



# 5 INDIA AND ITS STRATEGY WITH ASEAN: AN ECONOMIC AND INTERNATIONAL GLANCE

PREETI SARAN\*

**SUMMARY:** I. Ancient Links II. India and ASEAN III. Strides in India-ASEAN Partnership IV. ASEAN-India Funds and Projects V. India-ASEAN Outlook VI. Conclusion

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\* Member of the United Nations Committee on Economic, Social and Cultural Rights



*“For thousands of years, Indians have turned to the East. Not just to see the Sun rise, but also to pray for its light to spread over the entire world. The human-kind now looks to the Rising East, with the hope to see the promise that this 21st century beholds for the whole world, because the destiny of the world will be deeply influenced by the course of developments in the Indo-Pacific region.”*

Indian Prime Minister Shri Narendra Modi,  
Shangri La Dialogue, Singapore (June 1, 2018)

India’s unique perspective towards the East, with Southeast Asia at its centre, comes from a shared geographical and civilizational space. India’s ancient links with the region go back centuries. These are evident in the numerous living icons like the monuments of Prambanan and Borobudur in Indonesia, the Angkor Wat and other temples of Siam Reap, Cambodia, in Luang Prabang, and Vat Phu, Laos or in the Champa temples, in My Son, Vietnam.

## **I. ANCIENT LINKS**

India and Southeast Asia’s common heritage, both tangible and intangible, manifests itself in myriad forms: the worship of the Hindu triumvirate Brahma-Vishnu-Shiva was prevalent throughout the region, as evident from the number of temples dedicated to

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these gods; the enactment even today of the Hindu epics of Ramayana and Mahabharata throughout Southeast Asia; the present dynasty of Thai kings who regard themselves as descendants of Lord Rama; the depiction in ASEAN countries of the story of “Samudra Manthan” (Churning of the Milky Ocean), one of the most popular episodes of Hindu philosophy from Vishnu Purana and Mahabharata; the popular Indian folklore of Nal-Damyanti which is still retold throughout the region; or the numerous Hindu-Buddhist inscriptions found all over Southeast Asia.

The process of civilizational and cultural diffusion between India and Southeast Asia essentially came through trade and commerce. While the monsoon winds facilitated movement of ships between India and Southeast Asia through the Indo-Pacific, Myanmar was the land bridge between India and the rest of the region. Centuries of interaction influenced religion, language, literature, art, architecture, cultural festivals, cuisine, textiles, governance norms and administration. These have endured, to weave a rich tapestry of interconnections and strengthened political, economic and socio-cultural contacts.

The linguistic scripts in most ASEAN countries trace their roots to Sanskrit and Pali. Several names of individuals even today continue to remain influenced by Sanskrit. Local texts, inscriptions and oral history testifies that the influence flowed both ways. For example, the famed, ancient university of Nalanda in the Indian state of Bihar, attracted students from Southeast Asia and beyond. Bodhi Gaya in Bihar, where Lord Buddha gained enlightenment, remains the foremost pilgrimage destination for Buddhists from the entire region. Individual countries from East and Southeast Asia have established their own temples and monasteries at these Buddhist sites, attracting a large number of devotees. Even today, Asia’s largest open trade festival in the eastern state of Orissa in India, is called the “Bali Jatra”, which means “Voyage to Bali”. It commemorates the sea voyage of ancient mariners from India to Bali in Indonesia. Not to speak of the kite festival which is as popular in India as it is in Indonesia, where one of the landmark statues in central Jakarta, depicts Mahabharata’s story of Arjuna and his charioteer, Lord Krishna.

Cultural and religious influences were not restricted to Hinduism and Buddhism. The advent of Islam in Southeast Asia is traced to traders from India and has a strong Indian influence of peace, compassion and coexistence with diversity. Interactions among clerics from seminaries, madarsas, and religious schools of India, Malaysia, Indonesia and Brunei have continued these ties in modern times.

By the time Vasco da Gama sailed into India from Portugal in 1497-8, there was a well-established ecosystem of trade and commerce in the waters of the Indo-Pacific, connecting India and Southeast Asia. Between sixteenth

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and eighteenth centuries, the Europeans gradually converted the Indo-Pacific into their own theatre of influence, for movement of goods and people under colonial yoke. Indian textiles and spices, in particular, became an important and a profitable item for intra-Asian trade, which was exploited fully by the East India Company. The diaspora links with Southeast Asia, initiated by traders, were enhanced during the colonial period, when indentured labour was brought from India to work in plantations and in the mining sector in Myanmar, Malaysia and Singapore.

### CONNECTIONS THROUGH FREEDOM MOVEMENTS

Colonial rule in early twentieth century also brought another dimension of cooperation between the political leaders of India and Southeast Asia, in their respective freedom struggle. This was particularly evident in India's collaboration with Indonesia, Myanmar, Singapore and the countries in erstwhile Indo-China. Leaders from these countries supported and inspired each other in their struggle for independence, driven, once again, by a deep impression of India's civilizational and cultural connection with countries of Southeast Asia. It led to a passionate commitment to struggle against colonialism and imperialism. Independent India's first Prime Minister, Pandit Jawaharlal Nehru voiced one of the earliest versions of a regional order that emphasized Asian unity, decolonization and rejection of great power intervention. He hosted two gatherings of intra-Asian leaders at the Asian Relations Conferences in 1947 and 1949. He was also an ideational force behind the Afro-Asian Conference in Bandung, Indonesia in 1955.

## II. INDIA AND ASEAN

ASEAN was formed during the Indo-China conflict, when the region was still in the frontline of global competition during the Cold War. The first ASEAN Summit was held in Bali in 1976, only after US withdrawal from Vietnam. This gradually paved the way for an enlargement of the original regional grouping, to include three countries from former Indo-China and Myanmar. The ASEAN members also signed the Treaty of Amity and Cooperation (TAC) in Bali. Under this Treaty, mutual relations were to be based upon peaceful coexistence, non-interference in each other's' affairs, conflict resolution through peaceful negotiations and renunciation of use of force.

This provided the strategic synergy for India to be associated with ASEAN for regional and sub-regional cooperation, although a dialogue partnership between India and ASEAN could be initiated only after the political situation in Cambodia was resolved. Throughout this period, India continued to build strong bilateral relations with several countries of ASEAN, in particular with Vietnam, Laos, Cambodia, Myanmar, Malaysia and Singapore.

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Bilateral relations, nurtured with these countries during the Cold War, paved the way for initiating a formal engagement with ASEAN and a greater economic and strategic integration with the region towards the end of the twentieth century. A rising Asia, as an economic powerhouse, provided the opportunity to forge closer ties at a time when India undertook its own reforms, in search of economic space and cooperation. After decades of following a socialist economic model, India too began to liberalize its economy. This created the synergy for economic cooperation between India and a resurgent Southeast Asia. The end of Cold War, collapse of the Soviet Union, and a rising China highlighted the strategic importance for both India and countries of ASEAN to move closer together.

### LOOK EAST POLICY

The formalisation of India-ASEAN relations received an impetus in the early 1990s, with the launch of India's Look East Policy, under the then Indian Prime Minister, Shri Narasimha Rao. It streamlined India's engagement with its extended neighbourhood in the east, unfolding gradually from economic to strategic to people-to-people contacts. It restructured India's contacts with its extended neighbourhood, which had so far remained ad-hoc. It rehabilitated India's ancient links with Southeast Asia. The efforts were reciprocal, both bilaterally with individual Southeast Asian countries and through the regional framework of ASEAN. The ASEAN countries recognised India as an important potential partner for a deeper political, strategic and economic engagement.

### III. STRIDES IN INDIA-ASEAN PARTNERSHIP

Institutionally, India became a Sectoral Partner of ASEAN in January 1992. The initial sectors identified for partnership were trade, investment, tourism, science and technology. India became ASEAN's full Dialogue Partner at its fifth Summit in Kuala Lumpur in December 1995. Within just seven years, India-ASEAN relations were upgraded to a Summit level, when the first ASEAN-India Summit was held in Phnom Penh, Cambodia in November 2002. Within a decade of the first ASEAN-India Summit in 2002, the relationship was further elevated to a Strategic Partnership at the Commemorative Summit in New Delhi, in December 2012. This was an acknowledgement of the progress made in bilateral cooperation between India and ASEAN.

Five years later, in 2017, ASEAN and India launched region-wide celebrations to mark twenty five years of its Dialogue Relations, fifteen years of Summit level meetings and five years of its Strategic Partnership. These celebrations coincided with fifty years of ASEAN's own establishment. The commemorative activities included port calls by Indian Naval Ships to countries in the region; major trade and business events in different cities of India

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and in ASEAN countries; workshops on building a Blue economy to enhance maritime cooperation; a Connectivity Summit to explore physical and digital connectivity; a region-wide India Diaspora Summit in Singapore to celebrate diaspora links; and a whole host of other activities to promote people to people contacts through a Youth Summit; a Music Festival; an Artists' Retreat; a meeting to reinforce Indian-ASEAN network of Think Tanks; a Buddhist Dharma-Dhamma Conference; a Ramayana Festival; a Film Festival and the establishment of an India-ASEAN Friendship Park in the heart of New Delhi. Such a vast expanse in the canvas and the astonishing variety of activities undertaken by all the countries showcased the path travelled by India and ASEAN from the modest beginnings, when the first formal Sectoral Dialogue was established in 1992. It displayed a strong desire on both sides to add depth to the relationship.

The year-long celebrations culminated in the second ASEAN-India Commemorative Summit when Heads of State and Government from India and the ten ASEAN met in New Delhi on 25 January, 2018. The theme of the Summit was: "Shared Values, Common Destiny", symbolising the crux of the relationship. At the end of this landmark Summit, the Leaders from India and ASEAN countries adopted the Delhi Declaration, outlining the future direction of ASEAN-India Strategic Partnership. The participating Leaders also met at a Retreat for informal discussions in the President's official residence, the Rashtrapati Bhawan. The focus of the discussions was on enhancing maritime cooperation. The Indian Prime Minister Shri Narendra Modi shared his vision of Security and Growth for All in the Region, with the acronym SAGAR, which means Ocean in Sanskrit.

For the first time in independent India's history, all the ten leaders from the ASEAN countries attending the Commemorative Summit in New Delhi, were also invited as Chief Guests for India's Republic Day celebrations on 26 January, 2018. Major symbols of India's ancient links with Southeast Asia were displayed in the tableaux and the cultural parade at New Delhi's main avenue, Rajpath, during the Republic Day parade. It showcased the path travelled by India and ASEAN over the years.

### ACT EAST POLICY

Such rapid strides in India-ASEAN relations in recent years was a result of a pro-active policy pursued by the Government of India under its Act East Policy, which was enunciated at the 13<sup>th</sup> India-ASEAN Summit in Kuala Lumpur in November 2015. This policy was initiated when a new Government led by Shri Narendra Modi as Prime Minister was elected in May 2014. ASEAN was at the heart of this Act East Policy. India's ancient links with Southeast Asia were consciously placed upfront. Deliberate efforts were

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made to enhance political, economic and socio-cultural contacts with countries in Southeast Asia and beyond. A strategic dimension was added to all areas of cooperation.

A number of high level visits took place from both sides within the first few years of PM Modi's first term. He personally visited several ASEAN countries, elevating bilateral relations with Vietnam and Indonesia to a Comprehensive Strategic Partnership. Important bilateral agreements were also signed during his visits to Singapore, Malaysia, Philippines, Myanmar, Thailand and Laos. Security and defence cooperation became important areas of engagement, both bilaterally with individual countries and regionally with several ASEAN-centred regional and sub-regional groupings. Efforts to speed up economic engagement and people to people contacts were also accelerated between India and ASEAN countries. India's eastward outreach went beyond Southeast Asia to encompass Japan, South Korea, Australia, New Zealand and the Pacific Island countries, as also USA, China and Russia in the Indo-Pacific. An important emphasis of India's Act East Policy was to integrate the North Eastern States of India with Southeast Asia. These Indian states share close ethnic and cultural links with Southeast Asia, particularly with Myanmar and Thailand.

ASEAN countries welcomed India's approach. India's initiatives were reciprocated in equal measure, with frequent visits at the highest level, engaging in discussions beyond the traditional areas of cooperation, to include strategic cooperation and enhanced trade and investment relations. As a regional grouping, ASEAN also demonstrated its willingness to engage with India as a Strategic Partner, to complement ASEAN's Community building efforts. ASEAN encouraged India to work together, to realise the vision and goals outlined in the ASEAN 2025: Forging Ahead Together.

### PLAN OF ACTION

As a result of sustained efforts on both sides, today, there are more than thirty established dialogue mechanisms between India and ASEAN. These include Summits, Ministerial meetings, senior officials meetings, and meetings at expert's level. After the first few Summit meetings, India and ASEAN intensified its engagement by drawing up a roadmap with a long-term plan. The ASEAN-India Partnership for Peace, Progress and Shared Prosperity was signed at the 3rd ASEAN-India Summit in November 2004 in Vientiane, Lao PDR. A Plan of Action (POA) for 2004-2010 was developed to implement the Partnership. The 7th ASEAN-India Summit held in Chaam Hua Hin, Thailand in October 2009 agreed on a new and a more enhanced phase of the POA, to seize the opportunities and overcome the challenges arising from the global financial crisis and the evolving political and economic

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landscape in the region. The second ASEAN-India POA for 2010-2015 was developed and adopted at the 8th ASEAN-India Summit in October 2010 in Hanoi, Vietnam. Subsequently, a third POA for 2016-2020 was adopted in August 2015 in Kuala Lumpur, Malaysia at the 13<sup>th</sup> ASEAN-India Summit, which outlined the course of joint actions, practical cooperation, concrete projects and activities under broad areas of political-security, economic, and socio-cultural cooperation. A fourth POA for 2021-2025 is now under discussion. This continuous renewal of the POAs validates the effectiveness of these programmes, and makes the relationship action oriented.

### **IV. ASEAN-INDIA FUNDS AND PROJECTS**

These action oriented projects, activities and programmes under the POA have been supported by India in ASEAN countries through several sectoral Funds, primarily focussed on the CLMV (Cambodia, Laos, Myanmar, Vietnam) countries:

#### **ASEAN-INDIA COOPERATION FUND:**

At the 7<sup>th</sup> ASEAN-India Summit in Thailand in 2009, India announced a contribution of US\$ 50 million to the ASEAN-India Fund, to support implementation of the ASEAN-India Plans of Action, in a range of sectors, as well as capacity building programmes in the political, economic and socio-cultural areas for deepening and intensifying ASEAN-India cooperation. An additional grant of US\$ 50 million was added to this Fund at the 14<sup>th</sup> ASEAN India Summit in Vientiane in September 2016.

#### **ASEAN-INDIA SCIENCE AND TECHNOLOGY DEVELOPMENT FUND:**

At the 6<sup>th</sup> ASEAN-India Summit in November 2007 in Singapore, India announced the establishment of an ASEAN-India Science and Technology Development Fund and contributed US\$ 1 million. The Fund has promoted joint collaborative research projects in Science and Technology. This Fund was operational in 2009-10 and enhanced to US\$5 million from 2016-17. Important collaborative activities among the scientific community have taken place under this Fund. Some important projects include: ASEAN-India S&T Digital Library; ASEAN-India Virtual Institute for Intellectual Property; ASEAN-India Collaborative Project on S&T for Combating Malaria; ASEAN-India Programme on Quality Systems in Manufacturing, ASEAN-India Collaborative R&D Project on agriculture, Bio-mining and Bioremediation Technologies.

#### **ASEAN-INDIA GREEN FUND:**

At the 6<sup>th</sup> ASEAN-India Summit in November 2007 in Singapore, India also announced the ASEAN-India Green Fund with an initial contribution of

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US\$ 5 million from India, to support collaborative activities relating to environment and climate change. Some of the areas identified for collaboration under the Fund are energy efficiency, clean technologies, renewable energy, biodiversity conservation and environmental education.

Several collaborative projects between India and ASEAN have been undertaken in diverse fields of Agriculture, Science & Technology, Space, Environment & Climate Change, Human Resource Development, Capacity Building, New and Renewable Energy, Tourism, People-to-People contacts and Connectivity. The most significant ones include a Tracking, Data Reception/Data Processing Station in Ho Chi Minh City, Vietnam; upgradation of a Telemetry Tracking and Command Station in Biak, Indonesia; Centres of Excellence in Software Development & Training in CLMV countries; e-Network for provision of tele-medicine and tele-education in CLMV countries. The Quick Impact Projects in CLMV is another innovative scheme which requires smaller financial outlay but impacts positively at the grassroot level. India has used its experience of successfully implementing similar projects in other developing countries including its immediate neighbourhood and in Africa, for implementing these projects.

India has also supported ASEAN, under the Initiatives for ASEAN Integration, in several training programmes. These include: Training of English Language for Law Enforcement Officers in CLMV countries; Training of professionals dealing with capital markets in CLMV by National Institute of Securities Management Mumbai; scholarships for ASEAN students for higher education at Nalanda University; Training of ASEAN Civil Servants in drought management, disaster risk management, sustainable ground water management; Training Programme for ASEAN diplomats; Exchange of Parliamentarians; Participation of ASEAN students in the National Children's Science Congress; ASEAN-India Eminent Persons Lecture Series; ASEAN-India Students Exchange programme; ASEAN-India Media Exchange programme. These programmes are a good illustration of South-South Cooperation in capacity building efforts among countries with a similar socio-economic approach.

India and the ASEAN countries share common agricultural practices. Hence Agriculture is an important area of collaboration through projects like: the Exchange of Farmers; ASEAN-India Fellowships for Higher Agricultural Education in India and ASEAN; Exchange of Agriculture Scientists; Empowerment of Women through Cooperatives, Training Course on Organic Certification for Fruits and Vegetables. An ASEAN-India Ministerial Meeting on Agriculture held in January 2018 in New Delhi endorsed a Medium Term Plan of Action for ASEAN-India Cooperation in Agriculture and Forestry for 2016–2020.

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In 2014, India established a separate diplomatic Mission in Jakarta, accredited to the ASEAN Secretariat, to exclusively handle India-ASEAN cooperation and to monitor the implementation of these concrete programmes and activities. India is one of the few ASEAN partners to do so. This reiterates the importance India attaches to its relationship with ASEAN.

### ASEAN RELATED SUMMITS AND MEETINGS

India-ASEAN Summits have become an annual feature, giving the relationship focussed attention at the highest level around the three pillars of cooperation: Politico-Security; Economic and Socio-Cultural. The Summits are preceded by Senior Official and Foreign Minister level meetings. During these annual meetings, India also participates in other ASEAN-centred regional and sub-regional meetings that are held on the margins of the annual ASEAN-related Summits.

Foremost among them is the East Asia Summit (EAS). India, with ASEAN and some other countries in the region, were founder members of the EAS in 2005. Today the EAS has expanded into an important Leaders led forum of the ten ASEAN countries, plus eight other countries - India, China, USA, Russia, Republic of Korea, Japan, Australia and New Zealand. It is a useful platform to discuss regional developments at the highest level. On the margins of recent EAS meetings, India has also held discussions with USA, Japan and Australia in the Quad format, to discuss regional developments in the Indo-Pacific.

India actively participates in other ASEAN led forums like the Asia-Europe Meeting (ASEM), the ASEAN Regional Forum (ARF), the ASEAN Defence Ministers' Meeting + (ADMM+) and the Expanded ASEAN Maritime Forum (EAMF). India's participation in these talks constantly reconfirms its commitment to ASEAN's unity and centrality in the regional architecture.

At a sub-regional level, the Mekong-Ganga Cooperation (MGC) and Bengal Initiative for Multisectoral Technical and Economic Cooperation (BIM-TEC) are two important forums for India. These enhance regional integration through development cooperation with some countries that are also members of ASEAN. Both provide opportunities for undertaking action oriented collaboration.

The MGC membership consists of India and five ASEAN countries- Thailand, Cambodia, Laos, Vietnam and Myanmar. These countries represent two ancient riverine civilisations, with common cultural links. Both Mekong and Ganga, as transnational rivers, face similar challenges of environmental degradation and water sharing issues, between the upper and lower riparian areas. Both confront serious threats of unilateral actions taken by one country that has adversely impacted others, such as rapacious dam building activities at source.

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Countries of Mekong and Ganga also share similar agrarian practices, such as paddy cultivation. Since most MGC countries are important producers and exporters of rice, experience sharing and best practices can become important discussions in this forum. There is immense scope for development cooperation through concrete projects for mutual benefit. There are strong cultural affinities, including the practice of Buddhism.

The MGC countries share similar arts and crafts in textiles, bamboo, wood and metal ware that can be developed for commercial purposes through collaboration. A Textiles Museum in Siam Reap, Cambodia was established in 2015 under the rubric of MGC. It shows cases common weaving traditions of the sub-region that can be traced back to ancient times. As the MGC countries are important producers and exporters of garments and textiles, the establishment of the Museum has highlighted the benefits of cooperation in building value chains in this sector.

BIMSTEC is a grouping that brings together seven countries around the Bay of Bengal- five from South Asia (India, Bangladesh, Sri Lanka, Bhutan, and Nepal) and two from Southeast Asia (Myanmar and Thailand). The countries share civilizational, cultural and economic links. BIMSTEC, if it realises its full potential, can integrate two dynamic sub-regions for mutual benefit and economic prosperity. Regional security, maritime cooperation, regional trade and development of a Blue Economy in the Bay of Bengal have emerged as important areas of cooperation, although there are several other identified areas that hold immense potential, including regional connectivity, tourism and culture. For India, BIMSTEC is an important priority in its Act East Policy, as bridge between South Asia and Southeast Asia.

## V. INDIA-ASEAN OUTLOOK

India's agenda in "acting East" in its extended neighbourhood is distinct: it is positive, inclusive and cooperative. Mutual trust and confidence are the hallmark of this engagement. It is an outcome of the significant changes in the world's geo-political and economic scenario since the early 1990s.

The strategic and economic importance of a closer India-ASEAN relations was explained in an Op-ed written by Prime Minister Lee Hsien Loong of Singapore, during the 2018 silver jubilee celebrations of India-ASEAN relations. He wrote:

"Major global trends are reshaping the strategic outlook, presenting both challenges and opportunities. The strategic balance is shifting. Demographic, cultural and political changes are underway in many parts of the world. The consensus on globalisation and free trade is fraying, but the Asian story continues to be a positive one. We need to push on with economic integration. We must

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also be resolute in dealing with emerging transboundary challenges, including terrorism, cybercrime and climate change.

This geopolitical uncertainty gives new impetus to ASEAN's cooperation with key partners like India. ASEAN and India share common interests in peace and security in the region, and an open, balanced and inclusive regional architecture. India is located strategically along major sea-lanes from the Indian Ocean to the Pacific. These sea lanes are also vital trade routes for many ASEAN Member States. Both sides share an interest in preserving these vital maritime conduits of trade."

Addressing the 16<sup>th</sup> India-ASEAN Summit in November, 2019 in Bangkok, the Indian Prime Minister Shri Modi echoed similar sentiments. He said that he welcomed "the mutual coordination of the Indo-Pacific Outlook between India and the ASEAN. India's Act East Policy is an important part of our Indo-Pacific vision. The ASEAN is and always will be the heart of our Act East Policy. Integrated, organised and economically developing ASEAN is in India's basic interest."

### POLITICO-SECURITY COOPERATION

Faced with growing traditional and non-traditional challenges, Politico-Security cooperation has emerged an important pillar of India-ASEAN relationship. India acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC) on 8 October 2003, during the 2nd ASEAN-India Summit in Bali, Indonesia, demonstrating its commitment and shared interest in ensuring peace, security, stability and development in Southeast Asia. On the same occasion, ASEAN and India also signed a Joint Declaration for Cooperation in Combating International Terrorism, symbolising concrete initiatives to step up regional efforts in the fight against terrorism.

Both India and ASEAN countries are victims of terrorism and recognised the importance of greater regional cooperation to combat this scourge. Apart from the importance of cooperation in dealing with rising export of terrorism, India and ASEAN have also felt the need to counter radicalization of societies through ideology of hatred, and spread of extreme violence. Recent Summits between India and ASEAN have discussed this subject, with a need to craft a response that relies on coordination, cooperation and sharing of experiences at multiple levels.

Cyber-security is yet another area which has gained importance in discussions for both India and ASEAN. Cyber-attacks are a growing threat for the entire region, which requires a concerted and collaborative response. It is an important area of cooperation, together with other new emerging threats like information warfare and biological warfare, particularly in the

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wake of current discourse surrounding the possible origins of the Corona virus from a laboratory in Wuhan, resulting in so much disaster world-wide.

### MARITIME SECURITY AND COOPERATION

As sea-faring nations, maritime security is one of the foremost areas of concern under matrix of Politico-Security Cooperation. The sea lanes of communication in the Indo-Pacific are life lines of global trade. They are directly linked to regional peace, prosperity and stability. Securing the sea lanes, freedom of navigation and overflight is therefore imperative.

India has supported unimpeded commerce in these international waters and opposed threat or use of force in settling territorial disputes in the region. There is a synergy between ASEAN Outlook for Indo-Pacific and India's own philosophy of SAGAR --Security and Growth for all in the Region.

Speaking at the Fifth East Asia Summit (EAS) Foreign Ministers' Meeting in Kuala Lumpur in 2015, the then Indian External Affairs Minister, Smt. Sushma Swaraj stated that:

“India supports freedom of navigation in international waters, including South China Sea, the rights to passage and overflight, unimpeded commerce and access to resources in accordance with principles of international law, including the 1982 UN Convention on the Law of the Sea. Territorial disputes must be settled through peaceful means, as was done by India and Bangladesh recently using the mechanisms provided under UNCLOS. India hopes that all parties to the disputes in South China Sea will abide by the guidelines on the implementation of the Declaration on the Conduct of Parties in the South China Sea. We further support efforts for the early adoption of a Code of Conduct on the South China Sea on the basis of consensus”.

The littoral states face severe challenges in dealing with China and its belligerence in South China Sea (SCS), Taiwan Straits and the Yellow Sea. There are territorial disputes over Paracel and Spratley islands in the SCS between China and some ASEAN countries. China aggressively stakes “historical claims” over the entire SCS through its so-called “Nine dash line”, which contradicts its own international commitments, notably the United Nations Convention on Law of the Seas (UNCLOS). China refused to accept the Permanent Court of Arbitration's (PCA)'s decision in July 2016 in favour of Philippines, regarding the illegality of this “Nine dash line” in the Exclusive Economic Zone (EEZ) of Philippines. Its territorial disputes with Vietnam, Philippines, Malaysia and Brunei in SCS remain unresolved. Discussions between ASEAN and China in developing a Code of Conduct for settling disputes in SCS have been tardy and unlikely to get resolved through this mechanism. China has militarised and constructed air strips on several

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disputed islands in the SCS. It has built artificial islands around several features, reefs and shoals in these disputed waters. It has prevented legitimate commercial activities like oil and gas exploration within Malaysia, Brunei and Vietnam's EEZ, using force and threat of force. It has attacked fishing vessels of the smaller countries especially from Vietnam and Philippines, threatened Indonesia in the Natuna islands, and aggressively patrolled the international waters, impeding free and open movement. China's aggression is a cause for concern in the region.

Chinese hostility has increased sharply in recent months, when the international community is otherwise distracted in combating the Covid19 pandemic, which originated in China. This has further aggravated anxiety among the ASEAN countries, forcing the littoral states to coalesce against China. Freedom of Navigation Operations, conducted by USA and Australia to counter China's hegemony, potentially makes the region a hotspot for conflict. The region faces imminent danger, once again, of becoming a theatre of Great Power rivalry.

Although India is not a party to the disputes in SCS, India has legitimate commercial interests, like other countries in the Indo-Pacific. Freedom of Navigation is an added concern for India as 45 percent of India's container traffic passes through these international waters. India has always maintained that for the 21<sup>st</sup> century to be an Asian century, the region must resolve its disputes peacefully, in keeping with established international norms, for peace and security in the region. India has led by example, in peacefully settling its own maritime boundary with Bangladesh, respecting the decision of the Hague based UN tribunal, the PCA, in keeping with its international commitments.

ASEAN views India's presence in the Indo-Pacific as a balancing factor for peace and stability. India's approach resonates strongly with the countries of Southeast Asia. ASEAN has welcomed India's principled position, and its respect for rule of law.

This was reconfirmed, once again, in the statement issued by the ASEAN Chairman, following the 16th India-ASEAN Summit in Bangkok, in November 2019 which stated:

"We welcomed the strengthening of maritime cooperation and connectivity in the region. We noted India's vision of security and growth for all in the region. We discussed the importance of promoting a rules-based order in the region, including through upholding international law such as the 1982 United Nations Convention on the Law of the Sea. We reaffirmed the importance of maintaining and promoting peace, security, stability, safety and freedom of navigation in and overflight above the South China Sea, and recognised the benefits of having the South China Sea as a sea of peace, stability and prosperity."

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India has worked bilaterally and regionally with ASEAN countries on other important aspects of maritime cooperation, including on the importance of developing a Blue Economy. In this context, marine degradation and its adverse environmental impact on global commons are important for both sides. They have provided mutual support to develop sustainably. Workshops have been held following discussions among the leaders on this subject at the Retreat during the 2018 Commemorative Summit. Related areas of cooperation in maritime domain between India and ASEAN include discussions on dealing with the menace of piracy, armed robbery on high seas, Illegal, Unreported and Unregulated fishing, human trafficking and smuggling.

Humanitarian Assistance and Disaster Relief (HADR) operations are yet another important area of cooperation in maritime domain between India and ASEAN. The Indian Navy was one of the first responders in the region in providing HADR during the tsunami of 2004. Enhancing cooperation in maritime domain awareness has become important for both sides. India has signed bilateral White Shipping Agreements with some countries in ASEAN. Bilaterally, it undertakes coordinated patrols with Indonesia and Myanmar. India helped build the Sittwe port in Myanmar to enhance connectivity for trade and movement of goods. Discussions are underway between India and Indonesia to jointly develop the port of Sabang in Indonesia, India's closest maritime neighbour in ASEAN. Over the years, the Indian Navy has established strong institutional linkages with its counterparts in Vietnam, Cambodia, Indonesia, Myanmar, Malaysia, Philippines and Singapore. These include training programmes, joint exercises and exchange of information. Both Indian Navy and Indian Coastguards undertake regular goodwill visits to the Southeast Asian countries. India has offered a Line of Credit to Vietnam for building patrol boats. There is interest from other ASEAN countries like Indonesia and Philippines to work on similar lines.

### ECONOMIC COOPERATION

It is paradoxical that while India's ancient links with Southeast Asia were primarily established through commerce, inter-regional trade in contemporary times remained modest. One of the reasons was the disruption in commercial and human networks of the colonial period, when the Europeans unwound their colonies from the region. Years of war and genocide in the post-colonial period prevented further economic integration. The end of the Cold War, Southeast Asia's emergence as an economic powerhouse and India's own economic liberalisation finally paved the way for a gradual increase in economic activity between India and the ASEAN countries. Economic Cooperation has now emerged another important pillar of India-ASEAN relations.

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In the initial phase of the India-ASEAN Dialogue Partnership, bilateral trade grew at an annual rate of 11.2 per cent, from US\$ 2.9 billion in 1993 to US\$ 12.1 billion in 2003. At the 2nd ASEAN-India Summit in 2003, the ASEAN-India Framework Agreement on Comprehensive Economic Cooperation was signed. This Framework Agreement was the foundation for the establishment of an ASEAN-India Free Trade Area (FTA). The ASEAN-India Trade in Goods Agreement (AITIGA) entered into force on 1 January 2010. Tariffs of over 90 per cent of goods traded between the two regions were liberalised and tariffs on over 4,000 products eliminated by 2016. This was one of the first and perhaps the most ambitious FTAs signed by India. Meanwhile, the ASEAN-India Trade in Services and Investment Agreements entered into force on 1 July 2015.

Over the last two decades, and as a result of preferential tariffs under the FTA, India-ASEAN trade has grown steadily. It has created one of the world's largest free trade areas with more than 1.9 billion people and a combined GDP of US\$ 5.36 trillion. The total two-way trade increased by 8.4 per cent from US\$73.63 billion in 2017 to US\$79.83 billion in 2018. Today, bilateral trade in goods is US\$ 97 billion and expected to grow to US\$ 200 billion by 2022. ASEAN is India's fourth largest trading partner, comprising approximately 10.6 per cent of India's overall trade. India's exports to ASEAN is around 11.28 per cent of its total exports. Trade in Services has increased from US\$ 30 billion in 2010 to US\$ 45 billion in 2016 and expected to grow to US\$ 100 billion by 2025. Investment flows have also grown substantially both ways, with ASEAN accounting for approximately 18.28 per cent of investment flows into India since 2000. FDI inflows into India from ASEAN between April 2000 to March 2019 was about US \$ 91 billion, with the largest investments coming from Singapore. Today, India is ASEAN's sixth largest trading partner and also the sixth largest source of FDI inflows into ASEAN. These positive trends can be attributed to pro-active policies followed by the Governments, through trade instruments adopted to facilitate market access, and because of complementarities in trade on both sides.

On the negative side however, India's imports from ASEAN countries increased sharply in comparison to its exports to ASEAN, after signing the FTA agreements. This trade gap has led to anxieties in India that it has not benefited from the FTA, although it would be inaccurate to assess the benefits of trade solely on the basis of import-export figures. The Rules of Origin conditions have not been implemented properly in the FTA, resulting in a lot of cheap imports flooding into India from third countries through this route. This has been detrimental to the domestic Indian manufacturing sector. Also, there are concerns that Indian products have not received reciprocal market access, as provided by India to goods from ASEAN. This perception

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is particularly aggravated in the case of market access to Trade in Services, where India has been denied market access, in spite of a separate Agreement on Services Trade or even a bilateral Comprehensive Economic Cooperation Agreement with Singapore. Indian pharmaceutical products also face impediments of approvals. Indian agricultural products are often subjected to arbitrary sanitary and phytosanitary conditions, denying it a level playing field against its competitors in the ASEAN market. A review of AITIGA, to make it more balanced, fair and equitable on both sides is therefore necessary, to understand the business community's concerns and give a further boost to India-ASEAN trade.

Efforts have been made to encourage greater private sector engagement to enhance trade between India and ASEAN. For the business community to reap the benefits of existing instruments like the FTA, an ASEAN-India Business Council (AIBC) has been reactivated. An ASEAN-India Business Fair and Conclave (AIBFC), was also established to encourage greater participation of the business community. While governments have facilitated frequent interaction through business events, trade fairs, and exhibitions, bilateral trade remains below potential.

The launch of the Regional Comprehensive Economic Partnership (RCEP), a free trade agreement in the Indo-Pacific, was expected to address the shortfall in regional trade. Negotiations on RCEP among the ten ASEAN countries and its six regional FTA partners (India, China, Japan, South Korea, Australia and New Zealand) were formally launched in November 2012 at the 21st ASEAN Summit in Cambodia. RCEP was expected to provide market access and economic integration for half the world's population with 39 per cent of world's GDP. After intense and sincere negotiations over seven years, a text was finalised by the participating countries. India however decided to withdraw from RCEP in November, 2019 during the 35th ASEAN Summit in Bangkok as the deal did "not fully reflect the basic spirit and the agreed guiding principles of the RCEP". From India's perspective, the RCEP was not comprehensive enough in all the three areas of goods, services and investments. There were concerns that the deal would adversely impact its vulnerable sectors in agriculture and among the small and medium business enterprises. India's interests in the Services sector were also not met in the negotiations. Moreover, India has a trade deficit with eleven of the fifteen RCEP countries, much of it sizeable. The trade deficit increased from US\$ 9 billion in 2005 to US\$ 83 billion in 2017. While the option to join the RCEP is still open to India, it is unlikely to join, unless its core concerns are addressed.

A strong strategic partnership between India and ASEAN is not possible without a strong economic partnership. The benefits of a closer economic

integration, through trade and investment cannot therefore be underestimated. Both India and Southeast Asia are one of the fastest growing economies in the world. By 2025, India's consumer market is expected to become the fifth largest in the world, while in Southeast Asia middle-class households will double to 163 million. Both regions share a demographic dividend – 60% of ASEAN's population is below 35 years old, while India is projected to be the world's youngest country with an average age of 29. ASEAN and India also have one of the fastest-growing internet user bases in the world, which will help in the growth of the digital economy. The long pending review of the ASEAN-India FTA, can become an important alternative instrument to facilitate between India and ASEAN, if India's concerns in RCEP are not addressed.

The economic imperatives of closer relations between India and ASEAN are even more compelling today than before. The shift of global power is moving from West to East. The Covid 19 pandemic has unleashed strong anti-China sentiments world over with USA, Japan, Australia and EU looking to “decouple” supply chains from China. There is talk of a “gated globalisation”, to limit China's easy access to international markets, from which it has benefited disproportionately since its membership of the WTO. There is a huge outcry in USA, Europe, Japan and Australia to take investments out of China and move it elsewhere.

India and ASEAN countries are expected to benefit from this world-wide anti-China sentiment, when multinational companies look to diversify their international economic options. Moreover, given the anxieties inflicted by China upon the ASEAN countries in the geo-political space, there is a demand within these countries to reduce their economic dependence upon China. A similar sentiment is brewing within India, particularly following its recent border clashes with China.

According to ADB's Asian Development Outlook 2020, economic fundamentals of most ASEAN countries remain resilient, in spite of the downturn caused by the pandemic. In fact, apart from Taiwan, it is countries in ASEAN, particularly Singapore, Vietnam and Cambodia that have dealt with the pandemic in an exemplary manner. They will be able to avoid the most adverse economic impact of the pandemic. According to recent studies by IMF and UNCTAD, while the rest of the world goes into recession because of the havoc wreaked by the Coronavirus pandemic, both India and the ASEAN countries are expected to recover and resume growths above 7 per cent in 2021. Five countries of ASEAN -- Indonesia, Malaysia, Philippines, Thailand and Vietnam -- are categorised as Tiger Cub Economies, and expected to perform well. A recent Deutsche Bank Report, *Imagine 2030*, expects the Indian economy to increase two and a half times to US\$ 7 billion by 2030.

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This strengthens the rationale for India and ASEAN to stimulate their existing economic cooperation, including through the bilateral FTA arrangements, for a mutually beneficial trade and investments relationship. As the rest of the world becomes insular, protective and inward looking, India-ASEAN partnership can work for mutual benefit. Given the vast size of the India-ASEAN market, the complementarities in trade and the economic compulsions, this is the time to exploit the untapped potential.

### CONNECTIVITY

There can be no talk of enhancing trade without first addressing trade facilitation measures and physical connectivity. Improving connectivity is therefore an important priority for India and ASEAN.

Speaking in Singapore at the Shangri la Dialogue, in June 2018, the Indian Prime Minister Shri Modi stated that:

“Connectivity is vital. It does more than enhance trade and prosperity. It unites a region. India has been at the crossroads for centuries. We understand the benefits of connectivity. There are many connectivity initiatives in the region. If these have to succeed, we must not only build infrastructure, we must also build bridges of trust. And for that, these initiatives must be based on respect for sovereignty and territorial integrity, consultation, good governance, transparency, viability and sustainability. They must empower nations, not place them under impossible debt burden. They must promote trade, not strategic competition. On these principles, we are prepared to work with everyone. India is doing its part, by itself and in partnership with others like Japan – in South Asia and Southeast Asia, in the Indian Ocean, Africa, and West Asia and beyond.”

Several discussions and projects are underway to enhance physical and digital connectivity between India and ASEAN countries. The Kaladan Multimodal Project will connect India's North East states with Myanmar through land, river and the sea port of Sittwe. The India-Myanmar-Thailand Trilateral Highway is another important project that is under construction. It will provide seamless land connectivity between India and Southeast Asia. A possible extension of India-Myanmar-Thailand Trilateral Highway to Cambodia, Lao PDR and Viet Nam is also under consideration. A consensus on finalising the proposed protocol of the India-Myanmar-Thailand Motor Vehicles Agreement (IMT MVA) is being worked out. This agreement can play a critical role in realizing seamless movement of passenger and cargo vehicles along roads linking India, Myanmar and Thailand.

Issues related to increasing maritime and air connectivity between ASEAN and India and transforming the corridors of connectivity into economic corridors are part of ongoing discussions in the India-ASEAN framework.

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The 14<sup>th</sup> ASEAN Transport Ministers (ATM) Meeting on 6 November 2008 in Makati, Metro Manila, Philippines adopted the ASEAN-India Aviation Cooperation Framework, which laid the foundation for closer aviation cooperation between India and ASEAN. Already, bilateral air connectivity between India and several countries in ASEAN, like Singapore, Thailand, Malaysia, Myanmar and Indonesia has grown exponentially.

In 2012, India participated for the first time in the 21st ASEAN Land Transport Working Group (LTWG) Meeting. During the Meeting, India presented its initiatives for enhanced cooperation on ASEAN Action Plan, covering various sectors such as land transport, maritime transport, border management, customs, immigration, logistics and safety and Public Private Partnership (PPP). The 10th ASEAN-India Summit in November 2012 welcomed the establishment of India's Inter-Ministerial Group on Connectivity and encouraged regular exchanges between the Group and the ASEAN Connectivity Coordinating Committee (ACCC) to explore concrete ways and means to support the Master Plan on ASEAN Connectivity (MPAC), in particular in areas of mutual interest. The 1st ACCC-India Meeting was held in Balikpapan, Indonesia in June 2013 and the 2nd ACCC-India Meeting was held in Nay Pyi Taw, Myanmar in September 2014. The Meetings took stock of the developments in the implementation of the MPAC adopted in 2010, to discuss India's current and future support for connectivity with ASEAN. The MPAC 2025 which succeeds MPAC 2010 was adopted at the 28th ASEAN Summit in Vientiane, Lao PDR in September 2016.

During the 13<sup>th</sup> India-ASEAN Summit in Kuala Lumpur in 2015, the Indian Prime Minister announced a Line of Credit of US\$ 1 billion to promote projects that support physical and digital connectivity between India and ASEAN. Pilot projects are under discussion for implementation of digital connectivity under this credit line. He also announced the establishment of a Project Development Fund to help Indian investors develop manufacturing facilities in CLMV countries.

### SOCIO-CULTURAL COOPERATION

Socio-Cultural cooperation is the third pillar of India-ASEAN relations. Yoga, Indian cinema, television programmes, music and dance are extremely popular in ASEAN countries. This is because of a common cultural foundation that goes back in time, influencing contemporary tastes and preferences among the people in the region. It is also based on common cultural, societal and moral values, beliefs and practices, with a natural affinity between the people. Indian "soft power" has created a huge pool of goodwill and trust, at a people to people level. Indian influence is perceived as benign and non-threatening.

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There are more than 6 million people of Indian origin living in the ASEAN countries. They constitute a strong human bond and have helped forge stronger people to people ties between India and Southeast Asia. Malaysia has the largest Indian diaspora of 1.6 million people, followed by Singapore, Myanmar, Thailand and Indonesia. While there is a segment of the population in the ASEAN countries that can trace their roots to India centuries back, most of the migration from India took place during colonial times. In modern times, Indian blue collar workers have moved for employment opportunities in factories, construction sites and in the agriculture sector. Indian professionals are also present in large numbers in ASEAN countries, with several heading multi-national companies, banks, international organisations. Several others are in the medical field, in IT, Finance and other professions.

People of Indian origin are widely respected and well regarded, as honest, hardworking and intelligent. Their diversity and dynamism has contributed positively to the local economy. In countries like Singapore and Malaysia, people of Indian origin hold important political positions. The Indian diaspora has enriched the social fabric of their adopted homeland, with Indian family values, Indian cuisine, performing arts, languages, religious practices and customs. These diaspora links are celebrated annually in India at the Prabasi Bharti Diwas (Indian Diaspora Day), with a wide participation from ASEAN countries. To acknowledge the contribution of people of Indian origin in building India-ASEAN relations, a regional Prabasi Bharti Diwas was held in Singapore in December 2017, to mark their contribution in that Commemorative year.

Improved air connectivity and a renewed attention to traditional ties, has given a boost to travel and tourism between India and ASEAN. Recognising its importance in cementing economic and cultural ties, India and ASEAN declared 2019 as the Year of Tourism. Today, Indians are the second largest tourists in ASEAN. India too has attracted a large number of travellers from ASEAN countries, with the largest numbers coming to India for pilgrimage. Post-pandemic, once the flight connections resume and improve further, it is expected that tourist traffic will increase manifold.

Since 2009, India has established an annual Track 1.5 forum, called the Delhi Dialogue, to discuss politico-security, economic, and socio-cultural issues between India and ASEAN. The 10th edition of Delhi Dialogue held on 19-20 July 2018 in New Delhi discussed “Strengthening India-ASEAN Maritime Advantage”—a subject that will get greater attention, both at the inter-governmental level and amongst opinion makers.

Strong people to people contacts have also translated into strong linkages among the academic communities of India and ASEAN. This is particularly strong with Singapore. While most of these contacts have developed organi-

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cally, some of it has also been facilitated by the Governments through the ASEAN India Network of Think Tanks. It has helped build enduring connections among think-tanks, writers, academics, universities and academic institutions of India and ASEAN countries.

An ASEAN-India Centre (AIC) was established in New Delhi to undertake policy research, advocacy and networking activities with organizations and think-tanks in India and ASEAN, with the aim to promote the ASEAN-India Strategic Partnership. Set up in 2013, the AIC has become an important resource centre. It has provided inputs to policy makers in India and in ASEAN, on implementation of India-ASEAN connectivity initiatives by organising seminars, roundtables and other discussions. AIC has also organised several workshops, seminars and conferences on various issues relevant to India-ASEAN strategic partnership. It undertakes regular networking activities to provide information, data and sustained interaction, for promoting India-ASEAN Strategic Partnership.

India has supported a large number of other programmes to boost people-to-people interaction with ASEAN, such as inviting ASEAN students to India each year for a Students Exchange Programme, a special Training Course for ASEAN diplomats, Exchange of Parliamentarians, participation of ASEAN students in the National Children's Science Congress, and ASEAN-India Eminent Persons Lecture Series.

These are just a few examples of a growing network of Socio-Cultural cooperation, amidst a vast pool of mutual goodwill and shared world view at a people to people level.

## VI. CONCLUSION

Both India and the ASEAN countries share a common vision for the future, built on a commitment to inclusion and integration, a belief in sovereign equality of all nations, irrespective of size, respect for international norms and support for free and open pathways of commerce.

India's multi-faceted cooperation with ASEAN has begun to reap benefits across all three pillars of engagement: politico-security, economic and socio-cultural. Both sides recognise that use of historical and cultural links to tackle today's challenges and a closer economic integration will benefit the future generation, who stand to gain most.

As summed up by the Indian Prime Minister Shri Modi:

"A future of hope needs a solid bedrock of peace. This is an age of change, disruptions and shifts that comes only rarely in history. ASEAN and India have immense opportunities -- indeed, enormous responsibility -- to chart a steady course through the uncertainty and turbulence of our times to a stable and peaceful future for our region and the world."