

## India and ASEAN in a Changing World

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### Summary

*As India marks the 30<sup>th</sup> anniversary of the 'Look East' policy and the 10<sup>th</sup> anniversary of Prime Minister Narendra Modi's 'Act East' policy, there is much to celebrate as well as ponder upon. Although there has been all round progress in the relations between India and the Association of Southeast Asian Nations (ASEAN), the relationship is well below its true potential. Deepening trade relations and expanding security partnerships remain urgent tasks in India-ASEAN relations in a rapidly changing global context.*

Indian Prime Minister Narendra Modi attended the annual summits of the Association of Southeast Asian Nations (ASEAN) in Laos in mid-October 2024. His visit marked two significant milestones: the 30<sup>th</sup> anniversary of India's 'Look East' policy and the 10<sup>th</sup> anniversary of his refined 'Act East' policy. It was a moment to celebrate the progress made over the decades but also to reflect on the unrealised potential and the new challenges that confront the relationship. Above all, it has become important to insulate the India-ASEAN partnership from the new geopolitical and geoeconomic turbulence in the world.

In the early 1990s, in the aftermath of the Cold War, growing great power harmony and the rise of economic globalisation created favourable conditions for regional institution-building and economic cooperation under ASEAN's leadership. This positive global and regional environment also allowed for India's slow but sustained integration into ASEAN led institutions, including the ASEAN Regional Forum, the ASEAN Defence Ministers Meeting-Plus and the East Asia Summit.

Today, in contrast to the last three decades, great powers are locked in an intensifying rivalry and their all-encompassing competition is slowing – if not reversing – the trends toward economic globalisation and technological collaboration across borders. The continuing war in Ukraine and the escalation of the conflict between Israel and Iran have cast a dark shadow over the ASEAN discourse.

Meanwhile, China's regional assertiveness, especially regarding maritime disputes in the South China Sea, has put enormous diplomatic, political and military pressure on ASEAN. To make matters more complicated for the region is the determination of the United States (US) to reclaim its military primacy in the region and the resultant tensions between the armed forces of the two nations all along the Western Pacific. The US has reinforced its bilateral alliances with Australia, Japan and South Korea, strengthened security support for Taiwan, promoted trilateral cooperation with Tokyo and Seoul, promoted triangular engagement with Japan and the Philippines, constructed the AUKUS alliance to build nuclear powered submarines for Australia with the United Kingdom. It has also revived the Quadrilateral Security Dialogue (Quad) with Australia, India and Japan. The intensification of US-China military conflict in the region and the economic de-globalisation are posing new challenges for ASEAN, which has long benefited from the US-China commercial cooperation.

Where does this leave India in relation to ASEAN? New Delhi's relative standing in the region has risen, thanks to its sustained economic growth and growing military capabilities. The Lowy Institute's annual ranking of regional power has indeed [elevated India](#) to the third position after the US and China. India's active participation in the Quad has given a new edge to India's regional role. New Delhi, which kept a low profile on regional security issues in the past, is now taking a more affirmative position. It has underlined ASEAN's centrality in the regional security architecture and has sought to reassure that the objective of the Quad is not to undermine ASEAN.

At the East Asia Summit, [Modi opposed](#) China's "expansionism" (without a direct reference to the country) and underlined the importance of Beijing abiding by the Law of the Sea in managing and resolving maritime disputes in the South China Sea. Modi also expressed support for ASEAN's efforts to manage the deepening internal crisis in Myanmar while insisting that engagement and not isolation of Yangon are critical for progress.

Over the last decade, India has also expanded bilateral military cooperation with several countries, most notably the Philippines. Intensifying defence cooperation with ASEAN collectively is also a high priority for India's regional security policy and the [joint statement issued after the India-ASEAN summit](#) reaffirmed the mutual commitments to strengthen cooperation in "maritime security, counterterrorism, cybersecurity, military medicine, transnational crime, defence industry, humanitarian assistance and disaster relief, peacekeeping and demining operations and confidence building measures."

One area of challenge that persists in the relations between India and ASEAN is trade. Although India's trade with ASEAN has doubled over the last decade to nearly US\$130 billion (S\$169.7 billion), the [trade deficit with the region](#) is mounting and now stands at about US\$44 billion (S\$57.4 billion). New Delhi has convinced itself that the sources of the deficit are in China's exports to India through the ASEAN route. ASEAN, in turn, has been frustrated at what it sees as growing protectionism in India.

The [India-ASEAN joint statement](#) underlines the importance of expediting "the review of the ASEAN-India Trade in Goods Agreement to make it more effective, user-friendly, simple, and trade-facilitative for businesses and relevant to the current global trading practices and promote mutually beneficial arrangements and strengthen economic cooperation between ASEAN and Indi." Translating this frequently repeated sentiment has not been easy but has become more urgent than ever.

ASEAN's economic size (US\$4 trillion [S\$5.2 trillion]) stands slightly larger than that of India (\$3.7 trillion [S\$4.8 trillion]) and its prospects for growth and technological innovation are impressive. New Delhi needs a fresh look at promoting trade and investment ties with the region. Outlining a strategy that focuses on removing internal obstacles and shedding old mindsets against regional trade is critical for an effective long-term Indian role in East Asia.

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