



## Asean Summit 2007 Setting India's Agenda

Institute of Peace and Conflict Studies

**VIBHANSHU SHEKHAR**

*Research Fellow*

*Institute of Peace and Conflict Studies*

### OVERVIEW

Ever since the first meeting in November 2002, India-ASEAN Summit meetings have given a definitive shape to India's Look East Policy (LEP) in terms of outlining its priorities and policy choices in a nuanced manner, and articulating its role in the region. The summit meetings have facilitated wide-ranging cooperation with the ASEAN countries by not only consolidating the existing areas of cooperation but also bringing several new and significant areas within the ambit of their cooperation. With a total India-ASEAN trade of approximately US\$31 billion in 2006-07, an operational India-Singapore FTA, and negotiations underway on various bilateral (India-Thailand) and regional (India-ASEAN) FTAs, India is poised for greater economic integration with ASEAN. Defence and security issues – international terrorism and maritime security are gaining importance in the LEP, which have further enhanced the strategic importance of India's engagement with ASEAN. Building up on their common concern of regional peace and stability, India-ASEAN security cooperation has moved towards areas of effective operation.

The Vientiane Plan of Action (VPA), adopted at the 3rd India-ASEAN summit in Vientiane, Laos in 2004, still remains the basic frame of reference for India's interactions with ASEAN countries. The VPA outlined the basic objectives of the LEP and identified a long-term agenda for India-ASEAN cooperation. The ASEAN countries have responded enthusiastically to the LEP with their own catchphrases such as the Look West policy, and 'India Fever,' thereby, creating more geostrategic space for India to maneuver and rebuild old historical, cultural, political and

economic ties.

Given the growing significance of India-ASEAN Summit meetings, it becomes necessary to know how India will and should position itself at the forthcoming 6th India-ASEAN Summit to be held in Singapore on 20-21 November 2007. What are the key issues India will be discussing at the Singapore summit? What are the new steps India should suggest to further India's integration with Southeast Asia? Will India be taking any corrective or bold step to overcome the existing difficulties facing the LEP such as stalled negotiations on the India-ASEAN FTA? These questions need to be addressed in the light of India's changing profile in the Asia-Pacific and of the challenges in India-ASEAN relations, which the LEP is grappling with.

### GROWING CHALLENGES

While the LEP has successfully positioned India as a major player in the entire Asia-Pacific, it has also exhibited various limitations, which can reduce the LEP to mere rhetoric and an unviable and self-defeating policy initiative. If these concerns are not addressed, the LEP - one of India's most successful policies of the post-Cold War era - may emerge as an ineffective, unreliable and an inward-looking policy. The performance of the LEP pales in comparison to the success of ASEAN's engagement with China that was, not long ago, viewed as a hostile and dominant power by the ASEAN countries. Some of these challenges are outlined below.

#### **Growing Gap between Announcements and Implementation**

During the last five years, India has announced

various long-term and short-term policy initiatives to speed up the process of integration with Southeast Asia and further strengthen India's strategic presence in the region. The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Mekong Ganga Cooperation are now considered defunct sub-regional organizations. The Comprehensive Economic Cooperation Agreement (CECA) with ASEAN, which was signed at the Bali Summit in 2003 and the liberalization of air-services, which was put forward in the VPA have remained non-starters, mired in procedural details. The gap between announcement and implementation can also be seen in India's bilateral cooperation with specific ASEAN countries.

### **Growing Resistance within India against the proposed India-ASEAN FTA**

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There is growing resistance within India against giving further concessions to ASEAN over several issues; (a) India's proposed timeline of 2018, (b) highly sensitive list and existing tariff barriers and (c) the issue of rules of origin. The issue of the negative list has reportedly been resolved after

ASEAN agreed to India's list of 490 items. On the grounds that its own small and medium enterprises (SMEs) will get exposed to early external competition from ASEAN SMEs, India has remained unwilling to revise its proposed deadline of 2018 for the elimination of tariffs. However, India faces a

dilemma, as Chinese, Japanese and South Korean SMEs will already be present in the Southeast Asian market by 2015. The widening trade deficit with ASEAN due to increase in the imports (mainly palm oil from Malaysia) has sent another warning signal to the Indian government and mobilized anti-FTA lobbies in India against giving any further tariff or non-tariff concession to ASEAN countries. India's industry associations – the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry (FICCI) have been putting pressure against any relaxation by the government on the issue sensitive lists.

### **Greater Connectivity Goes for a Toss**

Connectivity has emerged as a major thrust area for greater integration with the ASEAN region. India and the Philippines signed an agreement on establishing direct air-services between four cities of two countries. While the Philippine Airlines picked up New Delhi, Kolkata, Chennai and Mumbai as the destination cities, the Air India is yet to identify them. The Delhi-Hanoi Railway, which was launched in 2003 as a cooperative venture under the MGC, is still in its formative phase. The Tamu-Kalewa Road, which was envisaged in 1993, took more than eight years to be completed. Besides limited physical connectivity, India has not been able to facilitate people-to-people contact and interactions have remained confined to the governmental level. Consequently, India still remains a little known country in many parts of Southeast Asia such as the Philippines and Indonesia. One of the most important factors responsible for extremely limited connectivity between India and ASEAN is the prevailing mindset among the Indian policy makers that has turned the borders into an area of 'security concerns' requiring vigilance rather than view them as connecting links. The security factor has always been cited whether in the case of developing road and rail networks or easing visa regimes or liberalizing air-services.

As a result, many of these programmes have lost their timeliness and relevance due to bureaucratic entanglement and political indecisiveness. Policymakers have failed to realize that engagement with ASEAN is essential and urgently needed before it is too late if India wants to be taken seriously in the Asia-Pacific, a region where other powers are already jockeying for greater

influence. In a nutshell, a late-starter can not afford to be a slow runner. It is imperative that India shed its indecisiveness and take bold steps to implement what the country has offered. As of today, the LEP is too little, too late.

### INDIA'S AGENDA AT THE SUMMIT

Though the VPA provides an overarching framework for India-ASEAN cooperation, there is a need to implement what India has offered and find out new ways to strengthen India's strategic presence befitting its new image of a strong economy, expanding market, benign power and major player in the Asia-Pacific.

#### Expedite Movement towards Open Skies and Open Roads

India should give a major thrust to linking its northeastern states with mainland Southeast Asia and to the liberalization of air services. The completion of the Delhi-Hanoi Railway should be declared a priority area of cooperation. The liberalization of air-services will connect India with all the major cities of ASEAN countries, thereby facilitating quicker access to the ASEAN market – a prerequisite for strong economic cooperation and people-to-people networks.

Land-based connectivity will bring India closer to the largely underdeveloped and Buddhist mainland of Southeast Asia. The Indian diaspora, meanwhile can act as an important vector for the policy of people-to-people contacts.

#### Break the Logjam over ASEAN-India FTA

India should try developing a middle ground on the FTA negotiations with ASEAN as India can not be a part of Asian Economic Community without integrating with ASEAN economies. India's proposed deadline of 2018 for the removal of tariff barriers will be self-defeating since ASEAN economies will already be integrated with the economic power houses of Northeast Asia by 2015. India's access to ASEAN market in 2018 will not yield much gain since the ASEAN market will by then likely be dominated by Chinese or Japanese goods. Moreover, India has to make sure that it does not fall victim to Malaysia's perceived design of 'no FTA without concession on palm oil.'

#### Develop Ways and Means to Check the Instability of Financial Institutions

The instability of financial institutions is another important area in which India needs to work closely with ASEAN countries. As the economies of the Asia-Pacific get more and more integrated, crisis in one country will severely affect the economies of other countries. The Asian financial crisis of 1997 is the best example of shared vulnerability.

Issues of stability of financial institutions and currency swapping can be discussed and accepted in principle and a mechanism might be proposed to discuss the modalities.

nothing extraordinary can be expected at the 6th India-ASEAN summit in Singapore, given growing opposition within India against conceding further to ASEAN on the FTA issue.

#### Cooperative Maritime Security Regime

Both India and ASEAN have shared security threats emanating from non-traditional and non-state actors. Phuket, which is very close to the Andaman Islands, is emerging as a centre for organized crime. Interestingly, most of these issues are essentially maritime in nature. Though India has expressed its willingness to help ASEAN in addressing maritime security threats, no concrete plan of action has been proposed. While the training module offered by India at the ARF summit in July 2007 is a welcome sign, India needs to offer greater security or defence related content in the summit along the lines of capability building of ASEAN countries against sea-piracy and maritime terrorism.

#### Promote Soft-power and Capacity Building

India's capacity-building initiatives in ASEAN have not been in tune with India's soft power and the scale of such programmes has remained minimal. There has to be greater effort aimed at enhancing the capacity of the weak and poor CLMV (Cambodia, Laos, Myanmar, and Vietnam), corresponding to ASEAN's Initiative for ASEAN Integration (IAI). The capacity-building programme

is initially targeted at developing the human resources in the Indochina countries by establishing training centres, offering English language courses and educating them in software applications and entrepreneurship.

India should not only increase the scale of its assistance to the CLMV countries but also expand the areas of assistance. Issues of institution-building, governance, and developing a skilled work-force have either not been addressed or remain on the margins. Much of the cooperation has remained confined to the governmental initiatives.

### **Energy Security**

Energy is emerging as an important issue driving India-ASEAN relations. In order to meet increasing energy demand due to its growing economy, India has, of late, begun to focus on energy security as an important area of cooperation with ASEAN countries and with the larger body of the East Asia Summit. India has also underscored the need for developing cooperative approaches to energy security at the 14th ARF meeting in Manila in 2007. India has engaged ASEAN countries both bilaterally and multilaterally at ASEAN level to address its growing energy needs. Energy has emerged as an important strategic issue in the entire Asia-Pacific region further propelled by the growing energy needs of China as well. An example of the tussle between India and China can be seen in Myanmar over the supply of natural gas.

Energy will figure in the deliberations of both the India-ASEAN and East Asia Summits. While the formation of an Asia-wide energy grid can be proposed at the East Asia Summit, the liberalization of power trade regime should be discussed during the India-ASEAN Summit to ensure cheaper flow of energy. Cooperation in the joint development of renewable sources of energy will also figure both in the India-ASEAN Summit as well as in the East Asia Summit.

### **Conclusion**

While the last three years offered India an opportunity to make various policy

announcements as a part of the LEP, it is high time India took effective steps to implement those initiatives. It is believed that nothing extraordinary can be expected at the 6th India-ASEAN summit in Singapore, given growing opposition within India against conceding further to ASEAN on the FTA issue. India should take steps to address three important elements of the LEP – overcoming its limitations, opening new areas for integration, and positioning India as an important stakeholder in the Asia-Pacific. These issues need to be addressed before it is too late.



**INSTITUTE OF PEACE  
AND  
CONFLICT STUDIES**

B 7/3 Safdarjung Enclave,  
New Delhi 110029 INDIA