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Asean-India Relations: Future Directions

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Part I: ASEAN in India's Strategic Perspective

1 East Asia has always occupied a prominent place in independent India's strategic perspective, an outcome of India's civilisational roots and its long history of commercial engagement with East Asian countries. In the 1930s, Nehru had toyed with the idea of forging an "Eastern Federation" in which China, Burma (now Myanmar), Malaya (now Malaysia), and Siam (now Thailand) were conceived as prospective members.³ In the inaugural Asian Relations Conference in New Delhi in March 1947 Nehru again reiterated the significance of Southeast Asia in India's strategy to forge Asian solidarity.⁴

2 Nehru's vision of Asian solidarity was, however, thwarted by the Cold War and the disputes that arose in India's relations with its immediate neighbours like China and Pakistan. In the meantime, Southeast Asian countries regrouped themselves into the Association of SE Asian Nations (ASEAN) in 1967. The scope of cooperative regionalism in Southeast Asia has since been widened by the establishment of the East Asia Summit (EAS), which has been

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³ Jawaharlal Nehru, *The Unity of India: Collected Writings, 1937-40*, London 1941, page 327.

⁴ Jawaharlal Nehru, *Speeches*, volume 1 (1946-49), Publications Division, Government of India, Delhi, 1949.

seen by historically minded Indian policy makers as a redefined derivative of the old Nehruvian strategic concept of “Eastern Federation”.

3 India’s engagement with East Asia in general and ASEAN in particular has to be viewed in the wider context of its strategic imperatives in Asia and the Asia-Pacific region. India is bound by its deep cultural and economic stakes in Asia, where it would like to play a constructive role in shaping the region’s future. While it has no intentions to dominate the region, India would also resist the prospect of any other country or a conglomerate of them dominating Asia. From India’s geo-strategic perspective, Asia clearly has two fronts: the Arab world, Persian Gulf region and Central Asia in the west; and Southeast Asia and the Asia-Pacific region in the east. While the western front impinges on India’s largest minority’s religious identity, its concern for energy security (of sources and supply lines), presence of migrant Indian labour force and threats arising from *jihadi* terrorism, the eastern front is vital for India’s deep cultural roots, extended territorial span (Andaman and Nicobar islands), common land and maritime boundaries, vast sea lanes of communication and growing economic engagement. The calls from neither of these fronts can be overlooked or underplayed and a balanced approach towards both eventually defines the parameters of India’s place and role in the Asian and world affairs.

Eastern Engagement

4 At the time of ASEAN’s establishment, India had hoped that an independent regional grouping could emerge, outside the ideological divisions of the Cold War. It attempted in vain to associate with the process of regionalism. In 1980, the early signs of China’s rise started to push India towards involvement with ASEAN but unfortunately, that also did not work as the deeply entrenched strategic cleavages of the Cold War impinged on the regional dynamics in SE Asia and on the Cambodian conflict.⁵

5 India could proceed to translate its vision of eastward engagement into reality only after the end of the Cold War which also coincided with the unmistakable signals of China’s rise. India’s then Prime Minister Rajiv Gandhi made a strong strategic push towards China and the region during 1985-89, but the dis-connect with ASEAN was undone only in 1992, with the establishment of the ‘Sectoral Dialogue Partnership’. This was driven equally by the imperatives of India’s opening economy and foreign exchange crunch of 1991.⁶ India’s interests converged with that of the region as ASEAN comprised not only of dynamic economies but also countries that would not like to be dominated by any major power. These

⁵ The acceptance of India as a ‘dialogue partner’ by ASEAN in May 1980 was jeopardized on the issue of India’s recognition in July 1980 of the Vietnam backed Cambodian regime. ASEAN along with the US and China was opposed to this regime under the fear that it was the beginning of Vietnam’s hegemonic assertion in the region with the support of the Soviet Union.

⁶ See for instance Ranjit B Rai, “The Inside Story of India’s 1991 Liberalisation and Look East Policy: A Repeat Is called For”, <http://www.indiadefenceupdate.com/news216.htm>. Accessed on January 11, 2012.

are also the considerations driving India's participation in the East Asia Summit (EAS) since 2005 and the wider Asia-Pacific region subsequently. India's preference for an 'open, inclusive and transparent' regionalism in East Asia clearly underlines such considerations.

6 For the past two decades, India pursued its engagement with East Asia under its 'Look East Policy'. ASEAN constitutes the foundation and core of this policy. The centrality of ASEAN in India's 'Look East Policy' was first articulated by Prime Minister Narasimha Rao in his Singapore lecture in 1994.⁷ Subsequently it was reiterated by all the succeeding Indian Prime Ministers. In his Singapore lecture in April 2002, then Prime Minister Atal Bihari Vajpayee said: "I speak today on ASEAN and the Asia-Pacific...This region is one of the focal points of India's foreign policy, strategic concerns and economic interests...It is a fundamental fact of geography that India is in the immediate neighbourhood of ASEAN".⁸ Prime Minister Manmohan Singh, who has been the principal initiator of India's Look East Policy in 1991, said in his address to the 8th India-ASEAN summit in October 2010: "India believes that ASEAN is the core around which the process of economic integration of the Asia-Pacific region should be built". In November 2011, in his speech at the 9th India-ASEAN summit in Bali, he reiterated: "Our partnership with ASEAN is one of the cornerstones of our foreign policy, and the foundation of our 'Look-East' Policy".⁹

7 India's engagement with ASEAN has evolved in response to the developing strategic contours of the Asia-Pacific region. India's Look-East Policy is undergirded by security and economic concerns. During the initial phase of this policy India integrated itself institutionally with ASEAN and, driven by the imperatives of its opening economy, laid emphasis on trade and investments. By the beginning of the new millennium, security issues, which were never absent in any case, started getting greater attention. In view of the twin developments of China's growing military modernization and increasing threat of terrorism both in India and in Southeast Asia, security could not be neglected. India's Ministry of Defence, taking note of China's military rise, stated in 2000: "The growing strength of China and uncertainty over the future role of the US in South East Asia had resulted in a regional arms race. Territorial disputes in the South China Sea have the potential to cause military engagements...Worsening of the security environment in Southeast Asia could affect regional stability, and will directly impinge on our interests."¹⁰ Indian navy undertook to escort US ships in the Malacca Straits in 2002. The then Indian Minister of External Affairs Yashwant Sinha declared in 2003 that India's Look East policy had entered its second phase of expansion and deepening:

The first phase of India's Look East policy was ASEAN-centered and focused primarily on trade and investment linkages. The new phase of this

⁷ P.V. Narasimharao, 12th Singapore Lecture, ISEAS, Singapore 1994.

⁸ Text of Singapore Lecture in 2002. <http://www.asean.org/2835.htm>.

⁹ Text of the speeches from ASEAN documents.

¹⁰ Annual Report 2000-2001, Ministry Of Defence, Government of India, New Delhi, p.8, paras 1.49-1.51.

policy is characterised by an expanded definition of ‘East’, extending from Australia to East Asia, with ASEAN at its core. The new phase also marks a shift from trade to wider economic and security issues including joint efforts to protect the sea lanes and coordinate counter-terrorism activities”.¹¹

8 India stepped up its defence and security co-operation with ASEAN countries during this phase and strategic engagement with Japan, South Korea and Australia was initiated in earnest. With the gradual assertion of other key players in the region like China, Japan, Indonesia and Australia, India has also been gearing to undertake larger responsibilities to play the role of a stabilizer and balancer in the region.¹² It seems natural that as the strategic canvas of East Asia expands into the broader Asia-Pacific dynamics with US indicating its strategic intent to remain engaged with the region, the span of India’s Look East Policy will also broaden. This policy will continue to be anchored on ASEAN though it may not remain confined to ASEAN alone. The ASEAN anchor serves India’s core interests best as it may not like the strategic dynamics of the Asia-Pacific region to be driven either by the US or by China. Nor would India be comfortable if the regional dynamics is vitiated or torn by the rivalry between these two giant powers.

9 India is reassured that its balancing and constructive role is acknowledged and appreciated by its ASEAN colleagues. Addressing the 11th ASEAN summit in Kuala Lumpur on December 12, 2005, the first Chairman of the EAS, Malaysian Prime Minister Abdullah Badawi, said:

We believe that India is a country to watch. With improved relations with its neighbours as well as the US, India has the potential of being an important partner in our region...we could encourage India to play its role for the promotion of peace, security and stability in East Asia as well as advancing international peace and equitable development.

10 Earlier in 2002, then Prime Minister of Singapore, Goh Chok Tong, had compared ASEAN to a jumbo jet, with Japan and China as its one wing and India as the other. Both wings were necessary, he had argued, to be in balance to keep the regional organisation stay afloat.¹³ On January 12, 2012, while addressing the CII partnership Summit in India (Hyderabad), he again called upon India to ‘do more’ to strengthen the ‘virtuous cycle’ of

¹¹ Speech at Harvard University, Cambridge, September 23, 2003. www.meaindia.nic.in (www.mea.gov.in)

¹² See the speeches of the Minister of Defence Pranab Mukherjee in June 2006 and the present National Security Adviser Shivshankar Menon in June 2010 at the Shangrila Dialogue in Singapore. IISS London website for the text of the speeches. (Pranab Mukherjee in his Shangrila Dialogue address said: “India is one of the important legs in the Asian juggernaut along with China, Japan and Indonesia...India’s role is crucial for ensuring and maintaining long-term peace, stable balance of power, economic growth and security in Asia”.)

¹³ *The Straits Times*, (Singapore) November 06, 2002.

economic growth and security ties in Asia. Referring to the “potential areas of tension and conflict in Asia such as the competing claims in South China Sea” and “China’s growing confidence (which) has also been viewed in some quarters with concern”, Emeritus Senior Minister Goh said: “Singapore looks forward to India’s continued commitment and participation in... the Asean-led for a addressing issues such as maritime security, counter-terrorism, training and disaster management”.¹⁴

India and ASEAN

11 There is a differentiated structure in India’s bilateral relations within ASEAN. One can identify three layers of these relations. Relations with Singapore would constitute a first category, as it is the most intense partner of India from the perspective of bilateral economic as well as security cooperation. Singapore has the highest trade, investment and security cooperation with India among all the ASEAN members and has often taken initiatives and leads in facilitating India’s integration with the regional grouping. Relations with countries comprising new ASEAN (for their late membership) i.e. Cambodia, Laos, Myanmar and Vietnam (CLMV) are being paid special attention, and would constitute another category of relationship. Among the CLMV countries, Myanmar shares a common territorial border with India and the other countries, besides being on the periphery of China. It has for long shared with India strategic perspective on global and regional affairs during the Cold War years. India has a small but special unit within its foreign office to pay attention to relations with these countries. In the third category, India’s multifaceted cooperation with Thailand, Malaysia, Indonesia and Philippines is growing in a natural way. In the long run, the prospects of India-Indonesia cooperation becoming more intense look promising as Indonesia is emerging as a significant player in regional affairs.

12 India also maintains relations with some ASEAN members outside of the ASEAN framework. Myanmar, for instance, has become an Observer in the South Asian Association for Regional Cooperation (SAARC). Thailand joined hands with India in 1997 to establish BIMSTEC (Bay of Bengal Initiative for Sectoral Technical and Economic Cooperation). All other members of SAARC, with the exception of Pakistan and Maldives, are members of BIMSTEC since 2003. This regional grouping emphasises cooperation in trade, tourism, energy and counter-terrorism. The Mekong- Ganga Cooperation Initiative (MGCI), launched in 2000, where India is engaged with all the Mekong river countries (Myanmar, Thailand, Laos, Cambodia and Vietnam), is another example of India’s interactions with ASEAN countries outside the ASEAN framework. The thrust of cooperation in this grouping is on tourism, transport & communications, human resource development particularly education and culture. The common feature of both BIMSTEC and MGCI is that India interacts with these Southeast Asian countries without the presence of China. The pace of cooperation in

¹⁴ *The Straits Times* (Singapore) January 13, 2012. P.C12.

both these groupings is slow but steady. BIMSTEC meetings were raised to the summit level in 2008. Both these groupings help India to broaden and widen its engagement with ASEAN.

13 ASEAN formally acknowledges India's differentiated and beyond-ASEAN approaches towards its members. India's special attention to CLMV countries has been welcomed and appreciated as contributing to ASEAN efforts for its own internal integration and bridging of the "digital divide" (i.e. the gaps and inequalities among members in the areas of diffusion of technologies that broadly relate to the levels of economic growth and prosperity). At the Fourth ASEAN-India summit held in Kuala Lumpur in December 2005 India was thanked for its support to CLMV countries in the areas of English language training, satellite-based networking, tele-medicine and super-specialty hospital.¹⁵ Taking note of India's wider cooperation with the region, the Chairman stated at the Seventh ASEAN-India Summit in October 2009 that: "We appreciated India's 'Look East Policy' as reflected in her active role in various regional for a such as the ASEAN Regional Forum, East Asia Summit, Mekong-Ganga Cooperation and BIMSTEC, which help contribute to enhancing regional dialogue and accelerating regional integration."¹⁶ The value of India's assistance to CLMV countries was especially noted.

14 India has made considerable strides in its integration with the ASEAN region. It has recorded impressive growth in trade and investments and broadened and deepened cooperation in various other sectors, including security and defence. There however, exists a 'performance deficit' in India's engagement. On many occasions uneasiness on slow implementation of the projects has been voiced by India's ASEAN partners and demands have been made on India to do more than what it has been doing. India also has been conscious of the slow implementation particularly since the adoption of the 'ASEAN-India Partnership for Peace, Progress and Shared Prosperity' document in 2004. In his address to the eighth India-ASEAN summit in Ha Noi, Vietnam, on October 30, 2010, Prime Minister Manmohan Singh admitted that "Our experience of implementation shows that we need to work very hard at all levels if we have to accelerate the pace of engagement as outlined in the Plan of Action...I invite the ASEAN Secretary General Dr. Surin Pitsuwan to visit India to review the mechanisms and procedures in place so that the pace of implementing agreed projects can be speeded up". At that summit, an elaborate 82 point action programme for 2010-2015 was adopted for implementation of the 2004 Partnership Agreement.

15 Part of the responsibility for the 'performance deficit' lies with India. At times, pressing security demands on India on the western front on account of cross-border terrorism, instability in Pakistan and continuing war with an uncertain outcome in Afghanistan make heavy calls on India's policy priorities and limited diplomatic and economic resources. India's democratic decision-making, where a large number of diverse interests of varied stake holders have to be considered, has not always been easy and expeditious, especially when the

¹⁵ Para 13 and 14, Chairman's Statement.

¹⁶ Para 4, Text of the Statement. Issued at Cha-am Hua Hin, Thailand on October 24, 2009.

government comprises coalition partners with different economic, strategic and foreign policy pre-occupations. The bureaucratic mind-set and work-culture add to the difficulties as it delays and distorts even critical policy decisions.¹⁷ The delay in concluding the India-ASEAN Free Trade Agreement (trade in goods) which took nearly six years to negotiate and came into effect only in August 2011, was often attributed to India's slow responses and hesitation in lowering the tariff levels. India is also not equipped with resources to undertake mega infrastructure and land connectivity projects without assistance from international financing institutions like the World Bank or Asian Development Bank. Such assistance is not easy to come by. The next stage of Indian reforms has been much delayed and slower, thereby affecting India's growth prospects and self-confidence among international investors. This has also adversely affected India-ASEAN economic engagement. Emeritus Senior Minister of Singapore Goh Chok Tong urged Indian leaders to speed up reforms while addressing a CII gathering in January 2012.¹⁸

16 ASEAN also has to bear some of the responsibility for the slow pace of engagement. There is an accepted divergence in the interests and approaches of ASEAN members towards India's integration with the region. The less developed members have been hesitant in ratifying the FTA in goods in order to protect their local interests. ASEAN has also not been ready yet to complete the FTA process as the agreement on trade in services and investments continues to face hurdles. Indian Prime Minister urged its ASEAN colleagues at the 9th bilateral summit to conclude this part of FTA by March 2012, but the proposed deadline was not met. Some of the ASEAN countries also initially resisted India's membership of EAS and many of their bilateral agreements with India in defence and economic sectors have not been implemented as expected. The economic downturns in some of the ASEAN countries and uncertainties arising out of the global economic slump have forced almost everyone to go slow on new ventures. India is also awaiting ASEAN responses to a number of its project proposals submitted for endorsement and implementation under the joint India-ASEAN Cooperation Fund. The demands on India to do more from ASEAN as well as from the US also partly emanate from the sense of insecurity generated by China's growing assertiveness and unpredictable behaviour in the region. It would, however, be unrealistic to expect India to match China in all its moves in the Asia-Pacific region as India has neither the deep pockets that China has nor a system that is as strategically focused as that of China. India is pursuing a conscious policy of constructive engagement with China and wants to avoid any rivalry or conflict with its giant Asian neighbour. At the same time, when India asserts itself on issues of its vital and legitimate interests such as oil exploration and freedom of navigation in South China Sea to the dislike of China, not all ASEAN countries seem comfortable. If India-ASEAN partnership is to evolve smoothly, and at the pace desired, both sides need to streamline their respective responses and show greater

¹⁷ According to a recent survey by a Hong Kong based consulting firm, Indian bureaucracy was the worst in Asia, due to corruption, lack of accountability and enormous administrative power vested in them. *The Times of India*, January 11, 2012.

¹⁸ *The Straits Times* (Singapore) January 13, 2012 [op.cit.](#)

understanding of each others' assets, capabilities and constraints. There is also need for consensus among all the ASEAN partners on the details and specificities of India- related issues.

Part II: ASEAN's Strategic Perspective of the Region and India

17 The Association of Southeast Nations or ASEAN was first established in August 1967 in Bangkok as a social and economic regional grouping comprising Indonesia, Malaysia, the Philippines, Singapore and Thailand at a time when there were concerns about the 'Domino Effect' of a possible spillover of the Vietnam war and about a China which openly declared (by Mao's number two Lin Piao) that it would support revolution by the emerging forces in the world. Indeed, Beijing had been providing moral and material support to the communist revolutionary movements in Southeast Asia such as the Malayan Communist Party and the PKI of Indonesia. The 1967 Bangkok Declaration made no mention of political or military cooperation, but obviously security concerns were very much in the minds of the founding members. This came at the height of the Vietnam War, when even the SEATO (South East Asian Treaty Organisation) members of ASEAN - the Philippines and Thailand - felt unsure that they could rely on the American protective shield. The Bangkok meeting accepted the need to strengthen political cooperation within the group and to initiate concrete projects of economic cooperation in order to shore up the regional security environment.

18 In November 1971, ASEAN agreed to adopt the Malaysian initiative, viz. Zone of Peace, Freedom and Neutrality (ZOPFAN) which declared that neutralisation of Southeast Asia was a desirable objective. This was to be achieved by great power guarantee and recognition of Southeast Asia as a ZOPFAN that would be free from interference by outside powers. President Nixon's Guam doctrine in July 1969 had probably prompted such an initiative whereby he envisaged that the Asian nations needed to do more in defence against communism. Nixon's visit to China in 1972 raised hopes about detente in Asia which would make such great power guarantee feasible. However, the concept of ZOPFAN was not accepted without a robust debate among ASEAN members. While Singapore and Thailand saw the need for the involvement of big powers to ensure stability and security of the region, Indonesia resisted allocating such a role to external powers and argued that ASEAN member states had sufficient national resilience to resist both external and internal security threats.

19 The communist takeover of South Vietnam, Cambodia and Laos by the end of 1975 became an urgent matter of political consideration in the run up to the First ASEAN Summit in Bali in February 1976. The ASEAN countries were uncertain whether victorious North Vietnam would be expansionist and display hegemonistic intentions, or whether ASEAN should extend a peace overture and invite the new Indochinese communist states to join ASEAN. In the end, ASEAN decided that its immediate priority was to consolidate the

organisation first by achieving greater cohesion among its existing member states via closer economic co-operation and by signing the 'Treaty of Amity and Co-operation' to serve as a norm-based code of conduct governing relations among the ASEAN states such as peaceful settlement of intra-regional disputes. This proved to be the right decision. In January 1979, Vietnam invaded Kampuchea which saw the beginning of the third Indochinese War with China supporting the Khmer Rouge.

20 While the ASEAN countries differed on whether China or Vietnam posed a more direct security threat, ASEAN took a high profile at the United Nations in preventing the Vietnamese-installed Heng Samrin regime from taking the Cambodian seat at the UN. In this respect, India's diplomatic recognition of the Heng Samrin regime in July 1980 was seen to be unhelpful at a time when ASEAN had wanted to approach Hanoi on how to end the Cambodian conflict. This caused ASEAN to suspend India's already approved request for a Dialogue Partnership with ASEAN.

21 The end of the Cold War in 1990 and the settlement of the Cambodian conflict by 1993 saw a swift change in ASEAN's attitude regarding its role in regional affairs. While détente was evident among the US, China and the Soviet Union, there was the absence of any multilateral security dialogue among the great powers in Asia, unlike the situation in Europe. There was also the need to engage China amidst growing concern about China's assertiveness in the South China Sea. Thus ASEAN decided to launch the ASEAN Regional Forum (ARF) in Bangkok in 1994 which included all the ten Southeast Asian countries, ASEAN Dialogue Partners (Australia, Canada, European Union, Japan, New Zealand, and the United States) plus China and Russia. The ARF was envisaged to be the primary forum in enhancing political and security cooperation in the Asia Pacific via confidence building and preventive diplomacy with ASEAN as the driving force. India was admitted into the ARF in 1995.

22 In December 1995, ASEAN adopted the Treaty on the Southeast Asian Nuclear Weapons-Free Zone, an Indonesian initiative which was to be a component part of the ZOPFAN. However, it remained controversial among the nuclear weapon states like the US as to whether they would accede to such a Treaty.

23 By 1999, all the three Indochinese states and Myanmar became ASEAN members. Whereas the Cold War and external security threat perceptions had held ASEAN together, the *raison d'être* for the regional grouping in the post-Cold War situation was not so obvious. By itself, ASEAN is not a natural grouping; there is great diversity within the group in terms of political institutions, religious and ethnic composition and historical legacies some of which had even given rise to territorial disputes in the past such as the Sabah claim. Globalisation has also brought with it a stronger sense of economic competition and nationalism. Together with the rise of China and India, these developments might begin to pull ASEAN apart unless ASEAN could maintain itself as a credible and cohesive regional grouping and could be regarded as such by the major powers.

24 Hence in 2003, ASEAN decided that an ASEAN Community would be established by 2015 via an ASEAN Security Community, an ASEAN Economic Community, and an ASEAN Socio-Cultural Community. An ASEAN Charter was signed in 2007 which would establish the legal and institutional framework of ASEAN and which represented ASEAN's first step towards ASEAN supra-nationality. The ASEAN Charter also reaffirms the need "to maintain the *centrality* and proactive role of ASEAN as *the primary driving force* in its relations and co-operation with its external partners in a regional architecture that is open, transparent and inclusive."

How ASEAN views India

25 When the Narasimha Rao government initiated India's 'Look East Policy' in the early 1990s in response to the post-Cold War strategic shift and to position India as a player in Asia, ASEAN responded positively. India was accepted as a Sectoral Dialogue Partner in 1992, and a full Dialogue Partner in 1995. The Cold War was over and the Cambodian conflict was drawing to a close. At the same time, there was a heightened sense of political uncertainty in the region after the US withdrew from its base facilities in the Philippines in 1992. The initial India/ASEAN engagement was primarily economic in nature as the Rao government was seeking more trade and FDI (foreign direct investment) flows from Japan, Korea and the ASEAN countries to bolster its economic reforms programme. Simultaneously, it also concluded a number of defence co-operation MOUs (Memoranda of Understanding) with Malaysia, Vietnam and Laos. The Indian navy began a series of multilateral (MILAN) naval exercises with foreign navies, mostly from countries surrounding the Bay of Bengal. Those were not real military exercises as such but more in the nature of naval interactions intended to allay regional concerns due to reports about a rapid Indian naval build up in the late 1980s as well as press speculations about India allowing the Soviet fleet to use its naval base facilities in the Andaman and Nicobar Islands.

26 When the Vajpayee government came to power in 1998, it added a security dimension to India's 'Look East Policy' in the light of Delhi's new concerns about possible links between Islamic extremist groups in South Asia and Southeast Asia (e.g. the *Jemaah Islamiyah*) and China's rising influence in Southeast Asia, especially Myanmar. The Indian navy began to project power beyond the Indian Ocean and started a series of joint naval exercises in the South China Sea. While the ASEAN countries generally welcomed holding bilateral naval exercises with the Indian navy, there was noticeable apprehension among the ASEAN littoral states against involving the Indian navy in safeguarding maritime safety of the Straits of Malacca as they in 2004 rejected a suggestion by an American admiral for a Regional Maritime Security Initiative.

27 To a large extent ASEAN saw a continuation of policy approach under the Manmohan Singh government since 2004 with an added emphasis on economic cooperation and technology. Defence Minister Pranab Mukherjee in an address to the 7th Asian Security

Conference in Delhi held on 29 January 2005 pointed to the need to maintain ‘an equitable strategic balance’ in the East Asian region which he had expanded to include the Pacific.

28 ASEAN formally accepted India’s admission as a founding member of the East Asian Summit in 2005 together with Australia and New Zealand, thus effectively recognising India as a regional player which could help shape the evolving regional architecture as well as community building in the East Asian region. Notably, the debate over the composition of EAS membership had brought to the surface an underlying divergence of views within ASEAN itself as to what would constitute the balance of power in East Asia, given the US’ pre-eminent power and influence in the Asia Pacific. In October 2010, India was invited to join the ADMM+8 forum (ASEAN Defence Ministers Meeting plus Australia, China, India, Japan, South Korea, New Zealand, Russia and the US) whose objective was to move beyond the ARF dialogue process towards practical cooperation such as in maritime security, humanitarian and disaster relief, counter-terrorism, and peacekeeping. Despite India’s hitherto aversion to be part of any multilateral security alliance, it decided to join the ADMM+8 partly because it was primarily ASEAN driven, and partly because it was only a cooperative security forum that poses no threat to any major power.

Part III: ASEAN/India Relations – A Stocktake and Future Directions

29 ASEAN-Indian relations witnessed a quantum leap since 1992 when India first became a Sectoral Dialogue Partner of ASEAN. ASEAN-India total trade has risen from US\$2.9 billion in 1993 to US\$55 billion in 2010. By 2010, India’s FDI flows to ASEAN amounted to US\$2.58 billion or 3.4% of total FDI flows to the ASEAN region. Still, trade and investments flows lagged behind those of other ASEAN Dialogue Partners such as China, Japan and South Korea.

30 ASEAN’s relations with India, as with other Dialogue Partners, have indeed expanded over time from an earlier ASEAN desire to gain political support as well as economic co-operation and technical assistance, to multi-faceted cooperation framework which now ranges from energy, tourism, FTAs to counter-terrorism and the fight against transnational crimes. Currently, engagement between India and ASEAN takes place in three broad areas namely political & security, economic, and socio-cultural sectors. The Action Plan (for 2010-15) agreed to at the eighth India-ASEAN summit in 2010 will expedite the implementation of the 2003 Partnership Agreement. The conclusion of the FTA in services and investment between the two sides and the speeding up of the next stage of India’s economic reforms will boost economic engagement. There has however been comparatively less activism in political and security as well as socio-cultural sectors of engagement.

31 Much, however, can be done to deepen ASEAN-India relations by bringing into focus the core interests of both India and ASEAN in implementing the ASEAN-India Partnership for Peace, Progress and shared Prosperity. There has certainly been no lack of ideas and

proposals. The Action Plan (2010-15) comprises 82 items and includes a wide range of proposals for ASEAN-India cooperation in various fields ranging from issues of international terrorism and drugs to transportation and energy. However, the diverse range of proposals and the resources and manpower that they demand might have prevented full attention at the implementation level. At the March 2011 ASEAN-India Senior Officials meeting, the ASEAN Secretariat reported that only some 40 per cent out of 94 activities listed in the Action Plan (2004-2009) had been completed.

Future Directions

32 As ASEAN and India will be commemorating the 20th anniversary of ASEAN/India relations in December 2012, it would be timely to consider how the ASEAN/India relations could be qualitatively improved and elevated to a higher level such as a strategic partnership.

33 From the ASEAN perspective, the key consideration is whether India has the interest and the commitment to engage ASEAN on a sustained and long term basis. This would depend to a large extent on how both India and ASEAN perceive their shared interests in the region. India saw the need to engage ASEAN in order to increase trade and investment flows, to forestall a perceived threat of an Islamic arc spreading from its western front to the east, and to check the rising influence of China in ASEAN, particularly Myanmar which shares a land border with India. On the ASEAN side, India's growing economic strength, its status as a *de facto* nuclear weapon state, and its readiness to engage all players in the Asia Pacific would offer not only new economic opportunities for ASEAN but India's active involvement in the region would provide additional driving space for ASEAN in dealing with the other major powers.

34 Moreover, India's overriding interest is to preserve its strategic autonomy in a multi-polar world. Thus India has indicated its preference for an open, inclusive and loosely structured economic and security architecture in the Asia-Pacific where India's role would be welcomed. This coincides with ASEAN's interest, as ASEAN's ability to retain its centrality and to leverage its influence on the major powers would diminish in a geo-political situation where power relationships between China and the US, for example, are sharply defined in the region. Hence since 1994 ASEAN has initiated a process of multilateral security dialogue that is open, transparent and inclusive of extra-regional powers and which has led to the establishment of such regional mechanisms as the ARF, ADMM+8, EAS. Together with APEC (Asia-Pacific Economic Cooperation forum) and sub-regional functional groupings like BIMSTEC, Greater Mekong Basin Cooperation, Mekong-Ganga Cooperation, they have provided a regional framework for strategic and economic cooperation. Their roles overlap, but they have served ASEAN well as they have given all interested parties an appropriate role to play in the region.

35 However, shared political and security interests, important as they are, such as in the evolving regional security architecture or ideological affinities alone are insufficient to sustain a durable long term relationship. Also insufficient are commonalities in value systems such as democracy and pluralism as ASEAN societies are diverse, as in India. Instead, such shared interests and values could serve as the foundation of a durable long term relationship only if they are accompanied by efforts to increase the economic stakes and inter-dependence as well as public understanding and political awareness of the historical and cultural links between India and the ASEAN countries. A notable example in the revival of such links is the Nalanda University project. From 5th Century A.D. until its destruction during the 12th Century, Nalanda was a pre-eminent centre of research and Buddhist learning. The Nalanda University project would serve to revitalize the historical links between India and East and Southeast Asia, and to reinforce the idea that India is not at the periphery of East Asia but part of an ancient Buddhist world. Such shared culture and interests would help facilitate cooperation. At the practical level, the Nalanda project would help to attract foreign investment to develop the infrastructure in the Indian state of Bihar, particularly at Buddhist pilgrimage sites like Bodh Gaya, Rajgir and Nalanda. Collaboration in the Nalanda project would also provide many spin-offs for ASEAN/Indian co-operation in the educational, cultural and tourism fields.

36 In a special address to the Indian Confederation of Indian Industry on 12 January 2012, Emeritus Senior Minister Mr Goh Chong Tong of Singapore called for new thinking and innovative partnerships involving security arrangements that would help contain flash points in Asia such as the competing claims in the South China Sea and tensions in the Korean Peninsula. Unless there was peace and stability in the region, Asia's sustained growth was not assured. ESM Goh suggested three ways in which India could play a greater leadership in the Asia-Pacific:

(a) In the security arena, India being a key participant in the ARF, can offer constructive suggestions on how to move the ARF agenda forward, and enhance practical cooperation in confidence-building and preventive diplomacy.

(b) ASEAN and India should redouble efforts to conclude the Investment and Services chapters of the ASEAN-India FTA in 2012, as agreed to by the Economic Ministers. This FTA is a key building block in the regional economic architecture and would be mutually beneficial for the peoples and businesses of ASEAN and India.

(c) India can contribute to the ASEAN Connectivity project which strives to integrate the ASEAN region through enhanced physical, institutional and people-to people links. India is already working on an India- Myanmar-Thailand Highway and its extension to Laos and Cambodia. India is also contributing to information technology and ICT connectivity such as through the establishment of an e-network for tele-medicine and tele-education in Cambodia, Laos, Myanmar and Vietnam.

37 These would require a more proactive India, instead of being a 'benign actor', in the deliberations in such fora like ARF, ADMM+ and EAS about the evolving regional security

and economic structure particularly in areas where they are likely to affect the core interests of India such as maritime security and freedom of navigation. India is a major stakeholder as it controls the sea lanes between the Andaman and Nicobar Islands in the Indian Ocean.

38 India's active participation in the ASEAN Connectivity will benefit not only ASEAN but also India, as it would demonstrate India's commitment to further integrate itself with Southeast Asia and other parts of East Asia. Economic linkages could be explored through India's involvement in the implementation of the Master Plan on ASEAN Connectivity which not only covers physical infrastructure connectivity (both land and maritime) but also institutional connectivity and people-to-people links.

39 In short, India's greater involvement in the regional security dialogue and re-connecting India and ASEAN could be the focal points in the future direction of the ASEAN-India relations. This should be extended to business connectivity as well. For example, investment rules can be made more liberal for Indian companies to invest in ASEAN countries and to use ASEAN as a launching pad to reach other parts of East Asia.

Recommendations

40 A list of projects which could meet the objectives mentioned above is appended below for consideration by the Eminent Persons Group appointed to look into the future directions of India-ASEAN engagement. It is further suggested that instead of spreading the efforts over a diverse range of projects, the ASEAN-Indian Partnership action plan should focus on a few key ideas and the successful execution of projects that could serve as model examples.

(a) Land connectivity

41 Much as the Nalanda University project can serve to showcase the ancient links between India and Southeast Asia, relatively little is known about the geographical fact that India shares maritime boundaries with Indonesia and Thailand, and has a 1,640 km long land and maritime border with Myanmar. Apart from this territorial contiguity between the northeastern parts of India with Southeast Asia, there are also close cultural, ethnic, linguistic affinities and historical ties between the peoples in the northeastern states of India on the one hand and Myanmar and Thailand on the other. For example, Assam was ceded to the British after Burma's defeat in the Anglo-Burmese war in 1826, and the territory was eventually annexed and incorporated into British India.

42 Economic development of the northeastern states like Assam, Meghalaya and Manipur has been difficult because of physical inaccessibility due to their landlocked geography. This has contributed to the economic grievances of the local population, and in

turn has fuelled local insurgency movements which continue to pose a security problem for Delhi. However, through Myanmar, roads and railways could connect the landlocked north-eastern states of India with the rest of Southeast Asia, and which could help develop the natural resources of the region such as forest products. In fact, Prime Minister Manmohan Singh flagged off an Indo-ASEAN car rally at Guwahati, capital of Assam, on 22 Nov 2004 to symbolically highlight this land link between India and ASEAN and to demonstrate that with improvement of land connectivity, India and ASEAN could become an integrated region.

43 Since ASEAN is physically linked to India through its northeast, more could be done by ASEAN in this region, through better road and rail links. It is also important for those land links to have good access to ports. Enhancing infrastructural connectivity should be a top priority before sustainable industries are able to take root. The region will then be better placed to develop a supporting ecosystem such as skills and vocational training and attract the establishment of manufacturing plants. A recent Thai proposal to build a deep sea port at Dawei in Myanmar and to develop it into an industrial and logistics hub together with India's participation would help provide a bridge between India, China and Southeast Asia as well as the Indian Ocean and the Pacific.

(b) ASEAN-India Skills Centre

44 Human resources development is always an important component of any economic development programme, as skills and vocational training is essential in upgrading the productivity of the workforce, uplifting those below the poverty level and providing social mobility for the lower strata of the society. Both India and ASEAN could consider setting up an ASEAN-India Skills and Vocational Training Centre which could identify the level of skills needed and provide appropriate training programme, taking into consideration the comparative advantage and the traditional skills and strengths that are available in India and ASEAN. For a start such a Skills Training Centre could be located in one of the north-eastern states of India such as in Guwahati (capital of Assam) where there is already the presence of an Indian Institute of Technology. It could be considered as part of the land connectivity project in an integrated plan for the economic development of the north-eastern states.

(c) Tourism/Open Skies

45 There have been several initiatives to promote tourism between India and ASEAN, including an Indian proposal for an ASEAN-India Tourism Cooperation MOU. Promotion of tourism is an important aspect of increasing greater people-to-people understanding of each other's culture and civilisation aspects. As air travel has become the most frequently used mode of travel, such initiatives should be accompanied by liberalisation in the civil aviation

sector such as an Open Skies accord between India and ASEAN, especially to cities in India where India could showcase its historical sites and ancient civilisation.

46 Possibilities may be explored for introducing luxury cruise liners to promote tourism in the Bay of Bengal region (Kolkata-Dhaka-Chittagong-Sittwe-Thai-coast) and also between Andaman Nicobar Islands and Malacca Strait. India may also develop Andaman and Nicobar islands as a major hub to attract recreational and adventure (sea sports etc.) tourism from ASEAN countries.

47 India has lagged behind in harnessing its soft power in Southeast Asia. At times India has hesitated in projecting and building upon its civilizational links to East Asia due to wariness that these roots are linked to Hinduism through its epics like Ramayana and Mahabharata, and may run counter to India's secular credentials. This is a distorted thinking. India's civilisational roots span across all the major religions like Hinduism, Buddhism and Islam, and building on all these links does not conflict with secularism. Pilgrimage tourism, museums of artifacts, theatre performances and such other programmes may be developed based on the entire religious, cultural and architectural heritage.

(d) ASEAN-India FTA on Services and Investment

48 Greater efforts would need to be made to accelerate the conclusion of the ASEAN-India FTAs on Services and Investment for India to be included in the evolving regional economic architecture. An Asian Economic Community was first envisaged by Prime Minister Vajpayee at the 2nd ASEAN/India Summit in 2003. Similarly, at the 5th Summit, Prime Minister Manmohan Singh also proposed the establishment of a Pan-Asian FTA. As the current situation stands, the only missing link is ASEAN-India as ASEAN has already concluded FTAs with China, Japan, Korea, Australia and New Zealand.

(e) Business co-operation

49 India-ASEAN Business summits are being revived. They may be institutionalized in the form of CEO/Corporate Forum/Club, with the inclusion of small and medium entrepreneurs (SMEs) from both sides.

(f) Enhancing public understanding and political awareness

50 Exchanges by parliamentarians and political party representatives need to be enhanced and institutionalized.

51 Exchanges of civil society groups like academics, lawyers, social activists, human rights groups should also be encouraged.

52 There is a considerable lack of awareness at the broader peoples' levels about each other in India and ASEAN. The establishment of Centres/Chairs of Indian studies in ASEAN countries and ASEAN studies in India can help bridge this information and awareness gap. Possibilities should be explored to introduce studies on India and ASEAN, including their civilizational roots and contemporary interactions, in each others' school curricula as well.

53 For enhancing mutual awareness, media can play a very important role. Both print and electronic media should be encouraged and supported to place correspondents in each other's domain and create space and time in media for news and analysis of important events from either side. Exchange of media persons on periodic basis is being envisaged under the existing programmes, but such guided and one-time visits may not be enough. The viability and effectiveness of a bilateral news agency to provide fast and comprehensive news and analysis on India-ASEAN developments along the lines of Reuter or AFP may be explored to help bridge the information and perceptual gaps.

54 India started an ASEAN Eminent Persons lecture series. Not much is heard of that these days. This can be strengthened, and a lecture-series by Indian Eminent Persons may be instituted in the ASEAN countries.

55 India has established bilateral foundations with its South Asian neighbours to encourage people-to-people exchanges among academics, scholars and journalists, policy makers and business leaders. Along those lines an India-ASEAN Foundation may be conceived under the ASEAN Cooperation Fund which remains underutilized.

56 While Bollywood is spreading itself in the ASEAN countries through commercial interests, official support may be extended by dubbing/or sub-titling Indian films in local Southeast Asian languages. Classical and folk dance, music and other art forms also deserve official patronage for exchanges.

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