

ASEAN and India: Deepening Strategic Ties, Connectivity and Economy Relations

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Summary

The elevation of relations between the Association of Southeast Asian Nations and India to a comprehensive strategic partnership provides an opportunity for both to reassert the importance of their strategic ties, deepen connectivity and position themselves to expand their economic relations.

On 12 November 2022, the Association of Southeast Asian Nations (ASEAN) and India upgraded their relations to that of a [comprehensive strategic partnership](#). Since becoming a sectorial dialogue partner of ASEAN in 1992, India's strategic and economic engagement with the regional association has steadily improved. However, recent geopolitical and geo-economic developments, including India's active participation in the Quadrilateral Security Dialogue (Quad), have concerned several ASEAN member states as they view the Quad as a strategic forum established to counter China's influence. Thus, there is more than symbolism underlining the elevation of relations.

On the one hand, there seems to be an attempt to signal and cement trust between the two. This was reinforced by India's Vice President, Jagdeep Dhankhar, who led the Indian delegation to the 19th ASEAN-India Summit in Cambodia. [He stated](#) that relations with ASEAN were at the heart of India's 'Act East' policy and that India firmly believed in ASEAN's centrality in the Indo-Pacific. At the same time, the joint statement issued also pointed to new directions that could further develop economic relations between ASEAN and India. These include expanding regional connectivity and developing cooperative mechanisms in domains like the digital economy and science and technology.

The elevation of relations between ASEAN and India occurs within an evolving geopolitical and multilateral environment. The ASEAN member states are concerned about the potential impact of escalating competition between the United States (US) and China. They have generally attempted to balance their relations between the two powers and fear being compelled to choose one camp or the other. This was clearly stated by Singapore's Foreign Minister, [Vivian Balakrishnan](#), during his visit to India in June 2022 that US-China tensions could "threaten the old system of peace and stability which we have been dependent on for the basis of our growth, development, and prosperity over many decades".

On its part, India has been increasingly willing to develop a closer relationship with the US, Japan and Australia to balance China. This willingness has been spurred by clashes between India and China along the disputed Himalayan border that straddles both states, and the sense in Delhi that China is seeking to undermine India's position both in the Indian Ocean and in international forums. Thus, India has emerged as an active participant in the Quad.

While India opposes any attempt to develop the Quad into a military alliance, there is no doubt that it is a forum through which it hopes to contain Chinese influence.

The ASEAN member states, meanwhile, remain cautious about the Quad. Apart from being concerned about China's pushback, there are fears that the Quad may challenge the principle of ASEAN centrality and even threaten ASEAN's ability to take a united stance. It is worth noting that the ASEAN member states do not necessarily view the evolving geopolitical situation through the same lens. Differences have emerged in their positions on Russia's invasion of Ukraine and in dealing with the junta in Myanmar. Furthermore, India's acceptance of the Indo-Pacific as a distinct geo-strategic space has caused some unease amongst the ASEAN member states that this may challenge the existing regional security architecture.

India's assertion of ASEAN's centrality and the strengthening of its strategic ties with the bloc signal that it does not view minilateral institutions like the Quad as alternatives to ASEAN. Nor does it aim to upend existing regional mechanisms like the East Asia Summit. Instead, Delhi is indicating that it recognises the importance of ASEAN. This is a point that has repeatedly been [underscored](#) by India's External Affairs Minister, S Jaishankar. Such signalling is key to the continuance of trust-building between ASEAN and India in the current shifting global order.

The development of stronger ties between ASEAN and India also recognises the potential of economic links between the two. The fact that [mutual trade had risen to US\\$78 billion](#) (S\$106.9 billion) in 2021 points to growing economic relations. Yet, these figures remain lower than they could be. India's exports to ASEAN have been partly limited by the fact that its manufacturing sector is relatively uncompetitive. There are, however, reasons to be optimistic about the future of trade between ASEAN and India. Crucially, technological innovations and the rise of the digital economy will revamp the nature of economic connectivity and bilateral trade. Both ASEAN and India are projected to have US\$1 trillion (S\$1.37 trillion) digital economies by 2025. In recognition of this, the joint statement issued at the 19th ASEAN-India Summit stressed the importance of enhancing digital connectivity. One instance of this will be the linkage of Singapore's PayNow with India's Unified Payments Interface, providing a model for a broader regional transaction system that could facilitate cross-border trade and expand market access. There is also a commitment to expand cooperation in the spheres of science and technology. India announced that it would contribute a further US\$5 million (S\$6.86 million) to the ASEAN-India Science and Technology Development Fund to enhance cooperation in areas such as smart agriculture, health technology and renewable energy.

Overall, the elevation of ties between ASEAN and India provides an opportunity for both sides to reassert the importance of their strategic ties, deepen physical and digital connectivity. It also positions the two sides to further expand their economic relations.

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