerable division among scholars<sup>39</sup> and policymakers on whether outright development and opening up of the region is the key to the resolution to the problems afflicting the NER. There are apprehensions that the opening up of the region, in the name of development and as part of the AEP, might adversely impact not only the traditional way of life and culture in the NE but also the economic life of the people in the NE, which is based on self-sustenance, and respect for the fragile ecology and environment of the region. In fact, the maintenance of that traditional cultural knowledge, which is still practised in many parts of the NER, is vital for the conservation of biodiversity of this region and to ensure sustainable development<sup>40</sup>.

As the then Prime Minister Dr. Manmohan Singh stated:

Greater connectivity is also central to the idea of regional economic integration. The initiative taken in 2003 to liberalize air services has led to a significant increase in flight connections between India and ASEAN, with concomitant benefits in trade and people-to-people contact. I recall, at our last Summit, the Prime Minister of Singapore had proposed that we now look at an open skies policy. We have examined this proposal and I am happy to announce that we would be willing to engage ASEAN authorities in a discussion on such a policy<sup>41</sup>.

In 2004, Prime Minister Dr. Manmohan Singh referred to Assam as the “Gate to the East”. This endorsed more prominently the role of the Northeast as an important segment of India’s Look East Policy. It can be stated that this was the starting point for the Second Phase of India’s Look East Policy. The India-ASEAN car rally was flagged off from Guwahati the same year and this showcased the importance of enhancing physical connectivity between the two regions. Within four years India’s north-eastern states’ economic potential has been recognised by both Thailand and Myanmar. The economic investment potential was embedded into cultural and geographical continuities. Joint ventures and partnerships have been looked into by India’s neighbours and this created fruitful synergies. Even so, economic convergence can happen only when there is connectivity<sup>42</sup>. This economic convergence can facilitate the interdependency and promote economic growth between India, China and Southeast Asia.

<sup>39</sup> Anushree Bhattacharyya and Debashis Chakraborty (2011), “India’s Cross-Border Infrastructure Initiatives in South and Southeast Asia”, *The International Spectator*, 46(2), p. 111.

<sup>40</sup> Anne-Sophie Maier, “Government of India’s Northeast policy”, August 2009, Heinrich Boll Stiftung, India, p. 8. Also see Jiten Yumnam, “Insidious Intrusion of International Financial Institutions in India’s North East”, 2008.

<sup>41</sup> Dr. Manmohan Singh, “India’s ‘Look East’ Policy Seeks to Deepen Economic Integration with Asia”, *New Asia Monitor*, Vol.4(2), April 2007, p. 1.

<sup>42</sup> Pankaj Jha, *India’s Changing Strategic Outlook and Extended Neighbourhood*, Unpublished Monograph, New Delhi, 2011.

India's efforts to get inducted into the Asia-Pacific Economic Cooperation forum did not fructify, leading Indian economists and the Ministry of Trade and Commerce to look for alternate structures. As a result, ASEAN proposed the Regional Comprehensive Economic Partnership (RCEP); this was seen as an initiative which was meant to integrate the regional economies into one overarching framework. However, India, with its limited manufacturing and export potential, has been stressing on opening the services sector. In fact, during the deliberations and subsequent negotiations it was felt that India, while opening up its market for a number of ASEAN economies, had failed to get reciprocal market access for its services sector. This was reflected during the free trade negotiations with ASEAN. The then Commerce Secretary had announced that India would only enter into the Comprehensive Economic Cooperation Agreement and Comprehensive Economic Partnership Agreement (CECA/CEPA) negotiations in future to get market access to its services exports. The same sentiment resonated when the current Commerce Minister, Nirmala Sitharaman, said that India needed to review the Free Trade Agreements with various countries as these had not been very beneficial for India's exports of manufactured goods and limited market access to services exports<sup>43</sup>. The India-China Free Trade Agreement is also now subject to this same sentiment as China has its reservations regarding opening its services sector to India. However, the outlook towards trade and investment with ASEAN is more positive. Ms Preeti Saran stated, "India and ASEAN share deep economic ties. ASEAN is India's 4th largest trading partner, accounting for 10.2% of India's total trade. India is ASEAN's 7th largest trading partner. Investment flows are also robust both ways, with Singapore being the principal hub for both inward and outward investment. The ASEAN-India Free Trade Area in Goods, Services and Investment has been in place since July 2015. Deeper economic integration with the dynamic ASEAN region is therefore an important aspect of our engagement with ASEAN. The ASEAN-India Trade Negotiating Committee has been also reconstituted. It met for the first time in April 2016, to take stock of a host of issues which have been identified for revival of India-ASEAN Trade. Together these will facilitate a qualitative shift in our trade and investment relationship."<sup>44</sup>

The cultural element in the bilateral engagement is one where India has fared much better, in comparison with the business and trade sectors. India has opened India centres, the Rabindranath Tagore Centre and cultural centres to publicize ancient links. Restoration of temples such as Angkor Wat by India's Archaeological Survey of India (ASI) has also given a new dynamism to India-ASEAN ties. The increasing number of flights as well as India's easy visa process has facilitated two-way movements of tour-

<sup>43</sup> "Centre taking a relook at free trade agreements: Nirmala", Press Trust of India, 7 September 2016, accessed 5 July 2017, <http://timesofindia.indiatimes.com/business/india-business/Centre-taking-a-relook-at-free-trade-agreements-Nirmala/articleshow/54048915.cms>.

<sup>44</sup> Keynote Address by Secretary (East) on "India and ASEAN – An Overview", at Nehru Memorial Museum and Library, New Delhi (2 February 2017).

ists. Indian tourists have found Southeast Asian countries to be “Near Abroads” and comfortable destinations; ASEAN travellers have yet to exploit the Indian hospitality. In the case of religion, India is likely to explore more areas of convergence in the near future. The agenda of the new government in Delhi under the Act East Policy is to build diasporic and religious linkages. The religious linkages are particularly focused on exploring the Buddhist links and facilitating easy travel for pilgrims and religious leaders. It is well known that countries such as Myanmar, Thailand, and Cambodia practise Theravada Buddhism, one of the variants of Buddhism also practised in India and Sri Lanka<sup>45</sup>. The proposals for international Buddhist conclaves and conferences, as well as the publicity given to Nalanda University, have created that comfort zone for India. China might be concerned as this umbilical cord has Indian advantage inscribed on it. The tug of war on issues such as diaspora<sup>46</sup>, religion and culture might translate into latent competition between the two countries.

Even though the genesis of the term “Enhanced Look East Policy” happened during the United Progressive Alliance (UPA) government<sup>47</sup>, the National Democratic Alliance (NDA II) rechristened it as AEP, signifying a proactive approach. Prime Minister Modi, during his visit to the US in September 2014, alluded to the “Act East” policy. Both at the national level and internationally, the Look East Policy (LEP) has been carefully scrutinized, lauded and at times even criticized. There are still speculations about the contours of the new policy stance on Southeast Asia, its articulation in policy statements and what would be the components of the package. External Affairs Minister Sushma Swaraj has remarked that the time has come for India to adopt an “Act East Policy”<sup>48</sup>. In such a context it would be prudent to define the possibilities for the future.

## THE ROAD AHEAD

India has been involved actively in addressing non-traditional security threats and also undertaking mission oriented tasks as well as exercises as envisioned under the ASEAN Community Vision 2025 on Disaster Management. The ASEAN Ministerial and EAS Conference on Disaster Risk Reduction was hosted in New Delhi in November 2016.

<sup>45</sup> Pankaj Jha, “India and China in Southeast Asia: Competition or Cooperation”, 7 December 2015, accessed 9 December 2016, <http://www.e-ir.info/2015/12/07/india-and-china-in-southeast-asia-an-evolving-theatre-of-competition/>.

<sup>46</sup> Kripa Sridharan, “India and Southeast Asia in the context of India’s rise”, in K. Kesavapany, A. Mani and P. Ramasamy (eds.), *Rising India and Indian Communities in East Asia* (Singapore: ISEAS, 2008), p. 74.

<sup>47</sup> Manish Chand, “India’s Enhanced Look East policy takes wing”, 7 August 2014, accessed 5 July 2017, <http://www.mea.gov.in/in-focus-article.htm?23855/Indias+Enhanced+Look+East+policy+takes+wing>.

<sup>48</sup> “Time to Change ‘Look East Policy’ to ‘Act East Policy’”, Sushma Swaraj, Press Trust of India, 25 August 2014.



This was on the sidelines of the Asian Ministerial Conference. This is expected to be the common minimum agenda for cooperation between India and ASEAN in years to come.

Connectivity has been the core agenda item in most of the India-ASEAN meetings and also during the seven Delhi Dialogues (2009-2016), which was meant to enhance interaction at Track I, 1.5 and Track II levels between India and the ASEAN nations. However, there has been a perceptible decline in the participation and representation from ASEAN countries owing to the lack of forward movement and the stymied progress in terms of connectivity, investment and trade. This can be stated because of the near identical declarations during the post Delhi Dialogue (DD) process in the first five years of the dialogue process. However, in the last few years (2015-2016), the agenda has become more regional security and business oriented, addressing cooperation through joint ventures and small and medium-sized enterprises and highlighting core regional security issues.

In terms of India-ASEAN Plan of Actions, the 2003 agenda of shared prosperity and development has dominated the work plan to enhance cooperation and collaboration between the two sides. India's approach to promote connectivity with ASEAN in terms of physical connectivity through highways and maritime connectivity were relatively slow from 2003-2015 as India could not complete the trilateral highway project (India-Myanmar-Thailand). Furthermore, the Kaladan multimodal project did not get the required attention. This can be attributed to the lack of financial resources and problems in getting a coordinated response from both the Myanmar and Thailand governments. With the declaration of the third edition of the India-ASEAN Plan of Action 2016-2020 envisaged by Prime Minister Modi during the ASEAN summit meeting in 2016, he reiterated that out of 130 activities which were listed, India had implemented 54 listed objectives. There has been palpable momentum in achieving the set targets as envisaged in the Plan of Action. This kind of outcome-based approach is definitely going to galvanize and accelerate the process of integration of the societies and business communities.

For India both physical and digital connectivity as well as enhancing science and technology cooperation have been the core areas of collaboration with ASEAN nations. India's strategic partnership with the institution also lays stress on economic, cultural and institutional collaboration at all levels. Between India and ASEAN, the defence industry collaboration needs to be explored as this will create synergies and also promote better understanding. The CLMV countries, which have a huge potential with regard to economic development, manufacturing and investment, have been the focus of India's cooperation with the ASEAN region. This could be fathomed from the fact that India has tried to reinvent the potential of the region through the Mekong India Economic Corridor (MIEC), which is seen as a critical part of India-ASEAN connectivity. While progress with regard to India-ASEAN connectivity has been tardy,

this can be attributed to the lack of infrastructure funds and political understanding between India and Myanmar in the past. India is now addressing these issues through its Action Plans and its support for the Master Plan on ASEAN Connectivity 2025. The India and ASEAN Agreement on Maritime Transport needs regular appraisal and the Regional Air Services Arrangement needs further discussion so that reciprocal facilities may be extended.

Given the fact that among the developing countries progress in research and development has been slow and there is a paucity of funds, there is a need for conducting joint research and collaboration between scientific institutions. Recognizing this deficit in R&D, India has enhanced the Science and Technology Development Fund. It has been increased from US\$1 million to US\$5 million. The need for innovation and improvisation in technology to sustain economic growth and preserve demand requires new innovative cooperative ideas such as the ASEAN-India Innovation Platform.

As has been discussed, India has always adopted a relatively guarded stance on regional security issues within ASEAN forums. India needs to look into a proposed framework agreement between India and ASEAN on security cooperation. The India-ASEAN Security Cooperation Agreement can draw from the India-Japan Security Cooperation Agreement. The interests for both India and ASEAN include maintaining peace, stability and security in Southeast Asia and in the larger East Asian region; the objective being to defeat terrorism and extremism, intercept and counter weapons of mass destruction and help in deterring any rogue states from carrying out any such activity which jeopardizes human life, national security and economic activity. The two sides need to develop a comprehensive understanding on supporting a rules-based order, and protecting the free flow of commerce and freedom of navigation so that these will not be obstructed by any particular country. The two sides need to identify the importance of research and development in satellite, space and other sophisticated technology to counter threats to security from both state and non-state actors. This could be done under the framework agreement between the two sides as per the ASEAN-India Joint Declaration for Cooperation to Combat International Terrorism, signed in Bali, Indonesia on 8 October 2003, which expresses a more comprehensive approach and regional legislation in counter-terrorism and related security issues.

India's interaction with the ASEAN countries, both at the institutional and at the bilateral level, has facilitated seamless exchanges of ideas, traditional knowledge, culture, practices and developmental models. This has acted as a catalyst for discussions which are of mutual concern and relative importance. Since the formation of ASEAN and in the last two and a half decades of India's institutional participation in the ASEAN process, dividends in the form of investment, trade and identified core areas of cooperation between business communities, societies and people have been realised. Interestingly, whenever there has been an absence of an agreed business, trade or investment agenda then culture, diaspora, films, archaeology, religion and arts have

resonated in the discussions and provided a stable platform for future discussions. Ever since the launch of the Look East Policy and its subsequent avatar as Act East Policy, the India-ASEAN relationship has formed the core of this policy.

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