

Topic - India's Look East Policy : Future Role in Asia Pacific
Region

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ABSTRACT

Title : India's Look East Policy : Future Role in Asia Pacific Region

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The aim of the research is to critically examine the rapidly changing geo-political situation, emergence of new regional groupings, re-defined political and security architecture in the Asia-Pacific Region and review the current status and the drawbacks in India's 'Look East Policy' with a view to formulate India's strategy for the future.

The hypothesis being pursued in the research is that in view of the changed contours of the dynamic geo-political competition in the Asia Pacific Region, India's 'Look East Policy' needs to be realigned, to base it on 'interest based collaboration' with ASEAN and countries in North East Asia, with a view to maximise India's strategic options, enhance economic growth, bring stability to the region and optimally serve India's national objectives.

The research methodology is by qualitative research method, data available from relevant books in libraries, on the internet, from journals/periodicals, interview with Indian Ambassador to Thailand, views of eminent think tanks, policies of the Government of India, ASEAN and other countries in the region, personal travel within Thailand as well as visits to Vietnam, Cambodia, Laos and border regions of Myanmar.

The research is multi-dimensional to cover all facets of India's Look East Policy with a view to generate options for future foreign policy, economic cooperation, defence engagement and integration into the future regional economic and security architecture in the Asia Pacific region.

While the introduction is in Chapter 1, the background of India's 'Look East Policy' and current engagement with the region are in Chapters 2 and 3. The geo-political and geo-economic landscape of the region are covered in Chapter 4. The final Chapter highlights the implications for India and gives out recommendations in three spheres ie geo-political, future engagement with ASEAN and India-Myanmar relations.

The research is an attempt to provide an in-depth study of India's 'Look East Policy' and aims to provide recommendations for the future contours of the Policy in view of the rapid geo-political changes taking place in the region.

PREFACE

India has been connected for centuries by historical civilizational links with South East Asia, however, after attaining Independence in 1947, with a policy of non-alignment and the impact of the Cold War, India did not have a clearly defined policy for engagement with the region until 1991. Consequent to comprehensive economic reforms, it was then that Indian PM Narasimha Rao, formulated the 'Look East Policy' to pursue engagement with South East Asia essentially along two dimensions ie security and economic.

India's economy in the future is expected to be the world's second largest by 2050 with the maximum trade being with countries in Asia-Pacific region; mostly through the Malacca Straits. There is a need for India to formulate a cogent strategy for the future if it has to play an important role in an 'Asian Century'.

Hence, it is felt that India's 'Look East Policy' now needs to be re-oriented in view of the recent fast paced events taking place in the Asia Pacific region like the sudden resurfacing of territorial disputes in the South and North China Seas, unprecedented growth of China, US rebalancing strategy, differences of opinion within ASEAN, Japan's rising nationalism, security of SLOCs, the impact on future trade engagements, terrorism, piracy and the large number of multilateral groupings that have emerged, which will affect India's national objectives for the future.

The rapidly changing geo-political scenario in the Asia Pacific region provides both challenges and opportunities for India. India's options would largely depend on its assessment of the nature of responses by major global powers and the stand taken by various countries in the region to the territorial disputes in the South and East China Seas.

A critical examination of India's 'Look East Policy' is required to understand the contours of the emerging balance of power in the region and Indian imperatives in pursuit of its core national interests. The drivers so identified would assist in identifying future macro policy choices and preferred strategic option for its 'Look East Policy'.

The views expressed are my own, based on data researched, and do not reflect the policy of the Government of India.

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CHAPTER 1

INTRODUCTION

“The potential for India’s partnership with ASEAN is immeasurable. What we see in the Asia-Pacific region cannot be called a clash of civilizations but a mesh of interwoven religious, ethnic, racial, linguistic and professional strands. I am consciously including India in this reality and the vision of the Asia-Pacific that I propound” .¹

Indian Prime Minister Narasimha Rao

Architect of India’s ‘Look East Policy’ - 1994

Introduction

1. The Asia Pacific is emerging as an economically vibrant region and has become the focus of engagement and competition between many of the world’s major powers. The evolving strategic landscape of the region is essentially marked by an increasing contest between US and China. The centre of gravity for global opportunities is veering towards Asia because of its sustained economic growth.² Over the last 30 years, Asia’s share of global GDP has tripled; standard of living has risen six times and half a billion people have been brought out of poverty. Over the next five years, nearly 50 percent of all growth outside the US is expected to come from Asia.

2. Within Asia, fast paced events taking place like the unprecedented growth of China, Japan’s resurgence, rising tensions in the South and North China Seas, US rebalancing strategy³, differences of opinion within ASEAN and emergence of a large number of multilateral groupings which are altering the balance of power in the region. There are also several existential security challenges in the region that include terrorism, nuclear proliferation, the Korean issue, Taiwan and security of SLOCs.

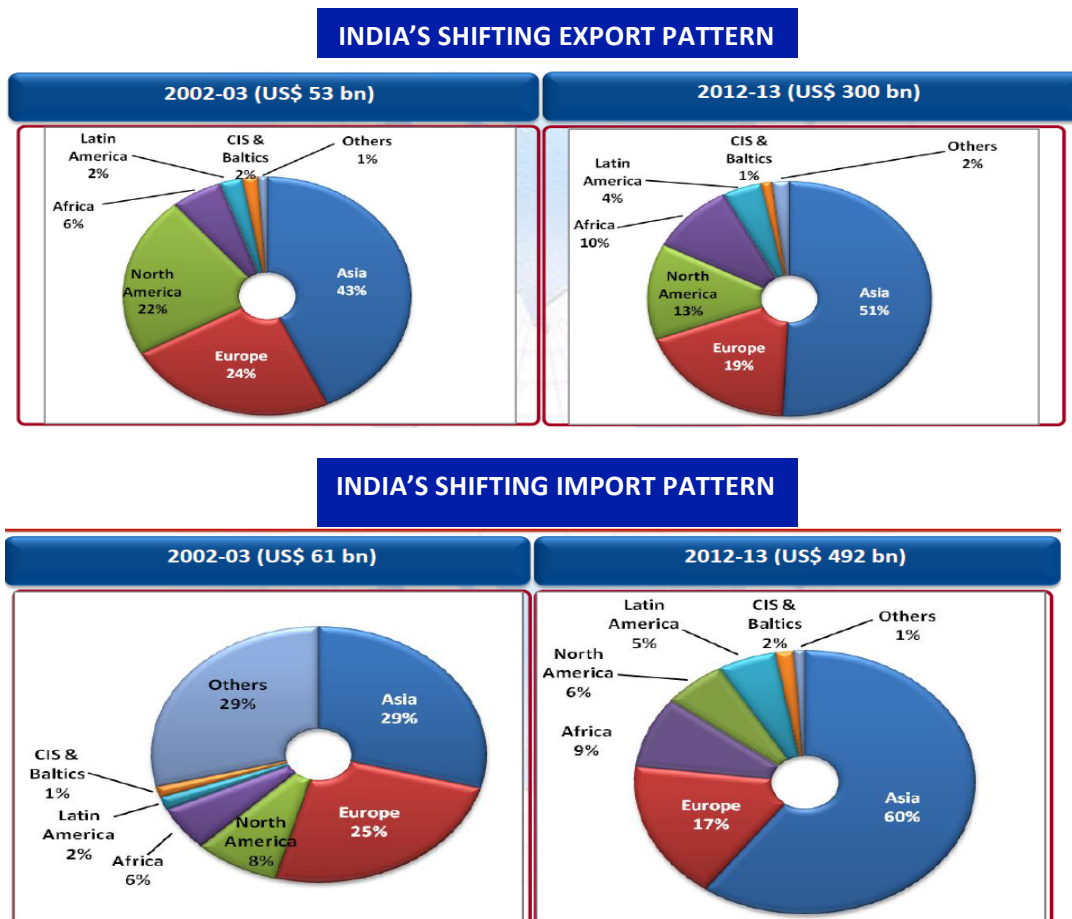
¹ P.V.Narasimha Rao, PM of India, “India and the Asia-Pacific: Forging a New Relationship” (Singapore, Institute of Southeast Asian Studies, 1994.

² Robert Gates, Secretary of Defence, US, “Challenges to Stability in the Asia Pacific”, The 7th Asia Security Conference, Shangri-La Dialogue 2008”, Shangri La Hotel, Singapore 31 May 2008.

³ Clinton Hillary, “America’s Pacific Century”, *Foreign Policy*, November 2011, http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century.

3. The 'East' with which India redefined its relationship in early 90s, under its 'Look East Policy' has thus changed beyond recognition. A framework for regional growth is being provided by ASEAN based on the three pillars 'of political and security, economic and socio – cultural cooperation', and the organisation is emerging as a 'power' in its own reckoning while progressing towards creation of an ASEAN Economic Community by 2015.⁴ The geo – political landscape has been further altered with the emergence of East Asia Summit (EAS) wherein ASEAN has added China, Japan, South Korea, India, Australia and New Zealand in this grouping.⁵ Thus, the contours of India's Look East Policy which were earlier only South East Asia oriented, have to factor in these countries also.

Figure 1.1 : India's Shifting Export And Import Patterns



⁴ Lee Hsien Loong, Prime Minister of Singapore, 'Keynote Address' at the 7th Asia Security Conference, Shangri-La Dialogue 2008, Shangri-La Hotel, Singapore 30 May 2008.

⁵ This regional grouping includes 10 members of ASEAN Plus three: China, Japan, Republic of Korea. Plus : Australia, India and New Zealand (Total 16 countries).

4. With India's trade with countries in the region growing exponentially **and more than 50% passing through the Malacca Straits**, such uncertainties about the evolving regional equilibrium pose a strategic dilemma for India. The economic costs for India missing the 'Asian Century' would be huge. In case not pursued correctly, India's GDP may only reach 12 Trillion Dollars (real terms) by 2050 and constitute only 6% of the global GDP instead of the possible 40 Trillion Dollars viz 14% of the world GDP.⁶

Statement of the Problem

5. **Challenges.** The rapidly changing geo-political scenario in the Asia Pacific region provides both challenges and opportunities for India. India's options would largely depend on its assessment of the exact contours of the evolving Sino-US relationship and the stand taken by various countries in the region to the territorial disputes in the South and East China Seas. India faces a dilemma where, on the one hand, it desires to maximise the benefits accruing from the emergence of China in its neighbourhood, but on the other, does not want to let go of the historic opportunity of enhancing its power status in the region albiet with the support of other powers. There is also the pragmatic concern of avoiding being drawn into an unintended conflict which will distract it from its domestic economic growth imperatives.

6. **Current Limitations of Look East Policy.** Undoubtedly, the past two decades of Look East policy have provided the foundation for rapid growth of India-ASEAN relations for the future. Yet, a critical and objective analysis of the policy would indicate that its full potential has not yet been realized. Connectivity between India and the ASEAN region is still poor, trade volumes are below potential, investments in each others' economies remain low and visa restrictions continue to prevail thereby restricting trade and tourism. India led engagements within the purview of the Look East Policy, like Bay of Bengal Initiative for Multi-Sectoral and Technical Cooperation (BIMSTEC) and Mekong-Ganga Cooperation (MGC) are performing much below their potential. Many ASEAN countries (except those having territorial disputes) are not yet comfortable with the idea of enhancing cooperation in defence and security with India due to the China factor; which is limiting engagement. A major lacuna in India's Look East Policy has been the absence of deep engagement with Myanmar, which is not only India's neighbour—sharing a land border with India—but also a gateway for India to East Asia.

⁶ 'Asia 2050- Realising the Asian Dream', Report by Asian Development Bank, 2011, pg 120.

7. **Way Ahead.** A critical examination of India's Look East Policy is required to understand the contours of the emerging balance of power in the region and Indian imperatives in pursuit of its core national interests. The drivers so identified would assist in identifying future macro policy choices and preferred strategic option for its Look East Policy.

Aim of Research

8. To critically examine the rapidly changing geo-political situation, emergence of new regional groupings, re-defined political and security architecture in Asia-Pacific Region, review the current status and the drawbacks in India's Look East Policy with a view to formulate a strategy for the future.

Hypothesis

9. In view of the changed contours of the dynamic geo-political competition in the Asia Pacific Region, India's "Look East Policy" needs to be realigned, to base it on 'interest based collaboration' with ASEAN and countries in North East Asia, with a view to maximise India's strategic options, enhance economic growth, bring stability to the region and optimally serve India's national objectives.

Literature Review

10. The literature review involves the following :-

- (a) Origins and early phase of India's Southeast Policy.
- (b) Rationale for the policy to be rechristened as 'Look East Policy' after the end of the Cold War.
- (c) Politico-strategic gains accrued by the Look east Policy after integration with ASEAN.
- (d) Initiatives launched by India within the purview of the Look East Policy ie BIMSTEC and MGC.
- (e) The impact on the sphere of the Look East Policy to include North East Asia once India joined the East Asia Summit (EAS).
- (f) Detailed evaluation of India's current engagement with ASEAN and East Asia.
- (g) A comprehensive study of India-Myanmar relations as Myanmar is its 'land bridge' to East Asia.

- (h) Growing geo-strategic importance of Asia Pacific Region to include the economic dimension and security scenario (territorial disputes and future security challenges) which impact and thus necessitate a review of the Look East Policy.
- (i) A geo-political assessment of the stakes of key players in the region ie US, China, Russia, Japan and Vietnam **and implications for India.**

Scope of Research

11. The scope includes the following:-

- (a) A historical perspective of nearly four decades of India's minimal engagement with Asia-Pacific region and the post-cold war re-engagement under the Look East Policy.
- (b) Recapitulation of the framework within which the Look East Policy has been implemented since 1991 and the results achieved.
- (c) A strategic analysis of the Asia Pacific region to determine the changed economic, geo-political and security environment and implications thereof.
- (d) Determining the interests of major global players and core areas of engagement with all nations in the region.
- (e) Recommendations to realign the future contours of the Look East Policy to meet the dynamic challenges that have taken place in the region.
- (f) The conclusions and recommendations will have a 10 to 12 years perspective.

Methodology

12. The research methodology is by qualitative research method, data available from relevant books in libraries, on the internet, from journals/periodicals, interview with Indian Ambassador to Thailand, views of eminent think tanks, policies of the Government of India, ASEAN and other countries in the region, as well as personal travel within Thailand and visit to Vietnam, Cambodia, Laos and border regions of Myanmar.

13. The research is multi-dimensional to cover all facets of India's Look East Policy with a view to generate options for future foreign policy, economic cooperation, defence engagement and integration into the future regional economic and security architecture in Asia Pacific region.

14. The Research Paper is divided into the following parts:-

(a) **Chapter 1: Introduction.** An introductory brief of the policy, aim of the research, hypothesis, literature review, scope, methodology and benefits of research.

(b) **Chapter 2 : Background of India's 'Look East Policy'.** The origins and early phase, India's Southeast Policy after the end of the Cold War christened as 'Look East Policy' and integration into the ASEAN architecture. India's initiatives within the policy like the Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC) and Mekong Ganga Cooperation (MGC). The expansion of the sphere of the policy to include North East Asia once India joined the East Asia Summit (EAS) and the politico-strategic gains accrued.

(c) **Chapter 3 : India's Spectrum of Engagement with ASEAN and East Asia.** The main tenets of relationship with ASEAN, wide array of cooperation, Summit level engagements and the Five Year Plans. India's relations with Myanmar, Kaladan and Dawei Projects, Trilateral Highway between India-Myanmar-Thailand and India's relations with North East Asia with focus on Japan and South Korea.

(d) **Chapter 4 : Emerging Geo-Political Realities In Asia-Pacific Region.** Geo-strategic importance of the region in the economic and security dimensions. An overview of the territorial disputes, the geo-political stakes of global players, their strategic options, expanding multilateral web, dynamics within ASEAN and non traditional threats. A summation of geo-political situation to highlight the clashing strategic dynamics and their implications for India.

(e) **Chapter 5 : Summary and Recommendations.** A theoretical examination of options for India, the implications of the geo-political situation and emerging geo-strategic options for India. Recommendations for future geo-political role, future direction of India-ASEAN relations, measures to enhance India-Myanmar relations and re-orienting BIMSTEC for the future.

Research Utilizations

15. The research would have the following benefits :-

(a) Provide an in-depth study of the current status of India's Look East Policy.

(b) Give an evaluation of the potential for augmenting trade, HRD, cultural and historical links.

(c) Explore the possibilities for enhancing connectivity to the region for future economic growth.

(d) India has a huge talent in IT, S&T, engineering, space technology etc. The research will identify the measures that can be taken to spread this talent to the region.

(e) The region has a large number of forums, bilateral and multilateral structures. The study will provide recommendations for engagement to meet India's future national objectives.

(f) There are increasing security challenges that are emerging in the region due to rivalry between major players. The research will be able to evaluate future strategic options for India.

CHAPTER II

BACKGROUND : INDIA'S 'LOOK EAST POLICY'

*The 'Look East Policy' is more than a slogan, or a foreign policy orientation. It has a strong economic rationale and commercial content. We wish to look East because of the centuries of interactions between us'*⁷

Indian Prime Minister Manmohan Singh

Origins and Early Phase

16. The historical engagement between India and the countries of South-east Asia is evident from the interaction between scholars and traders over thousands of years and the manifestation of these can be seen in the large number of religious-cultural monuments; many of which have become tourist attractions in several countries of the region. The Look East Policy is not new, but a continuation of its earlier policy toward Southeast Asia since the Asia Pacific region had always attracted the attention of India's foreign policy makers.

The Early Years upto the 80s

17. **Asian Federation : A Dream.** In the mid-1940s, Nehru's ideas about Southeast Asia were influenced by feelings of solidarity with the countries struggling to free themselves from the colonial oppression and he talked about a future 'Asian Federation' and India's possible leadership in it.⁸ Nehru wrote in 1944 in *The Discovery of India* :

*'The Pacific is likely to take the place of the Atlantic in the future as the nerve centre of the world. Though not directly a Pacific state, India will inevitably exercise an important influence there. India will also develop as the centre of economic and political activity in the Indian Ocean area, in Southeast Asia, right up to the Middle East. Her position gives an economic and strategic importance in a part of the world which is going to develop in the future.'*⁹



⁷ Manmohan Singh, PM of India at 'the Third India-ASEAN Business Summit', New Delhi, 21 October 2004.

⁸ Baladas Ghoshal 'India and Southeast Asia: Mrs. Indira Gandhi's Years of Power', New Delhi, 1988.

18. Asian Relations Conference 1947. Those ideas found manifestation in India's decision to convene the Asian Relations Conference in 1947 to bring the Asian countries closer to each other in their future destiny.¹⁰ The experience in the conference, however, had a sobering effect on Nehru when he realised that Asian solidarity was more emotional than real and that many Asian countries with fresh memories of brutal Japanese colonialism were not very enthusiastic about another Asian country showing signs of leadership in the region. More importantly, India itself was immersed in its post-partition trauma and rehabilitation of its people, economy and the polity. Immediately after independence, India had neither the economic resources nor the military capability to influence developments in Southeast Asia. This prompted Indian policy makers to focus and concentrate most of their energies and resources on the countries that could help it to overcome those weaknesses. Consequently, India's foreign policy was more focused toward its relationship with the US, the Soviet Union and Europe. Pakistan and China received special attention for the problems that India began to confront in its relationship with those countries immediately after its independence. India did not have any immediate problems with Southeast Asia that could lend any special importance in its foreign policy to the region.

19. Impact of Non-Alignment. India's interest in Southeast Asia from the 1950s through to the 1980s was mainly desultory and never assumed a coherent or well thought out policy approach. It also lacked backing by diplomatic and other capabilities. The principle that guided India's foreign policy was 'nonalignment', which essentially was a posture vis-à-vis the two superpowers, namely the US and the Soviet Union; a formulation arising out of the Cold War. Nonalignment did bring huge dividends in terms of relations with the two super powers and in the process lent India prestige and status in the world. India played the role of a mediator in many international situations, e.g. the Korean War and the Geneva Conference in 1954 when the two super powers had not yet evolved any mechanism like summit diplomacy to resolve any crisis. However, nonalignment as such did not provide any policy framework for dealing with the rest of the world. As a result, India's Southeast Asia policy did not have any clearly defined goals or objectives, except a generalised principle of promoting friendly relations with the countries bound by history and cultural links.

⁹ Jawaharlal Nehru, *The Discovery of India*, quoted in Sudhir Devare, "India and Southeast Asia: Towards Security Convergence", Institute of Southeast Asian Studies, Singapore, 2006.

¹⁰ Jawaharlal Nehru, *Speeches*, Vol.1 (1946-49) and Vol.2 (1949-53), Publications Division, Government of India (Delhi:Government of India, 1949 and 1953).

20. Diplomacy by Proclamation. In the absence of hard or soft power-wielding tactics to promote its interests in the region, India took resort to what an analyst of India's foreign policy of that period called 'diplomacy by proclamation' ie building bridges with Asian countries on the basis of adherence to certain principles in international conduct based on non-alignment, anti-colonialism, anti-imperialism and anti-racialism. In a sense, the policy paid dividends for some time, particularly in India's relations with Indonesia and Burma. In the rest of Southeast Asia, this policy had no resonance, and India practically had no relations with countries like Thailand and the Philippines, which along with Pakistan became a part of the American alliance system Southeast Asia Treaty Organisation (SEATO) in 1954. India's setback against China in 1962 served a severe blow to India's regional and international standing.

21. Period of Instability. In the 1950s, India's model of development – democratic polity with a mixed economy, was still attractive to some countries in Southeast Asia. In the 1960s, India's democratic polity was viewed negatively, particularly after the political instability in India following the Congress party debacle in 1967. Its economic development model was seen as stagnant and India became irrelevant to Southeast Asia. It was in this environment and with the ongoing American war in Vietnam, Cambodia and Laos that the ASEAN was established at Bangkok in August 1967, by Indonesia, Malaysia, Philippines, Singapore and Thailand with pronounced objectives of cultural and economic co-operation and of establishing peace and stability in the region. In practice however, ASEAN was a product of the Cold War and was dedicated to un-written goal of containing Communism.¹¹ Political and strategic differences between India and the ASEAN arising from the Cold War widened the divide further.

22. The Perceptual Divide Deepens.

(a) Henry Kissinger's secret visit to China facilitated by Pakistan and the American opening to China to curtail Soviet power possibly triggered the Soviet Union to sign a Friendship Treaty with India enmeshed in a conflict with Pakistan.¹²

(b) After the Indo-Soviet Treaty of 1971, India continued to stand by its avowed policy of nonalignment, but to the ASEAN countries India had already chosen the side of the Cold War between US and the Soviet Union. Similarly, India looked at the ASEAN countries as followers of the Western capitalist model of development and an unabashed supporter of the Western strategy in Asia. Such differences in the perception of each

¹¹ Frederic Grare, "India and ASEAN : The politics of India's Look East Policy." New Delhi, 2001, p.121.

¹² Ashok Kapur, "Indo-Soviet Treaty and the Emerging Balance of Power in Asia", Asian Survey, Vol 12, No. 6, June 1992, pp.463-474.

other became even more problematic after the Soviet invasion of Afghanistan and the Vietnamese invasion of Cambodia in the late 1970s.

(c) The Vietnamese invasion of Cambodia and India's support for the Vietnamese-installed government of Heng Samarin heightened the perception of the ASEAN countries of India's abandonment of its policy of nonalignment and joining the Soviet Union and its proxy, Vietnam. The ASEAN countries condemned the Vietnamese aggression and brought together the Coalition Government of Democratic Kampuchea (CGDK) in which the murderous Khmer Rouge became an important element.

Conversely however, it laid the foundation of Indian's special relationship with the countries of Indo-China Region (Vietnam, Cambodia and Laos).

(d) In the Third Indo-China War, India and the ASEAN countries supported opposing parties to the conflict and that widened their differing perspectives on international issues affecting the region.

India's Southeast Policy after the end of the Cold War, christened as 'Look East Policy'

23. Earlier in the pre-1990 period, the focus was mostly on bilateral relations between India and the countries of the region as part of New Delhi's engagement with Southeast Asian neighbours. Though China undoubtedly, was a part of the calculation behind that policy, yet it was only one among many elements in India's approach to the region. The resources and capabilities that were required to achieve the desired goals were never put into operation until the end of the Cold War when India suddenly felt a sense of envy for the overall development that ASEAN had made within a period of three decades and realized that the countries in the region could help India to integrate itself with the global economy.

24. **Architect of India's 'Look East Policy'**. India's Look East Policy initiated in 1990-91 was a well-crafted and visionary foreign policy strategy initiated by then Indian Prime Minister P V Narasimha Rao. To him and him alone goes the credit of reversing India's economic and foreign policy directions which put India on the path of economic liberalisation and divesting India of its erstwhile idealistic foreign policy mind-sets. From early 1990s onwards, India mobilised its diplomatic, political and economic resources to its optimal level to achieve multidimensional relations with the countries of Southeast Asia.

25. **Pragmatic Re-Assessment.** This was undertaken in the backdrop of the end of the Cold War and the breakdown of ideological barriers which led to a more pragmatic approach by India.¹³ The ground realities in the Asia-Pacific region had similarly changed. The Indo-China nations with which India had shared special relationship were also admitted into the folds of ASEAN during this period with Vietnam, Laos and Cambodia joining in 1995, 1997 and 1999 respectively. Myanmar, joined the grouping in 1997. Southeast Asia appeared to be most attractive to India for more than one reason as under :-

(a) **Spectacular Growth of ASEAN.** Most countries in the region had already opened themselves to the global market and attained spectacular economic growth within so short a period that it attracted the attention of global investors. So much so that the World Bank and other international financial institutions were flaunting it as an economic miracle and a model for developing countries.¹⁴

(b) **Opening up of Indian Economy.** Southeast and East Asian countries too soon began to take note of India's economic reforms and the potential of its vast market opportunities, evident from ASEAN's readiness to offer India the status of sectoral, and later full dialogue partnership.

(c) **Economic Interdependence in Globalised World.** The entry of the ASEAN countries into globalisation and their economic development created interdependence and gave stimulus to regional integration. India's frustration with the slow progress of the South Asian Association for Regional Cooperation (SAARC), mainly due to the India-Pakistan imbroglio, led it to look towards the ASEAN as an entry point for its integration with the global market as it wanted to be a part of its extended neighbourhood in the Asia Pacific region.¹⁵

(c) **Rediscovering Ancient Roots.** India's Look East Policy was also an attempt to rediscover Asia, restore its historical, cultural and economic relations with the region, long neglected, particularly during the period 1960-1990. **The history of India-Southeast relations during this period was of many lost opportunities and it was not willing to lose any more.**

¹³ Baladas Ghoshal, 'India and ASEAN: Political Partnership into the 21st Century', and K.S.Nathan, "India and ASEAN: The Growing Partnership for the 21st Century", Institute of Diplomacy and Foreign Relations, Kuala Lumpur, 2000.

¹⁴ The East Asian Miracle: Economic Growth and Public Policy, World Bank Policy Research Report, Oxford University Press, New York, 1993.

¹⁵ K.S.Nathan, a Malaysian scholar in 'The Strategic environment of India-ASEAN Relations at the turn of the Twenty First Century', in K.S.Nathan, (ed) India and ASEAN, p.8, op cit.

26. **Main Thrusts of Look East Policy.**

(a) **Economic Dimension.** The Look East Policy initially began with its main thrusts towards developing closer economic relations with its immediate neighbour, Southeast Asia. However, as its economic and security interests broadened, especially after India joined the East Asian Summit (EAS), India found it necessary to extend this policy to South Korea, Japan, Australia and to bring even China within its gambit being convinced that its future and its best economic interests and rapid growth 'are served by greater integration with East Asia'.¹⁶

(b) **Security Dimension.** The objective of the policy is also to expand its area of influence by developing security relations in all directions, especially so in Southeast Asia, with a view to protect its own security and its pursuit of economic interests in the region. It is perceived that the security element in India's Look East Policy received a more assertive diplomatic endeavour after India declared itself as a nuclear state in May 1998. While most of the ASEAN countries then criticised India's nuclear tests because of its avowed policy of a nuclear-weapons free zone, it created another Asian power breaking the monopoly of the West and one that would be useful for balancing the other Asian nuclear power, China.¹⁷

27. **Integration of India into ASEAN Architecture.** A further manifestation of the growing political and economic interaction was the ASEAN's decision to confer upon India, first the Sectoral Dialogue Partnership in 1992 and then the Full Dialogue Partnership in 1995. This enabled India not only to initiate greater economic interaction with the ASEAN region, but also provided its political leadership an opportunity to regularly interact with the ASEAN leaders and policy-makers and to build common approaches to many issues of regional and international importance. India now participates in a series of consultative meetings with the ASEAN under the ASEAN-India dialogue relations, which include summits, ministerial meetings, senior officials meetings and meetings at experts level, as well as through dialogue and cooperation frameworks initiated by ASEAN, such as the ASEAN Regional Forum (ARF), the Post Ministerial Conferences (PMCs) 10+1 and the EAS.

¹⁶ 'Address of the Indian External Affairs Minister, Mr. Pranab Mukherjee, at the Institute of Foreign Affairs and National Security, Republic of Korea on India's 'Look East Policy', September 17, 2007.

¹⁷ The above assumption is based on views of many think tanks, conferences and seminars.

28. ASEAN- India Summits : Important Milestones.

(a) **1st ASEAN-India Summit 2002 in Phnom Penh, Cambodia.** The relationship was elevated with the convening of the first ASEAN-India Summit.¹⁸ It was considered an acknowledgement of India's emergence as a key player in the Asia Pacific Region and the strong commitment and valuable contribution that India can make towards regional peace, stability and prosperity.¹⁹

(b) **2nd ASEAN - India Summit October 2003 at Bali, Indonesia.**

During this Summit, India acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC) and also signed a Joint Declaration for Cooperation in Combating International Terrorism thereby demonstrating its commitment for shared interest in ensuring peace, security, stability and development in Southeast Asia.

(c) **3rd ASEAN-India Summit November 2004.** As the next step, the ASEAN-India Partnership for Peace, Progress and Shared Prosperity was signed envisaging strengthening of 'cooperation in the UN and the multilateral fora' and focusing on 'the development of regional infrastructure and intra-regional communication links to facilitate greater movement of goods and people as well as cooperation in S&T'.

(d) **8th ASEAN-India Summit October 2010.** At this Summit, the Leaders reaffirmed their commitment to achieve bilateral trade target of \$US 70 billion by 2012. India's total trade volume with East Asian economies is now more than its trade with the EU or the US. What is also important is that more than half of India's trade now goes through the Malacca Straits. As a natural corollary, protection of trade and economic interests requires strategic planning that involves security cooperation as well.

(e) **11th India-ASEAN Summit at New Delhi December 2012.** On the verge of the third decade of India's 'Look East Policy', ASEAN accepted India as a full-fledged "Strategic Partner" at this Summit held to commemorate 20 years of partnership.

The validity of India's 'Look East Policy' and its record of 'Act East' stood validated.

¹⁸ Satu Limaye, 'India-East Asia Relations: Weakest Link, but not Good Bye', available at csis.org/files/media/isis/pubs/0204qindia_easia.pdf.

¹⁹ While characterising the first ASEAN-India summit in November 2002 as a 'high point' one analyst says, 'However, India is not included in the ASEAN Plus Three grouping that includes China, Japan, and South Korea as ASEAN's partners. Instead India is tacked on to ASEAN in a "Plus One" relationship. This formulation, too, speaks to the "weakest link" characterization of India's role relative to ASEAN's other Asian partners'. Ibid

Figure 2.1 : Indian PM with ASEAN leaders at Commemorative Summit 2012



India Joins the East Asia Summit (EAS)

29. Originally, developing economic ties with members of ASEAN had been the principle objectives of India's Look East Policy which was a narrow interpretation of the policy.²⁰ EAS was conceptualized under recommendation from the ASEAN + 3 (the three being China, Japan and South Korea). This process was established in 1997 and institutionalised in 1999, as a response to the Asian Financial Crisis of 1997. Since then, the ASEAN + 3 has been playing a major role in community building in East Asia with China as the main driving force. Zhao Gancheng explains, China has many stakes in the region and, therefore, actively participated in the regional integration '*by not only keeping close contacts with ASEAN, but also getting fully engaged with other major players*'.²¹ In December 2005, India attended the first EAS, held in Kuala Lumpur, Malaysia. This meant inclusion of China, Japan, South Korea, India, Australia and New Zealand with ASEAN at its core **and thus the inherent expansion of India's Look East Policy to these countries beyond ASEAN.**

²⁰ Pranab Mukherjee, Minister of External Affairs, India. "Look East Policy." Seminar on Look East Policy, Shillong, 16 June 2007. <<http://www.meaindia.nic.in>>. path: Home; Speeches/ Statements; 16 June 2007.

²¹ Zhao Gancheng, 'India's Look East Policy: A Chinese Perspective', in P.V.Rao, India and ASEAN: Partners at Summit, op cit.

Other Initiatives within the Purview of LEP

30. Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC).

Figure 2.2 : Leaders at BIMSTEC Summit 2014



- (a) The sub regional organization was initially constituted as BIST-EC, Bangladesh-India-Sri Lanka-Thailand economic cooperation, in June 1997 at Bangkok, with the primary objective of promoting economic cooperation amongst neighbouring countries which had different levels of economic development but whose diverse natural resources and geographical contiguity, it was believed, could provide complementarities for economic growth. Myanmar joined in December 1997, Bhutan and Nepal in February 2004. During the first summit of this expanded group at Thailand, in July 2004, the organization was re-christened as BIMSTEC.²²
- (b) The organisation is a bridge between South and Southeast Asia and provides an additional ‘track’ for evolving relations with India’s Eastern neighbours. It is viewed as a building block for the larger East Asia community.²³
- (c) The areas of cooperation under BIMSTEC have expanded from original 6 to now 13 - Trade & Investment, Technology, Energy, Fisheries, Agriculture, Cultural Co-operation, Public Health, People-to-People Contact, Poverty Alleviation, Transport & Communication, Tourism, Environment & Disaster Management and Counter-Terrorism & Transnational Crimes. India is the lead country in the last four.

²² About BIMSTEC, 20 June 2008. <<http://www.bimstec.org/>>

²³ Rajeev Sharma. “PM Lays out Contours of BIMSTEC cooperation”. The Tribune, 10 August 2006.

(d) There is a BIMSTEC Working Group (BWG) comprising the Bangkok-based Ambassadors of the BIMSTEC member countries and the Director General, International Economic Relations of Thai Foreign Ministry. The BWG holds regular monthly meetings to monitor and review progress under various areas of cooperation.

(e) **Important Decisions : Third BIMSTEC Summit, March 2014.** The third summit saw **three** important decisions: -

- (i) To set up a permanent secretariat in Dhaka, Bangladesh with Sumit Nakandala, a veteran diplomat from Sri Lanka, as its first Secretary General.
- (ii) To expedite negotiations on a FTA in goods by the end of 2014 which aims to create an integrated market of 1.5 billion people with a combined economic strength of US\$2.5 trillion. But member states, even after 19 rounds of FTA over 10 years, have not been able to reach a consensus over issues like market access or a dispute-settlement mechanism. This is in contrast to the FTA between ASEAN and India, which was proposed in 2003 and came into effect in 2010.
- (iii) To establish a network of policy think tanks.²⁴
- (iii) Three notable documents were also signed ie Memorandum of Association (MoA) on the establishment of the BIMSTEC Permanent Secretariat, MoUs for establishment of the BIMSTEC Cultural Industries Commission (BCIC) and BIMSTEC Cultural Industries Observatory (BCIO) as well as MoA for establishment of a BIMSTEC Centre for Weather and Climate.²⁵

31. **Mekong Ganga Cooperation (MGC).**

(a) The MGC, an initiative by six countries, five riparian states of River Mekong : Lao PDR, Myanmar, Thailand, Cambodia, Vietnam and India was launched in 2000 with the aim of rekindling cultural links. Ganga and Mekong are civilizational rivers and the MGC initiative reflects the cultural and commercial linkages amongst the member countries down the centuries.

(b) The primary sectors of cooperation identified are tourism, culture, educational cooperation, transport and communication (added subsequently). It is through these initiatives that India seeks to strengthen connectivity by building the physical and social infrastructure in these countries.²⁶

²⁴ Vibhanshu Shekhar in Asia Times Online : “Rich can help BIMSTEC poor bloc” Apr 13, 2014

²⁵ Objia Borah Hazarika “BIMSTEC Summit in Myanmar: A platform for trans-regional cooperation” 10 Mar 2014, <http://southasiamonitor.org/detail.php?type=sl&nid=7521>

²⁶ “Looking East.” Frontline Vol 17 – Issue 24, 25 June 2008
<<http://www.hinduonnet.com/fline/fl1724/17240490.htm>>

- (c) India hosted the 6th MGC Ministerial Meeting on 04 September 2012, in New Delhi during which certain new areas were identified to include health research, SME, food security and bio-diversity. India announced a commitment of \$ US 1 million annually for the India-CLMV Quick Impact Projects Revolving Fund.
- (d) In the 14 years of its existence only six ministerial meetings have taken place at irregular intervals. Countries of Mekong region tend to directly compare the achievements of MGC with the Greater Mekong Sub Region (GMS) initiatives under the leadership of China. Comparisons are less than inspiring.

Figure 2.3 : The Countries in MGC



Summary

32. The main thrusts of the Look East Policy are mainly in the economic and security dimensions. In politico-strategic terms, India has established comprehensive politico-strategic linkages with ASEAN and also with Japan and South Korea after joining the EAS. That now provides the bedrock of more substantial strategic openings as the ASEAN and East Asian nations seem to be investing in India's reputation as a benign emerging power not only in the Asia Pacific but also the Indo Pacific Region.²⁷ However, BIMSTEC and MGC are performing below potential and need major initiatives for reviving them into more robust organisations.

²⁷ Dr Subhash Kapila in his Paper No. 5603 dated 14-Nov-2013.

CHAPTER 3

INDIA'S SPECTRUM OF ENGAGEMENT WITH ASEAN AND EAST ASIA

*“Here is a success story, what we call our ‘Look East Policy’, It has worked very well, it is developing well and I think it is going to get better”.*²⁸

Shivshankar Menon, Foreign Secretary of India

Spectrum of Relations with ASEAN

33. Main Tenets of Relationship. Among the main tenets of India’s ASEAN way is consultative and collaborative engagement. India and ASEAN have no political or territorial disputes. There is harmonious exchange of views both through ASEAN and bilaterally with each of the ASEAN member states. India has a common commitment for development in a democratic framework of a model which can particularly be suitable for pluralistic and multi-cultural societies.

34. Five Year Plans. Since India announced its Look East Policy in 1991, India’s relations with the ASEAN countries has been revitalised. Not only has India strengthened and deepened its ties with the countries of the region bilaterally, but has also engaged with them proactively under the framework of ASEAN and the EAS. In 2004, India launched an expansive five year plan of action to implement the ASEAN-India Partnership for Peace, Progress and Prosperity (2004-10), which identified agriculture, trade and investment, tourism, information technology, science and technology, space and capacity building as focus areas. In 2010, the second five year plan of action was launched for the period of 2010-15. To implement an array of activities in these areas, India buttressed the ASEAN-India Fund launched in 1993 with a corpus of US\$50 million. In 2007, India also set up a separate ASEAN-India Science & Technology Development Fund with an initial contribution of US\$1 million. India also has the distinction of being the only Dialogue Partner to have a US\$5 million Green Fund dedicated to activities in the field of Climate Change and Biodiversity.

²⁸ Menon, Shivshankar. “India as a Rising Great Power: Challenges and opportunities”, Keynote Address at the 1st International Institute of Strategic Studies (IISS) – CITI India Global Forum 2008, Shangri La Hotel, New Delhi, 19 April 2008.

35. **Foreign Policy.** Similarly, India's foreign policy goals for a peaceful world which will allow all countries to develop and provide inclusive growth for all citizens remain a common agenda. India's desire for an equitable world order with a reform of the international institutions to reflect current realities of the world is a common endeavour. India is committed to peace and security in the Indian Ocean and looks to keeping the sea lanes open for trade and commerce on which many countries' development depends.

36. **Engagement Structure.**

(a) India has been actively participating in various consultative meetings under dialogue and cooperation frameworks initiated by ASEAN, such as the ASEAN Regional Forum (ARF), the Post Ministerial Conference (PMC) 10+1, ASEAN Economic Ministers+1 Consultations, the EAS, ASEAN Defence Ministers Meeting Plus (ADMM Plus), which help contribute to enhancing regional dialogue and accelerating regional integration. India also participated in the inaugural meeting of the expanded ASEAN Maritime Forum.

(b) In the **ASEAN - India Vision Statement** in the Commemorative Summit of 2012 (**Attached at Appendix**), India has committed to encourage further cooperation between ASEAN and India in support of sub-regional developments including within the frameworks of the MGC, BIMSTEC, Brunei-Indonesia-Malaysia-Philippines-East ASEAN Growth Area (BIMP-EAGA), Cambodia-Laos-Vietnam Development Triangle Area (CLV-DTA), Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), Greater Mekong Sub-Region (GMS) and the ASEAN Mekong Basin Development Cooperation (AMBDC).²⁹

37. **Human Resource Development.** India and ASEAN have among the youngest populations in the world. India's median age is 24 years whereas the largest country in the ASEAN, Indonesia has a median age of about 28. Thus, the common aim is to provide quality education, building capacities and skills to provide productive employment to large number of youth who are the base of the middle class which sustain consumption to create markets and are strong votaries of freedom of speech and democratic development.

38. **Student Exchange.** India has institutionalised mechanism for annual exchange visits of students, farmers, media persons, think tanks and experts. Under the ITEC programme, India

²⁹ Para 16 of Vision Statement, 'ASEAN-India Commemorative Summit'. See, <http://www.asean.org/news/asean-statement-communicues/item/vision-statem...>

offers 637 scholarships annually to the ASEAN member states for a large number of short term training programmes. Additionally, India also provides around 200 scholarships to ASEAN students for bachelors, masters and doctoral programmes in premier Indian Institutes every year under ICCR programme. An international Nalanda University is also being set up in Bihar.³⁰

39. Info Technology(IT). In the field of IT alone, India is now working on an offer of 320 training positions to the 10 ASEAN countries. So far, 240 space scientists from ASEAN countries have benefitted from the training programmes at the Center for Space Science and Technology Education in Asia and the Pacific (CSSTEAP), Dehra Dun in India. India also invites 300 students from ASEAN countries every year for familiarization visits. India has been actively participating in the Initiative for ASEAN Integration (IAI) Work Plan by implementing projects such as the Entrepreneurship Development Centers (EDC) and the Centers for the English Language Training (CELT) and IT Centers in Cambodia, Lao PDR, Myanmar and Vietnam. An ambitious project to connect all these institutes to the mother centers in India through an E-network is also on the anvil. India has pledged US\$1 million to the Economic Research Institute for ASEAN and East Asia (ERIA).³¹

40. Science & Technology (S&T). India is implementing a large number of joint R&D projects in diverse areas such as surface engineering, oceanic resource management, marine biotechnology and oceanic climate. India is also setting up a virtual S&T Digital Library and web-portals on IPR and Technology Information and Commercialisation.

41. Environment. Environmental experts from ASEAN and India have drawn up a work plan focusing on key areas of regional interest such as climate change adaptation, forestry management, REDD+, greenhouse gases inventory and regional climate modeling. National Biodiversity Authority of India (NBA) is also working closely with the ASEAN Center for Biodiversity (ACB) in organising sensitisation workshops, seminars and exchange visits aimed at spreading awareness on Nagoya Protocol related issues. Discussions on development of an India-based Traditional Knowledge Digital Library on Biodiversity to support efforts of ASEAN Member States to preserve, document and protect traditional knowledge to prevent misappropriation of bio-diversity and associated TK are also underway.

³⁰ Arvind Gupta, Director General, IDSA, New Delhi in a presentation made at an International Conference on "Myanmar : Bridging South and Southeast Asia" held at Jamia Milia Islamia University, New Delhi on 30-31 January 2012.

³¹ Gurjit Singh, HE Ambassador of India to Indonesia in Embassy of India, Thailand Newsletter #2 of 2012.

42. **Maritime Security.** At the 8th India ASEAN Summit at Brunei on 10 Oct 2013, the Indian Prime Minister said “*We should reaffirm the principles of maritime security, including the right of passage and unimpeded commerce in accordance with international law and peaceful settlement of maritime disputes. We welcome the collective commitment to abide by and implement the 2002 Declaration on the Conduct of Parties and to work towards the adoption of a Code of Conduct in the South China Sea on the basis of consensus. We also welcome the establishment of the Expanded ASEAN Maritime Forum for developing maritime norms that would reinforce existing international law relating to maritime security*”.³²

43. **Social/Culture.** India has committed to preserve, protect and restore symbols and structures representing civilisational bonds between ASEAN and India, including Angkor Wat in Cambodia, Borobudur and Prambanan temples in Indonesia, Wat Phu in the Laos, Bagan in Myanmar, Sukhothai Historical Park in Thailand and My Son in Vietnam.

India-ASEAN Expeditions

Figure 3.1 : Route of Indo-ASEAN Car Rally 2012

44. Indo - ASEAN Car Rally.

The first rally, held in 2004, was an astounding success. The second rally held to commemorate 20 years of ASEAN- India dialogue partnership and 10 years of ASEAN-India Summit level partnership started symbolically from Yogyakarta, Indonesia, on 26 Nov 12. Each country sent two teams comprising four members each from various backgrounds. Since there is no road link between Indonesia and Singapore, the actual road rally started from Singapore on 28 Nov 12 to cover Malaysia, Thailand, Cambodia, Vietnam, Laos and Myanmar and enter India from the Moreh border in Imphal in Manipur on 17 December 2012. ‘Marker’ events, including business seminars, tourism road-shows, and cultural performances were organised along the route “to create public awareness,



³² Official website Ministry of External Affairs, India at www.mea.gov.in

promote connectivity, and enhance trade, investment, tourism and people-to-people links between India and the ASEAN region”.³³

45. INS Sudarshini Expedition.

Figure 3.2 : Sea Route INS Sudarshini Naval Expedition

INS Sudarshini, an Indian Navy ‘Sail Training Ship’ undertook a 218 day sea voyage from 15 September 2012 to 26 March 2013 visiting 13 ports to commemorate 20 years of ASEAN - India dialogue partnership. The sea route was along the monsoon trade winds as used during the 10th to 12th centuries, linking India with South East Asia.



India – ASEAN Trade

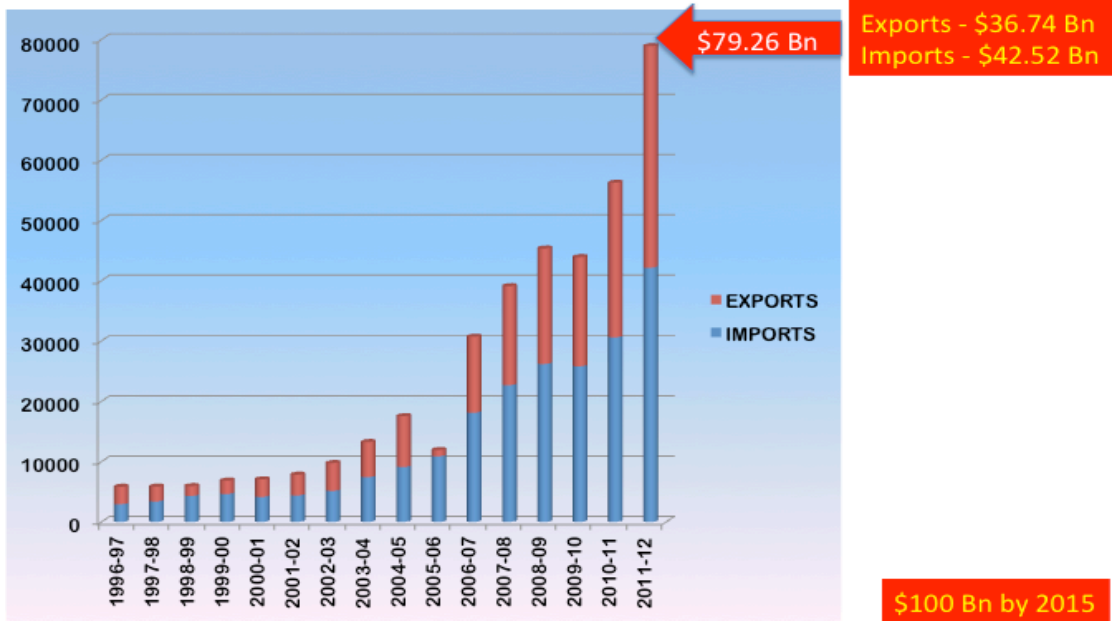
46. The ASEAN-India FTA has a combined market of almost 1.8 billion people and a combined GDP of \$3.8 trillion.³⁴ Between 2011 and 2012, India’s trade with ASEAN grew 37 percent and stood at almost \$80 Billion.³⁵ It is also noteworthy that it is almost a balanced trade. In the financial year ending March 2012, India’s exports were valued at US\$36.74 billion and imports amounted to US\$42.52 billion. The ASEAN-India FTA in Goods, signed in 2009 has already entered into force, and is expected to spur further trade. Based on the current trend, setting a bilateral trade target of US\$100 billion by 2015 would not be considered over-ambitious.

³³ Neerja Bhatia, Director, Confederation of Indian Industries (CII).

³⁴ Rao Nirupama, ‘America’s Asian Pivot: The View from India’, Lecture at Brown India Initiative, 04 Feb 13.

³⁵ Cronin Patrick M, ‘Emerging Asia Power Web-Rise of Intra-Asian Security Ties’, Jun 13, Centre for a New American Security, Pg 11.

Figure 3.3 : India’s Trade with ASEAN 1997-2012



47. Bilateral Trade.³⁶

Figure 3.4 : India’s Bilateral Trade with each ASEAN Country

India’s Bilateral Trade Data with ASEAN Countries					
(Values in US\$ millions)					
Country	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012
Brunei	237.67	415.16	453.09	257.23	1,647.17
Cambodia	56.40	49.61	50.60	74.95	107.07
Indonesia	6,985.42	9,266.17	11,720.03	15,619.41	21,301.54
Laos	3.97	9.52	36.98	13.33	104.50
Malaysia	8,588.16	10,604.75	8,012.19	10,394.75	13,538.21
Myanmar	994.45	1,150.60	1,497.77	1,338.29	1,870.20
Philippines	824.87	998.54	1,061.84	1,310.49	1,448.54
Singapore	15,501.83	16,009.79	14,046.74	16,964.75	25,458.00
Thailand	4,111.40	4,462.14	4,671.68	6,546.31	8,344.61
Vietnam	1,783.77	2,147.31	2,360.76	3,716.34	5,452.54
TOTAL	39,087.94	45,113.59	43,911.68	56,235.85	79,263.68

Source: Indian Department of Commerce (Export-Import Data Bank)

³⁶ Source: ASEAN Trade Statistics Database.

Figure 3.5 : ASEAN-India Import/Export Commodities 2012-13

<u>Major Import commodities from ASEAN to India during 2012-13</u>	<u>Major Exports commodities from India to ASEAN during 2012-13</u>
<ul style="list-style-type: none"> • Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes • Animal or vegetable fats and oils and their cleavage products; edible fats; animal or vegetable waxes • Electrical machinery and equipment and parts thereof; sound recorders and reproducers, TV image and sound recorders • Organic chemicals • Wood and articles of wood; wood charcoal • Plastic and articles thereof • Ores, slag and ash • Rubber and articles thereof • Natural or cultured pearls, precious or semiprecious stones, pre. metals, clad with metal and articles thereof; imitation jewellery • Miscellaneous chemicals 	<ul style="list-style-type: none"> • Mineral fuels, mineral oils ; bituminous substances; mineral waxes • Ships, boats and floating structures • Organic chemicals • Oil seeds and olea. fruits; misc. grains, seeds and fruit • industrial or medicinal plants; straw and fodder • Vehicles other than railway or tramway rolling stock, and parts and accessories thereof • Natural or cultured pearls, precious or semiprecious stones, metals, clad with metal and articles thereof; imitation jewellery • Meat and Cereals • Iron and steel • Electrical machinery ; sound recorders and reproducers, TV images and sound recorders

India-Myanmar Relations

Figure 3.6 : Map India-Myanmar Border & Meetings by Indian PM



47. **Indian PMs Visit.** Prime Minister Manmohan Singh's visit to Myanmar from 27-29 May 2012 was historic. Being the first of its kind in the last 25 years, it heralded a new era for Indian diplomacy in South East Asia. It decisively signalled the end of India's tight rope walk between its avowed commitment for democracy on the one hand and practising realpolitik to match China's diplomatic engagement with the ruling junta in Myanmar on the other. Thus, while India could not but help extend its sympathy to the democratic forces, it also had to engage with the junta for ensuring security in the insurgency-affected North-East.

48. **Myanmar as Land Bridge.** Myanmar's vast oil and natural gas reserves and other resources make it a natural partner for many countries in the world. India, being its next door neighbour, cannot be indifferent to this reality. Besides, geo-political considerations, the historical and civilizational links, and the ethnic overlap across their borders, have all come together to make India's North East the land bridge between the South and South East Asia through Myanmar.

49. **Enhancing Connectivity.** Improving connectivity along the 1,640 km-long border between Myanmar and the Indian states of Arunachal Pradesh, Nagaland, Manipur and Mizoram would reap various economic benefits by bolstering bilateral trade and investment. India has offered assistance to Myanmar for road development projects to include upgradation of the Tamu-Kalewa-Kalemyoa road (about 160 km) in Myanmar across the border from Manipur. Efforts are also underway to improve road links, at the second India-Myanmar border trade point at Rih-Zowkhathar in Mizoram sector by upgrading the Rih-Tidim (about 60 km) and Rih-Falam road segments in Myanmar. Apart from developing road links, efforts are underway to have a rail link from Jiribam in Manipur passing through the border town Moreh to Hanoi in Vietnam via Myanmar.³⁷ During the visit, the two sides reiterated their commitment to cooperate in the implementation of the Tamanthi and Shwezaye projects on the Chindwin River Basin in Myanmar.

50. **12 Point Agreement.** The 12-point agreement signed during Manmohan Singh's visit included a \$500 million line of credit, better air service connectivity, border area development and cultural exchange programmes. In addition, establishment of Joint Trade and Investment Forum, Advance Centre for Agricultural Research and Education (ACARE), Institute of IT and rice bio-park in Myanmar. Cooperation between Dagon University and Calcutta University, Myanmar

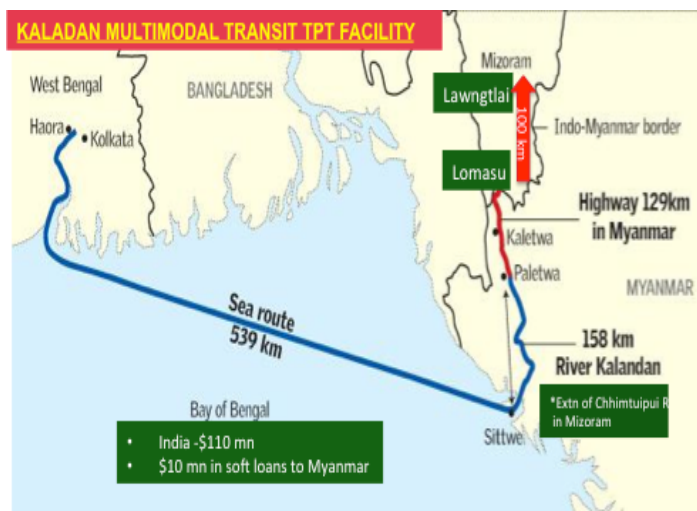
³⁷ Tridivesh Singh Maini "India's Look East policy in need of a relook" 12 April 2014. View on www.eastasiaforum.org

Institute of Strategic and International Studies and the Institute for Defence Studies and Analyses (IDSA) as well as Myanmar Institute of Strategic and International Studies and the Indian Council of World Affairs (ICWA) also figured in the Agreement.³⁸ Both countries set a target of doubling bilateral trade to \$3 billion by 2015.

Kaladan Multi Modal Transit Transport Project (MMTTP)

Figure 3.7 : Sea, River and Land Routes

51. In April 2008, India and Myanmar signed an agreement on the US\$110 million Kaladan MMTTP, which would connect India's land-locked Northeast with the southern coast of Myanmar. The project will be entirely funded by India, and the Inland Waterways Authority of India has been appointed as project development consultant.



The project envisages upgradation of the Sittwe port on the southwestern coast of Myanmar and development of a 225km-long waterway between the port of Sittwe and Setpyitpyin (Kaletwa) in Myanmar along the Kaladan River, which flows from Mizoram. Given the non-navigability of the river from Setpyitpyin, the project also involves construction of a 62km road network from Setpyitpyin to Lawngtlai (a district in southwestern Mizoram), where the road will merge with India's National Highway 54.³⁹

Development of Dawei Port

52. India and Thailand have jointly agreed to develop Chennai-Dawei corridor project. Dawei is a city in southeastern Myanmar and is capital of Tanintharyi Region. Myanmar government has already approved plans to develop a large port and industrial estate in Dawei with the Italian-Thai Development Public Company Limited (ITD) as a major contractor. The entire project is

³⁸ Shristi Pukhrem July 6, 2012.

³⁹ Editor 'Manipur Online' on "Kaladan Multi-Modal Project In Myanmar", 19 Dec 2010.

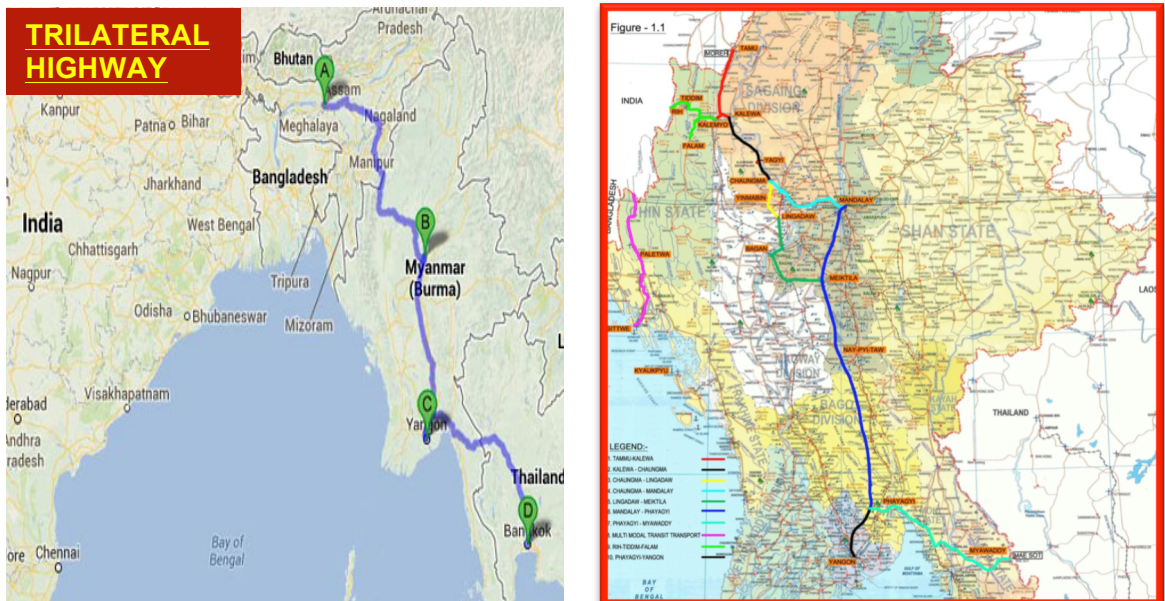
Figure 3.8 : Map Dawei Port Connectivity

estimated to be at least US\$58 billion. In November 2010, ITD signed a 60-year framework agreement with the Myanmar Port Authority to build a port and industrial estate on 250 square kilometres of land in Dawei. This is likely to transform Thailand into a major transit hub within the East-West Economic Corridor. However, recent progress has been slow and the future of the project remains uncertain due to availability of funding.



Trilateral Highway

Figure 3.9 : Map Trilateral Highway India-Myanmar-Thailand



53. The Trilateral Highway project, connecting North East India (Moreh in Manipur) with Thailand (Mae Sot) along the East - West Economic Corridor, covers a distance of 3200 km and is

planned to be completed by 2016.⁴⁰ It would mitigate the disadvantages of landlocked North-East India as well as inter-link the Indian Ocean with the South China Sea. There has been an agreement between India and Myanmar on the upgradation of the Kalewa-Yargyi stretch of the Trilateral Highway.

54. The Trilateral Highway is a component of the Asian Highway [proposed and implemented by the United Nations Economic and Social Commission for Asia and Pacific (UNESCAP)] and will be further extended to Cambodia, Laos, and Vietnam. Within India, it proposes the linking of all North East state capitals with the Indian border points with Bhutan, Bangladesh and Myanmar. From the EW Corridor, the road will extend to the Golden Jubilee Rail link border point, which will further connect Kokrajhar in Assam with Bhutan. This road will extend through Akhaura in Tripura to Ashuganj Port. All these proposals are being examined by the ASEAN-India Land and Maritime Transport Working Groups.

India's Relations With North East Asia

55. In terms of economic interdependence, India with trade volumes in 2013-14 with Japan at \$16.2 billion and with South Korea at \$16.6 billion, is seeking investments in infrastructure while both these countries are attracted by India's burgeoning consumer market. Both Japan and South Korea are also attractive sources for India in relation to science, high technology and defence production.

56. Japan : Visit of PM Abe to India on 26 Jan 2014.

(a) **Honouring Japanese PM.** Honouring PM Abe as chief guest on India's Republic Day celebrations was politically significant. Such invitations are either intended to convey a desire to forge closer ties with a country or to indicate that relations had already reached a high level of entente. In other words, either an investment in the future or a celebration of success already achieved. Abe's visit fell in between these two categories.



⁴⁰ "India to Thailand Trilateral Highway to be finished in 2016" : The PM of India, Dr Manmohan Singh and the PM of the Kingdom of Thailand, Ms Yingluck Shinawatra, at the joint press conference, New Delhi on 25 January 2012.

(b) **Joint Statement.** Investment, finance and technology, central to the bilateral relationship, form the hard core of the joint statement. Bilateral currency swap arrangements, generous Official Development Assistance, additional loans for the Delhi Metro, the Western Dedicated Freight Corridor, the Delhi-Mumbai Industrial Corridor, IIT Hyderabad, the planned Chennai-Bengaluru Industrial Corridor, a joint feasibility study for a high speed Mumbai-Ahmedabad railway system, cooperation in energy efficient and energy-saving technologies. An India-Japan ICT Comprehensive Cooperation Framework, a possible Japanese Electronic Industrial Township in India, Japanese investments in National Investment Manufacturing Zones, the rare earths project, cooperation in advanced technologies, also figured in the joint statement. The issues thrown up by China's expansive claims in the South China Sea, the Senkaku imbroglio and the ADIZ announcement could not have been ignored in the joint statement. They find indirect mention - the most that could be done realistically- in a reference to freedom of navigation, unimpeded commerce and peaceful settlement of disputes according to international law, as well as the importance of freedom of overflight and civil aviation safety.

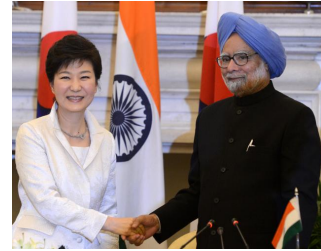
(c) **Other Significant Announcements.** Abe's ambition to loosen some defence related constraints imposed on Japan after 1945 found endorsement in India's PM's appreciation of his "Proactive Contribution to Peace" regionally and beyond. In this broad context, the decision of India and Japan to institute a dialogue at the National Security Advisers level and their determination to "further strengthen bilateral defence cooperation" becomes significant. So does the satisfaction expressed with the regular trilateral India-Japan-US dialogue and to invite Japan to participate in the next multilateral "Malabar" maritime exercise. Japan's offer to sell its US-2 amphibious aircraft to India; the first such sale to any country is an important political step. Abe's commitment to support India's full membership of the Nuclear Suppliers Group, the Missile Technology Control Regime, the Australia Group and the Wassenaar Arrangement was welcomed by India.

(d) **Important Statements by both PMs.** Some statements made during the visit stand out because of their great import. Indian PM's affirmation that "Japan is at the heart of India's Look East Policy" gives a new geopolitical meaning to this policy, initiated when Japan was not a part of India's calculus. Prime Minister Abe's remarkable stated "the relations between Japan and India have the greatest potential of any bilateral relationship anywhere in the world" speaks for itself.⁴¹

⁴¹ Former Foreign Secretary of India.

57. Visit of South Korea President to India on 18 Jan 2014.

(a) South Korean President Park Geun-hye's visit to India on 18 Jan 2014, accompanied by 70 economic delegates, was aimed to enhance economic and military ties between the two countries and give the relationship a strategic dimension. Korea is actively attracting foreign investment and has concluded number of FTAs such as with the US, EU and ASEAN. On the other hand, India is also looking for economic partners from East Asia.



(b) Three elements of common vision were introduced: stronger high-level political cooperation, open economic and trade environment and deeper cultural understanding. Five agreements were signed including on the protection of classified military information, an MOU on a joint applied research and development programme in S&T.

(c) The Export-Import Bank of Korea (EIBK) signed an MOU on infrastructure finance with India Infrastructure Finance Company Limited and made contract with State Bank of India on a \$200 million interbank export credit line.

(d) The joint statement after the visit declared that Korea and India will further develop the strategic partnership to have stronger high-level political cooperation, an open trade environment and deeper cultural understanding. In the meeting with President Park explained her administration's "Trust-building process on the Korean Peninsula" and "Northeast Asia Peace and Cooperation Initiative".

(e) President Park's visit indicated that Korea is proactively pursuing comprehensive goals in India to combine the desire of a newly growing middle power in the global system, Korea, and the needs of a BRICS country, India; and consequently enhance the cooperation between two countries in international society.⁴²

Major Findings

58. **ASEAN/Myanmar.** Today, India's relations with ASEAN straddle all three pillars of ASEAN, i.e. politico-security, economic and socio-cultural. The summit level and the other avenues of engagement provide a good mechanism of exchange of thoughts on a wide array of issues. However, there are a host of issues on which India can contribute more effectively towards

⁴² Jiye Kim (Korean Government Fellow at the Centre for East Asian Studies, Jawaharlal Nehru University, New Delhi), 20 Jan 2014.

an AEC and HRD. Myanmar has become critical to India's Look East policy as is evident from the crucial role it plays in the Trilateral Highway, Kaladan and Dawei Projects. There is a need for India to pursue relations with Myanmar more vigorously to ensure all these projects are completed in time and to balance the China factor.

59. North East Asia. North East Asia is a strategically significant region which is now witnessing the unfolding of possibly a new more intense Cold War, this time between China and the US, where Japan and South Korea are significant regional players on this chessboard. With China looming large as a threat perception in Asia as a whole, India stands strategically noticed by these two prominent regional actors, possibly because India's power differentials with China are not too wide and Japan-India and South Korea-India bilateral relations have enough strategic convergences.

CHAPTER 4

THE EMERGING GEO-POLITICAL REALITIES IN ASIA-PACIFIC REGION

"Behind it all, it's essentially the industrial revolution of Asia, and the South China Sea has become the hub of that."

- David Rosenberg

Security Dimension : Geo-Strategic Importance

60. **Centre of Gravity.** Asia's geopolitical center of gravity is shifting inland, with implications for the maritime powers. Mahan matters, but so do Mackinder, Spykman, Kautilya and Sun Tzu. Notwithstanding the focus on maritime rivalries, new economic hubs, institutions, transport corridors, high-speed railways, expressways and pipelines networks are changing the geopolitics of Asia. During the Cold War, much of the economic growth took place within the US alliance network in maritime Asia. Post-Cold War, economic growth has taken place in China, India, and continental Southeast Asia, outside of the US Pacific alliance network.

61. **ASEAN.** The ASEAN Region, traditionally a region divided by numerous internal fault lines, has sought to put its act together particularly since the 1997 Asian financial crisis. ASEAN countries have sought to resolve their disputes through consensus and dialogue. They have engaged with the outside world while emphasizing the ASEAN centrality in so far as their region is concerned. With a combined GDP of \$ 2.39 trillion (2013) and total trade of \$ 2.51 trillion (2013), ASEAN has emerged as a formidable economic force.⁴³

62. **Realignment of Alliances.** China and the US factors have brought ASEAN to a crossroads and their unity is under strain. The South China Sea is a hotspot of tension and is likely to remain so. The mistrust between China and some countries of ASEAN is increasing because of South China Sea issues. Beijing's ambitions since 2007 on land and maritime disputes, has driven some of China's neighbors into Washington's embrace. China's unresolved territorial disputes with neighbors are creating allegiances where they never existed before. Examples include

⁴³ ASEANstats, ASEAN Secretariat as of 15 July 2014.

Australia-Japan, Philippines-Vietnam, Philippines-Japan, Japan-Vietnam, India-Japan and Vietnam-Japan strategic partnerships, **as historically, the rise of a continental power has always led to the formation of a coalition of maritime powers to counterbalance it.** The target of everyone's balancing in Asia is China, not Russia or the US. ASEAN+6 are moving towards establishing the Regional Comprehensive Economic Partnership (RCEP) by end 2015 even as the US is pushing for a Trans-Pacific Partnership (TPP) which excludes China.

63. **Faultlines.** The region is home to five of the eight states known to possess nuclear weapons; three states with the world's top six defence budgets; and six with the world's largest militaries. There are a number of security related disputes and fault lines, both conventional and sub conventional. **These disputes have complex historical origins with no attainable resolution in sight in the medium term.**

Economic Dimension

64. **Overview.** The region encompasses almost half of the world's population; two of the world's top three economies; more than a fifth of the world's GDP; a third of the world exports and almost half of the world's maritime tonnage. Dynamic economies like China, India, Indonesia, Japan, South Korea, Malaysia and Thailand constitute more than 40 % of the world's trade. In 2010, these seven economies had a total population of 3.1 billion and a GDP of \$14.2 trillion. By 2050, their combined GDP will account for 50 % of global GDP and include four of the top 10 economies of the world- China, Japan, India and Indonesia. By 2050, their average per capita income of \$45,800 (PPP) could be 25% higher than the global average of \$36,600.⁴⁴

65. **China Driving Economic Growth.** China is one of the major engines driving regional and world economic growth and accounts for over 50 % of Asia's economic growth. The second largest economy globally, it is the biggest trading partner of 128 countries, the fastest growing export market, the most popular investment destination and a major importer of energy and mineral resources. In the next five years, China will import \$10 trillion worth of goods and make overseas investments totalling \$500 billion.⁴⁵

⁴⁴ 'Asia 2050- Realising the Asian Dream', Report by Asian Development Bank, 2011.

⁴⁵ Wang Yi, Foreign Minister, Remarks at 'Second World Peace Forum', 27 June 2013.

66. **Maritime Highway.** The region is the maritime trade highway of the world. Approximately 70% of China's oil imports, two-thirds of South Korea's energy supplies, 60% of Japan's energy supplies pass through this region. As much as 50% of global oil tanker shipments pass through the South China Sea, which sees three times more tanker traffic than the Suez Canal and more than five times that of the Panama Canal, making the waters one of the world's busiest international sea lanes. More than half of the world's top ten shipping ports are also located in and around the South China Sea, according to the International Association of Ports and Harbors. Maintaining freedom of navigation and security of SLOCs has become of paramount importance for the region.

67. **Rich Resources.** The East and South China seas are rich in fish resources and are reported to have large reserves of energy deposits. A recent statement by CNOOC, a Chinese energy company, estimated that there are 17 billion tonnes of oil reserves and 498 TCF of natural gas in SCS itself⁴⁶. The region will contribute significantly to global growth, trade, prosperity and innovation and play a critical role in future global geo-economics. There are roughly half a billion people who live within 100 miles of the South China Sea coastline, and the volume of shipping through its waters has skyrocketed as China and ASEAN nations increase international trade and oil imports. The need for resources, especially hydrocarbons and fisheries, has also intensified economic competition in the region, particularly given the rapid coastal urbanization of China. "*Behind it all, it's essentially the industrial revolution of Asia, and the South China Sea has become the hub of that*".⁴⁷

Overview of Territorial Disputes

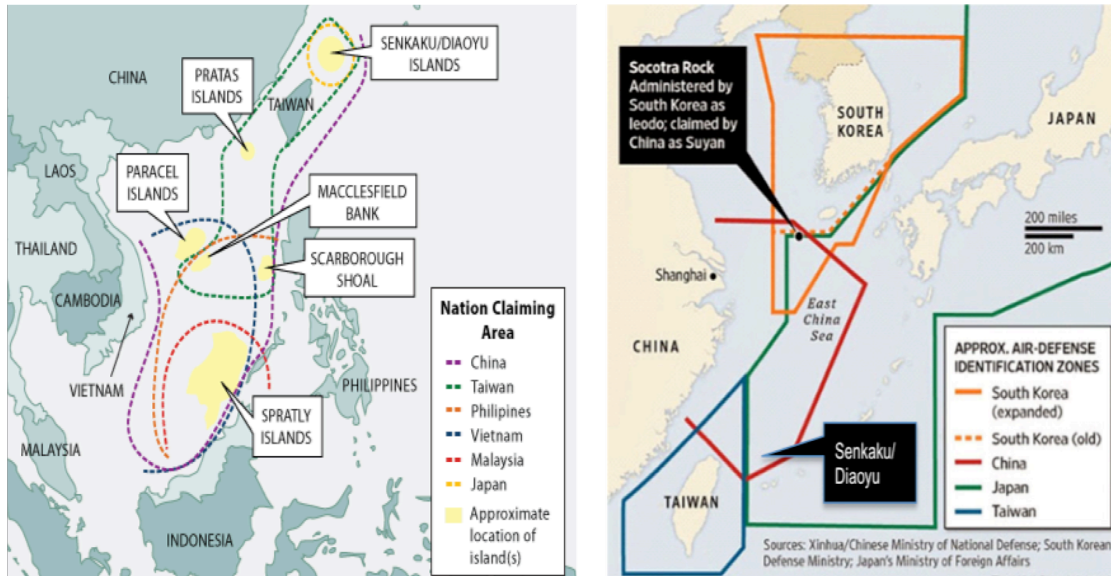
68. **South China Sea.** There are a number of conflicts relating to sovereignty and maritime boundary among China, Taiwan, Vietnam, Philippines, Malaysia, Indonesia and Brunei over a number of small islands, reefs and their adjacent waters. China claims 80% of the South China Sea on the basis of a 'Nine Dotted Claim-line' which was drawn in 1947 by KMT, and adopted by PRC in 1953. Other littoral states stake their respective claims over the island territories based on their colonial inheritance, traditional fishing activities and the UNCLOS treaty of 1982. Since 2007, tensions in the region have risen due to perceived availability of energy resources, disputes over fishing grounds, rising nationalism, domestic legislations by various claimants to reinforce

⁴⁶ Hook Leslie, 'Gas Finds Give Impetus to China's Sea Claims' Financial Times, 09 Nov 12.

⁴⁷ David Rosenberg, Professor of political science, Middlebury College.

their sovereignty claims and by making submission to international regimes. China has declared sovereignty and territorial integrity as its 'core interests' and enforced an Air Defence Identification Zone (ADIZ) implying use of force in case of any threat to these. The US has alliances with many of the claimants, which make it a party to conflicts involving these states.

Figure 4.1 : Map Claimants South China Sea and Overlapping ADIZs



69. **Strategic Importance.** The South China Sea is important as it is regarded as a natural shield of China's security in the South. Having a strong foothold there would give China a strategic area of defense, the security implication of which is 'incalculable'. Controlling the South China Sea (called as the West Philippines Sea by Philippines) would "ensure the economic and political survival of the Communist Party" and "serve as a restraining factor" for the US 7th Fleet, whose area of responsibility covers 124 million square kilometers in the Indo-Asia-Pacific region.⁴⁸

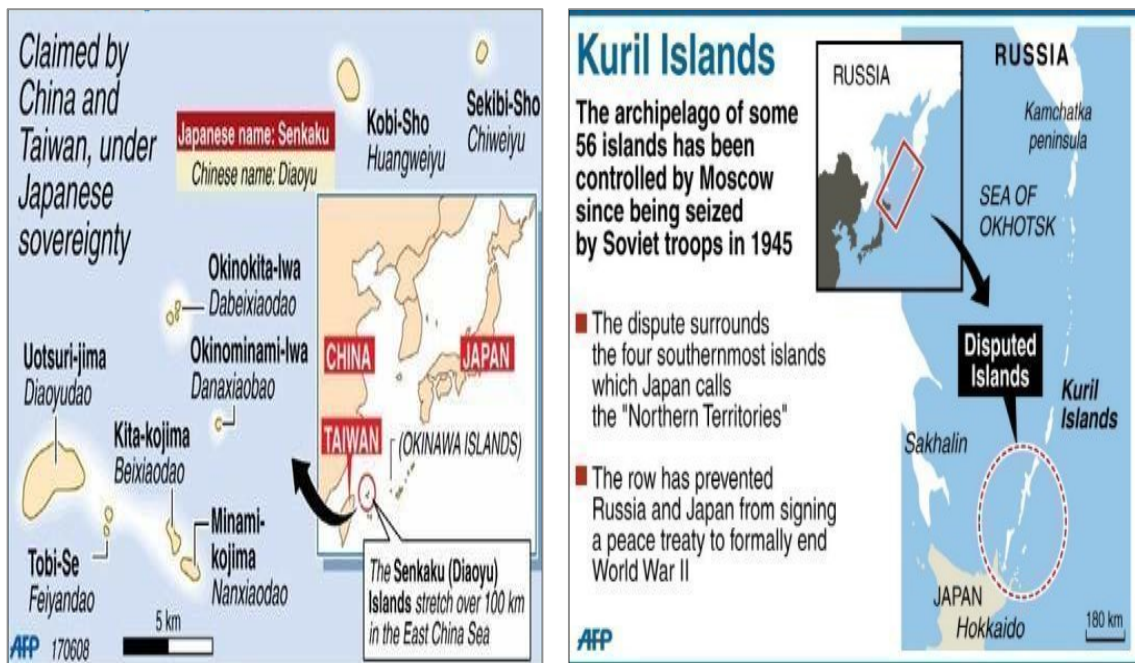
70. **North East Asia.** This is the region where five major powers of the world viz China, Japan, Russia, South Korea and US meet. There are a number of territorial disputes as under :-

- (a) China and Japan have two inter-related disputes in the East China Sea. One relates to the delimitation of the maritime boundary between two nations and the other is over their overlapping claims over the Senkaku/Diaoyu Islands. Recent years have seen increased acrimony between the two nations.

⁴⁸ Development Authority of Philippines titled, "Maintaining the Balance of Power and Increasing the Sphere of Influence over the West Philippine Sea: The China Tack", 28 June 2014.

- (b) Japan also has a dispute with Russia over four islands in the Kuril island chain. Japan claims sovereignty over these islands which Russia got as post-war settlement at the end of World War II. This dispute has been a major obstacle in Japan's relations with Russia.
- (c) Japan and South Korea lay conflicting claims to a group of small islands – Liancourt Rocks (called 'Takeshima' by Japanese and 'Dokdo' by South Koreans) in the middle of the sea between Japan and South Korea.⁴⁹

Figure 4.2 : Map Senkaku/Diaoyu & Kuril Islands



Stakes and Options of Key Players

71. Ambitions of the USA.

- (a) The US has been a Pacific power for over a century, but the region is now becoming increasingly vital to it. In 2011, 60% of US goods exports and nearly 75% of its agricultural exports were made to this region.⁵⁰ Approximately 1.2 million jobs in US are supported by exports to Asia with 39 of the US states sending at least 25% of their exports there. Since 2000, Asia has become the largest source of imports for the US. China, India, Singapore and

⁴⁹ Paper No. 5639 of South Asia Analysis Group Dated 30-Jan-2014 by Dr. Subhash Kapila.

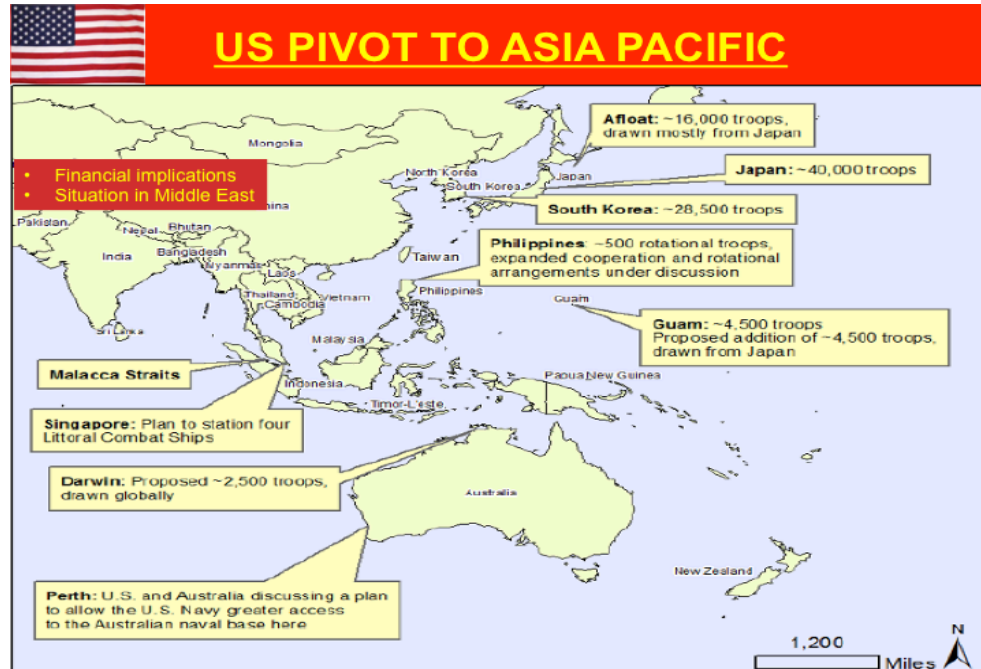
⁵⁰ '2012 National Export Strategy', US Trade Promotion Coordinating Committee, Dec 2012.

South Korea are four of the ten fastest growing sources of FDI in the US.⁵¹ Strategically, the challenge of a rising China is a primary concern. The US currently has military agreements with Japan, South Korea, Philippines, Thailand and Australia.

(b) The US primary interests remain maintaining strategic pre-eminence in the region, unhindered by the rise of China and maximising its gains from the growing economic potential of the region.⁵² Its other interests include stability in Taiwan Straits, nuclear non-proliferation including denuclearisation of Korean Peninsula, support to its allies including peaceful settlement of their maritime disputes with China and unhindered access to global commons. Strategic domination of the Western Pacific, of which the South China Sea is a critical part, undergirds the US-China strategic tussle.

(c) Beset by fundamental changes in the international order, the US has declared a policy of rebalancing and pivoting to Asia comprising strengthening of the existing alliances, searching for new partners (India, Indonesia), forging economic partnerships (TPP) and achieving a constructive relationship with China. However, it remains to be seen if it will be sufficient to strengthen the US defence in Asia Pacific amidst its financial woes.

Figure 4.3 : Map US Deployment ‘Pivot to Asia’



⁵¹ Cronin Patrick M, 'The Emerging Asia Power Web- The Rise of Intra-Asian Security Ties', Jun 2013, Centre for a New American Security, Pg 7.

⁵² Art Robert J, 'The US, the Rise of China, and US-India Relations' in 'Towards a New Asian Order', IDSA, Shipra Publications, 2011, pg 119.

(d) Doubts have arisen amongst the US allies in its ability to shore up its key military alliances in the region especially with Japan, South Korea and the Philippine. Faced with a rising China and a declining US, many countries are adopting hedging strategies vis-à-vis China. Essentially most of the countries are seeking greater engagement with China, while being on guard against its ambitions.

(e) Many analysts believe that the US is declining vis-à-vis China, having got entrapped in the highly expensive wars in Afghanistan and Iraq. **However, in terms of number of allies (58) and potential partners (41) worldwide, the US will remain a military and economic power in the foreseeable future.** According to some conjectures China will overtake the US as the world's number one economy in the next two decades. That will be an important psychological moment for the world.

(f) **But, Beijing has taken rebalancing as an attempt to 'contain' China.** It clearly is suspicious of the US partnerships especially the one with India. The Chinese ambitions in South and East China Seas are part of its strategy to keep the US away and to signal Chinese area of influence.

(g) **Future Strategic Options for the US.** The US is concerned about China but it has to avoid open confrontation. The strategic and economic dialogue between the two countries has been institutionalised.⁵³ The US may have side-stepped the question of sovereignty of South China Sea islands but has been forced to adopt a clear declaratory position on the freedom of global commons and the right of navigation in international maritime waters. The US has also been forced to publicly declare that it stands committed under its Mutual Security Treaties with the Philippines and Japan to protect them against any aggression. On South China Sea conflict escalation by China, strategic choices available to the US are likely to be as under :-

- (i) Tough stands by the US to checkmate China's propensity for conflict resolution of territorial disputes would reinforce and raise US stature as a net provider of security in Indo Pacific Asia.
- (ii) Caving-in on issues like South China Sea to appease China by the US would seriously damage its strategic and political standing in Asian capitals.
- (iii) South China Sea determined postures by the US may be the tipping-point on whether it continues to remain strategically embedded in Asia Pacific or exits from the scene.

⁵³ John Hopkins Paper 2012.

72. **China's Ambitions.**

(a) An economic giant, with a GDP of USD 9.24 trillion (2013-World Bank) and an annual military expenditure of Yuan 808 billion (\$US 131.57 billion) in 2014, China has overtaken Japan in economic and military terms and may overtake the US economy in the next 10-20 years depending upon the growth rate differential between the two countries. The global impact of China's success will be ***"Chigantic"***.

(b) Economically, Southeast Asia is an important source of raw materials, oil and gas supply as well as a great potential export market. More importantly, it is through Southeast Asian chokepoints (Malacca Straits) that China's primary energy supply routes from the Middle East and Africa pass.

(c) In 2003, China signed a comprehensive strategic partnership with ASEAN. In 2012, the volume of bilateral trade between China and ASEAN was valued at \$400 billion and the bilateral investment reached \$100 billion. **Besides being the largest trading partner for all countries in the region**, it is becoming the region's key development partner and development assistance provider, especially in the less developed economies like Cambodia, Laos and Myanmar. China is also active in regional security institutions such as the ASEAN Regional Forum (ARF), and the ASEAN Defence Ministers Meeting Plus. However, lack of trust by some countries in China remains a challenge.

(d) China's rise is altering the balance of power globally and regionally. The confidence in China's peaceful rise and peaceful development has been dented due to rising tensions in South China and East China Seas. The new leadership is nationalistic and sharply focused on China's 'core' interests. China has gone on to seize the Paracel Islands in 1974, the Johnson Reef in 1988, the Mischief Reef in 1995 and, most recently, the Scarborough Shoal in 2012.

(e) In the East China Sea, China has employed paramilitary agencies in a campaign of attrition against Japan over the Senkaku Islands — an offensive that has already succeeded in shaking the status quo by making the rest of the world recognize the existence of a dispute. Taking on Japan, its former occupier and historical rival, is part of China's larger search for new seabed resources and for strategic ascendancy in the Western Pacific by breaking out of what it perceives to be the "first island chain" — a string that includes the Senkakus, Taiwan and some islands controlled by Vietnam and the Philippines.

(f) The aim in the South China Sea is to slowly but surely legitimize its presence in the 80% of the sea it now claims formally. China is etching a lasting presence in these zones by leasing hydrocarbon and fishing territories inside other disputant states' 200-nautical-mile EEZ, as defined by the United Nations Convention on the Law of the Sea. China has also established

“Sansha City” on Woody Island in the Paracels as its administrative base, setting up a local civilian government and a military garrison there to oversee the entire region.⁵⁴

(g) China's rapid military modernisation and projection of its power beyond immediate neighbourhood and in the West Pacific, has raised apprehensions among its neighbours. It has developed a powerful navy – with aircraft carriers, submarines, anti-ship missiles – which is rivalling that of Japan and the US. China is following Anti Access Anti-Denial (A2D) strategy to deter the US from entering the island chain in the area of Chinese influence. One Chinese military officer has said: “American forward presence and alliances constrain China’s future growth and goals in the region.”

(h) **On the flip side, it must also be recognized that China’s rise has also benefited the neighbours, particularly in the economic field. For most countries, China is their number one trading partner.** The ASEAN countries are part of a global supply chain which passes through China to global markets. Thus the economic and social interdependence has increased. China is participating in RCEP negotiations which will bring about a higher level of economic integration between the ASEAN, China, Japan, Australia and India. The talk of containment of China is problematic given the growing interdependence between China and most major economies of the region.⁵⁵

(i) China’s objective could be also to use the ASEAN-sponsored multilateralism in East Asian security and economic affairs to develop a counterweight to the US’s dominant role in the Asia-Pacific region as well as to stall Japan’s EAC (East Asian Community) design based on the creation of Japan - ASEAN axis and Tokyo’s more prominent regional political-military role. China’s pursuit for a favourable environment in Southeast Asia, therefore, goes beyond economic cooperation.

(j) **China’s Expansion of Strategic Space.**

(i) The Western Pacific which China perceives as its own exclusive strategic space is gradually emerging as the arena for politico-strategic moves of global and regional powers, setting the stage for increased volatility and turbulence.

(ii) China appears to be following an approach, which can be called ‘**Reactive Assertiveness**’, and is used by Beijing to describe China as fundamentally defensive and its adversaries as the ones causing trouble. The tactics at use, fishing vessels and coast guard ships, harassment and ramming without firing a shot, are designed to stay below the level of tension that would rise to the level of an outright conflict. A mix of

⁵⁴ Brahma Chellaney, 06 Aug 2013.

⁵⁵ Arvind Gupta, IDSA Paper, 23 Sep 2013.

⁵⁵ Abraham M. Denmark is Vice President for Political and Security Affairs at US National Bureau of Asian Research.

countries in the region with incompatible, apparently non-negotiable interests willing to use force and unwilling to acknowledge any way out than the absolute capitulation of the other side is a highly dangerous mix.⁵⁶

(iii) China, having set itself on the path of challenging the existing strategic status-quo in the Asia Pacific, would unlikely step-back from its rigid stands on the South China Sea conflicts. These presage a turbulent Cold War II setting in the Asia Pacific and the wider Indo Pacific if China plans to move aggressively into the Indian Ocean.

(iv) From China's view point, the US Strategic Pivot to Asia Pacific, the Russian Strategic Pivot to Asia Pacific and enlarging the security construct from Asia Pacific to Indo Pacific appears to them as 'China's Containment'.

(v) China, having no Natural Allies except for North Korea and Pakistan, the dilemma for China is from where to get the strategic ballast as counterweight to the evolving maritime security architecture which is likely to impede its strategic aspirations on the Seas ?

(vi) China will use its economy in pursuit of its strategic goals. At the Asia-Pacific Economic Cooperation (APEC) summit in Indonesia and East Asia Summit (EAS) in Brunei last year, President Xi Jinping grabbed centre stage and spelt out a stunning blueprint for steering China-ASEAN trade to a mind-boggling \$1 trillion by 2020.

(vii) While offensive structural realists share a pessimistic view of China's rapid growth, defensive structural realists are more optimistic that relations between China and rest of the world can remain peaceful.⁵⁷

73. Japan.

(a) Japan has traditionally been an important player in the region and was the second largest global economy till it was recently overtaken by China. The growth of China and its assertiveness is undermining its position. It has traditional security ties with US but has wide ranging economic relations with China. Prime Minister Abe is determined to restore Japan's primacy and it has started reviewing its military posture.⁵⁸ Its interests are predicated on

⁵⁷ "Security Studies : An Introduction" – edited by Paul D Williams pp 27.

⁵⁸ 'Defence of Japan 2013' at www.mod.go.jp/e/index.html. 'The new Defence White Paper released in July 2013 has sought an increase in the country's defence budget first time in last 11 years to upgrade military capability and a more assertive role in the regional security due to threats from China and North Korea'.

maintaining its leadership in the region by sustained economic growth. Its challenge lies in deftly managing the dichotomy of incentives from economic interdependence with China and hedging against its assertiveness by security cooperation with US to ensure its sovereignty and territorial integrity.

(b) Japan's response to its perceived China threat has been three- fold ie substantial military build-up especially of its Navy and Air Force, redeployment of Japan's Armed Forces to a Southern alignment and reinforcing Japan's national security structures. This presumably arises from Japan's concerns on the credibility of American support in the event of a Japanese show-down with China.

(c) Prime Minister Abe is reported to have said "I propose a strategy whereby Australia, India, Japan and the US state of Hawaii form a diamond to safeguard the maritime commons stretching from the Indian Ocean region to the Western Pacific... I am prepared to invest to the greater possible extent, Japan's capabilities in this security diamond."

74. **South Korea.** South Korea faces the challenge common to many nations in the region who are navigating the US-China competition. Its bilateral trade with China, with a favourable balance, is more than trade with US and Japan combined. South Korea's macro-economic stability is dependent on China.⁵⁹ Its aim of unification needs the support of both US and China, given Chinese leverages with North Korea. The threat posed by North Korea mandates US security support but the domestic resistance to US troops deployment poses a challenge. While maintaining close ties with India, the Cheonan incident and Yeon Pyieng Island shelling in 2010 have highlighted the increasing military tensions in that area between both the Korean rivals. The RoK relies heavily on international maritime lanes and shipping and hence wants maritime cooperation with India such as joint naval exercises.

75. **Vietnam.**

(a) Vietnam is economically extensively dependent on China. However, given the series of conflicts with China including common claims over the Paracel and Spratly Islands, it is concerned about Chinese hegemony and fears its economic domination. As a hedge it is seeking closer ties with US despite their history of relations and its communist political system. It is also diversifying its options by building relations with Russia, India and Japan. Its prime interests are to ensure its continued economic growth under the current political system while protecting its sovereignty and territorial integrity.

⁵⁹ Chung-in-Moon Professor, interview with, 'Asia in the age of pivot: understanding Asia in the 21st century', sinonk.files.wordpress.com/.../asia-in-the-age-of-pivot-interview-moon..., Pg 146.

(b) Vietnam has accused China of flagrantly violating bilateral and international agreements in the South China Sea, including a non-binding 2002 Declaration of Conduct (DoC) for the maritime area signed by China and ASEAN members. Vietnam is grappling with a deepening crisis over China's recent decision to dispatch HYSY981 - a US\$1 billion state-of-the-art deep-water oil rig owned by China National Offshore Oil Corporation (CNOOC) - into Hanoi's 200-nautical-miles EEZ near the Paracel Islands, which are controlled by China which has been termed by some analysts as **“paramilitary operations short of war” (POSOW)**.⁶⁰ Vietnamese authorities dispatched their own maritime forces to the contested area, leading to a series of low-intensity clashes between Chinese and Vietnamese fishing and naval vessels.

Figure 4.4 : Photos China – Vietnam Standoff Actions in SCS



(c) Recent anti-China protests in Vietnam related to the placement of the CNOOC drilling rig grew into extensive destruction of property owned foreign companies believed by protestors to be China-owned and the exodus of thousands of Chinese citizens to neighboring countries. According to reports, Beijing has also stepped up its economic sanctions against Hanoi by barring state-owned Chinese companies from bidding fresh contracts in Vietnam. Authorities in Hanoi will be forced to brace for a potentially significant economic fallout given China's status as one of the top trading and investment partners of Vietnam.

(d) The visit of President of Vietnam to Japan on 18 Mar 2014 was followed by a communiqué which said **“Vietnam with a history of defeating many empires in the world is now together with Japan striving for a strategic partnership for peace and prosperity in the Asia Pacific region”**.⁶¹

⁶⁰ Mohan Malik, “America and China's Dangerous Game of Geopolitical Poker”, in The National Interest, 18 June 2014.

⁶¹ Dr Subhash Kapila “ Vietnam-Japan Strategic Partnership Adding Substantial Contours” dated 18 Mar 2014 available at <http://www.southasiaanalysis.org/node/1479>

76. **Philippines.** An old US ally with history of disputes with China over the Spratlys and periodic flare-ups. In 2012, Manila filed an arbitration case against China before a UN special arbitral tribunal court in The Hague. China has flatly rejected the Philippines arbitration efforts, while analysts have noted the tribunal lacks an enforcement mechanism to make any decision truly binding. Beijing has until 15 December 2014 to decide on whether it will file a counter-argument in The Hague, something US diplomats have encouraged Beijing to do. Against this uncertain legal backdrop, the Philippines and Vietnam are deepening their strategic ties, including through stronger coast guard and naval forces cooperation, intelligence-sharing in the realm of maritime security, diplomatic coordination within ASEAN and other international bodies, and sustained consultation in crafting legal responses to China's territorial maneuvering in the South China Sea.

77. **Indonesia.** In recent months, Indonesia has also become a de facto party to the ongoing disputes by arguing that China's 'nine-dash-line map' overlaps with Indonesia's Riau province, which crucially covers the hydrocarbon-rich Natuna chain of islands. Indonesia, has also moved closer to the Philippines, with the two countries recently signing a new maritime agreement which effectively ends two decades of border disputes vis-a-vis their overlapping claims in the Mindanao and Celebes Seas. Echoing Manila and Hanoi, Jakarta has recently also called for the resolution of the disputes in accordance with international law and relevant regional principles.

78. **Russia.**

(a) Russia has been gradually increasing its overall capabilities including military capabilities in the region. A strong Sino-Chinese partnership will impact the balance of power in Asia-Pacific. Russian arms sales to Vietnam too have increased. It is attempting to resolve its territorial dispute with Japan and increase its energy cooperation with regional economies.

(b) Its prime interests include exploiting the opportunity provided by the economic dynamism of the region while strategically it seeks to balance growing US presence while safeguarding its Far-East against a rapidly growing China. In view of the Ukraine crisis and impending isolation due to US-NATO sanctions, the Russian pivot to Asia is set to deepen, as is evident by Gazprom's thirty-year gas deal worth \$400 billion with China, and growing demand for Russian weaponry and energy by China's neighbors. Also, it aims to benefit from the consequences of global warming which will provide it easier access to energy and mineral wealth of its Far East and control over the Arctic route; an emerging passage for world economics.

(c) Russia made a significant political and strategic reach-out to Japan as a contending power

to China, in not only in North East Asia, but also in Asia as a whole. This was manifested in the unprecedented Russia-Japan 2+2 Meet in Tokyo in 2012 between the Russian Foreign and Defence Ministers with their Japanese counterparts to discuss strategic and military cooperation.

(d) **Russia's Future Strategic Choices.** Russia's strategic choices in the fast moving politico strategic dynamics of Indo Pacific Asia is a complex and difficult task with far too many imponderables dominating the choices. Notwithstanding the above, the following strategic moves by Russia are discernible presently :

- (i) The first move is Russia's declaration in 2012 of its own Strategic Pivot to Asia Pacific. The second strategic move is the fast-track military upgradation of Russian military capabilities in its Far East regions bordering China and resting on the Pacific.
- (ii) Noticeable in the above two strategic moves are sub-surface Russian strategic misgivings on China's strategic intentions pertaining to Russia and fears of a China-US conflict, on which Russia may be forced into difficult strategic choices.
- (iii) Russia cannot afford to insulate itself from the strategic turbulence in the Western Pacific and would be expected by Asia Pacific countries to adopt forthright positions on the South China Sea conflicts.

79. **Australia.** Australia sees opportunities for itself in the so-called "Asian Century". It welcomes the rise of China and accepts its military growth as "natural". Australia is pulling out all stops to deepen its relations with China at every level. At the same time, Australia is also hedging against China by building its own defence capabilities and supporting US pivoting to the Asia Pacific. It is seeking partnerships with India, Japan and South Korea.

Other Dynamics in the Region

80. **ASEAN.** Traditionally, the ASEAN attempts to achieve coherence on political and economic issues in the region. All members of the organisation benefit from their relations with China but are wary of its growing ambitions. **However, there are signs of widening divisions within the ten-member grouping over China's maritime claims in South China Sea.** Nations with no territorial disputes have limited motivation in opposing China and their interests tend to conflict with those of others. Due to their differing perceptions, ASEAN is unable to take a combined stand regarding the territorial disputes in the region.

81. **Multilateral Web.** Another trend in the region is the phenomenal increase in bilateral and multilateral structures, both within and outside the region. These include FTAs, regional economic and security groupings, defence cooperation agreements and a host of strategic partnerships. There are almost 40 such overlapping groupings and institutions. **This reflects the reluctance of the region in aligning with any one of the two great powers and deriving power through other groupings.**⁶²

82. **North Korea / Nuclear Proliferation.** The unpredictability of North Korea and need for its urgent denuclearisation are the common challenges facing the regional players. The strategic location of the peninsula, dominating all maritime traffic to North Eastern China and forming the strategically important Bohai Sea, makes it especially critical for China while the largely military response of the US to any provocations in the region fosters insecurities in China. Also, the periodic nuclear brinkmanship displayed by North Korea could force other countries like Japan and South Korea to review their nuclear options.

83. **Taiwan.** Unification of Taiwan is a 'core interest' of China which has indicated its determination to use force if peaceful means fail. The US commitment to Taiwan as described in the Taiwan Relations Act could foment conflict in the region.

84. **Non Traditional Security Challenges.** In addition, there are a host of other non-traditional challenges. Natural disasters and climate change are likely to remain a potent long term threat. Illegal fishing, piracy, terrorism (Abu Sayyaf Group, Jemaah-Islamiyah, the Moro Islamic Liberation Front) and illegal trafficking will also impact the stability in the region.

Shangri La Summit, Singapore : 30 May 2014⁶³

85. **Vitriolic Exchange.** The summit was held in the backdrop of protests by Vietnam against China moving its oil rig to waters near the disputed Paracel Islands and also wherein Philippines has processed a case taking China to a UN court over its territorial claims. These vitriolic exchanges are testimony to the fact that the tensions in the South China Sea could escalate and spiral out of control.⁶⁴

⁶² Cronin Patrick M, 'The Emerging Asia Power Web- The Rise of Intra-Asian Security Ties', Jun 2013, Centre for a New American Security.

⁶³ Chua Chin Hon in the Strait Times, 30 May 2014.

⁶⁴ Trefor Moss and Patrick Barta in Wall Street Journal, 01 June 2014.

Figure 4.5 : Verbal Exchanges at Shangri La Summit 2014



"Japan will play a greater role in regional security and support SE Asian countries in territorial disputes with China"

Japan PM Shinzo Abe



"Mr Abe is trying to amend the security policy of Japan that was worrying and had exacerbated regional tensions"

Chinese Vice FM Fu Ying



"In recent months, China has undertaken destabilising, unilateral actions asserting its claims in the South China Sea".

Chuck Hagel, US Def Secy



Mr Hagel's speech was "full of hegemony, full of words of threat and intimidation, and part of a provocative challenge against China."

PLA Lt Gen Wang Guanzhong

86. **China's Perceptions of its Peaceful Intent.** In his views expressed at the Shangri La Dialogue, Lt Gen Wang Guanzhong, Deputy Chief, PLA **stated that China perceives that its rise is peaceful :-**

- (a) China is a constructive, proactive and positive force for Asia's peace and security. China feels that all countries should enhance strategic mutual trust, respect each other's sovereignty and resolve disputes peacefully through negotiations.
- (b) In recent years, China has held over 50 joint exercises and drills with other Asia-Pacific countries which plays an important role in maintaining regional security.
- (c) China is actively engaged in the Conference on Interaction and Confidence-Building Measures in Asia, ADMM-plus, the ARF and China-ASEAN framework.
- (d) China has settled land border demarcation with 12 out of 14 of its neighbors and completed the delimitation of Beibu Gulf with Vietnam. The PLA has set up 64 border meeting stations where over 2,000 meetings were held between Chinese and neighboring border troops in 2013.
- (e) In 2002, China and ASEAN countries signed the Declaration on the Conduct of Parties in the South China Sea, and jointly set forth the principle that all disputes over territory **should be resolved peacefully through direct negotiations between states involved in the disputes.**
- (f) It has invited defense ministers of ASEAN countries to China in 2015 for a Special China-ASEAN Defense Ministers' Meeting.
- (g) China has proposed to work with regional countries to build a Silk Road Economic Belt and a 21st Century Maritime Silk Road for common prosperity.
- (h) China has established defence telephone links with Russia and the US and is exploring the possibility of establishing similar telephone links with ASEAN countries.
- (i) It feels that major countries shoulder major responsibilities for maintaining security and stability of the Asia-Pacific, while medium and small countries can also play a constructive role. **As a responsible major country, China is ready to join hands with all other Asia-Pacific countries to achieve mutual benefit and win-win results.**

Major Findings : Implications for India

87. **Evolving Security Architecture.** The Asian security architecture has long been defined by two sets of arrangements: a US-centered set of alliance arrangements and an ASEAN-centered set of institutions. The conundrum of the modern Asian security environment is that both

sets of arrangements--devised during an era of relatively weak Asian powers--are struggling for leverage in an era of stronger Asian powers. A major reason the US is a global superpower is its unique geography. China does not have smaller neighbours like Canada and Mexico on its borders, but large powerful states—Russia, Japan, Vietnam, Indonesia, Australia, and India—that will undertake measures to counterbalance China’s growing power for historical, civilizational, geo-political and geo-economic reasons. Geopolitics and geology are closely interlinked. **Just when the world is predicting the decline of the US, the country finds itself on the cusp of achieving energy self-sufficiency, thanks to a breakthrough in fracking technology.** The shale revolution could help the US rejuvenate itself and prolong American dominance of the international order. India would need to continue its strategic engagement with the US.

88. Local Maritime Disputes Graduated to Global Level. South China Sea territorial disputes have simmered in the past essentially as bilateral issues between China and its smaller ASEAN neighbours, more specifically, Vietnam and the Philippines. The South China Sea disputes were given escalated conflictual contours in recent years by three Declarations, unilateral in content, pointing to the unfolding of China’s strategic designs and postures on its South China Sea claims. The ‘Nine Dash Declaration’ staked China’s claims of sovereignty over virtually the entire South China Sea. The other two declarations wherein China declared that the South China Sea was China’s ‘Core National Interest’ and the declaration of an ‘Air Defence Identification Zone’ succinctly implied that China is ready to go to war over its South China Sea sovereignty claims. South China Sea disputes now stand graduated and thrust in the global strategic consciousness. Since more than 50% of India’s trade passes through the Malacca straits, India needs to consider all options for engagement with the powers in the region.

89. Clashing Strategic Dynamics. Briefly put, opposing clashing strategic dynamics in the South China Sea today are visible as follows:-

- (a) China is likely pursuing two distinct objectives. The ‘Great Wall at Sea’ to hold US naval power away from the Asian mainland and President Xi Jinping's statement in May 2014 of a region free from US alliances is intended to pursue it on the land.⁶⁵
- (b) South China Sea and East China Sea leading to a conflict-dominated Western Pacific could be the initial stepping-stones of China for attaining strategic equivalence with the US as a prelude to eventually reducing US role in Asia Pacific.

⁶⁵ Rod Lyon, executive editor of ASPT's The Strategist. ‘What Keeps Asia up at Night: China's Regional Objectives’ dated 30 May 2014. <<http://nationalinterest.org/profile/rod-lyon>>

- (c) The US counter-strategy of a ‘Strategic Pivot to Asia Pacific’ incorporating rebalancing and realignment of its Force Deployments is to sustain an enduring embedment in Asia Pacific. After two decades of exiting the area, in April 2014, the US and Philippines signed a new 10-year security pact that established a future framework for an increased US military presence in the Philippines as part of US re-balancing strategy.⁶⁶
- (d) Indonesia finally shed its strategic ambiguity in March 2014 on the China-generated South China Sea conflicts, when Indonesian officials asserted that China’s ‘Nine Dash Line’ is in conflict with Indonesia’s maritime sovereignty around the Natuna Inlands.⁶⁷
- (e) A panel appointed by Japanese PM recently offered a reinterpretation of a key element of Article 9 of Japan’s constitution. For the first time since the Pacific War’s end in 1945, Japan’s Self Defence Forces would be able to participate in “collective self-defence” implying that Japan could come to the aid of its allies should they come under attack.⁶⁸
- (f) In effect, the Western Pacific is witnessing a new Cold War II, with China replacing the former Soviet Union as the rival power to the US. Notably, Cold War II is not an ideological struggle but an outright strategic power struggle between China and the US, with far more explosive contours resulting in strategic turbulence in the Asia Pacific security dynamics.
- (g) Since the South China Sea bridges the Pacific Ocean to the Indian Ocean, this strategic inter-dependence is leading to the evolution of the ‘Indo Pacific’ concept which underwrites the integration of the Indian Ocean and the Pacific Ocean as one indivisible strategic whole in terms of security and maritime cooperation.
- (h) Countries having territorial disputes with China are seeking greater cooperation from India.

90. Japan - India Strategic Partnership Gaining Impetus.

- (a) Japan and India are China’s prominent Asian power rivals with significant stakes in South China Sea security and stability. China’s conflict escalation has hastened the process of the Japan-India Strategic Partnership gaining impetus.

⁶⁶ Andrea Shalal, Reuters, 27 Mar 2014.

⁶⁷ Dr Subhash Kapila “South China Sea: Indonesia Finally Sheds Strategic Ambiguity”, 16 Mar 2014 available at <http://www.southasiaanalysis.org/node/1500>

⁶⁸ Yuriko Koike, ‘Tipping points to Asia’s future’, 26 May 2014. Japan’s former defence minister and national security adviser, was chairwoman of Japan’s Liberal Democrat Party and currently is a member of the National Diet. <http://www.livemint.com/Opinion/NZoT1x9xpF8whiXVOEOdEJ/Yuriko-Koike--Tipping-points-to-Asias-future.html>

- (b) Both Japan and India, unlike China, are in separate strategic partnerships with the US and enjoy an image of benign stakeholders in Asian security.
- (c) With the visit of the Japanese PM to India in January 2014, India and Japan have now established a strategic and global partnership for which various supportive mechanisms have been created, such as annual summits between leaders that India has only with Russia and a combined foreign affairs and defence '2+2' dialogue that India has with no other country. Japan has offered to sell its amphibious US-2 aircraft to India — the first country to which it has offered a military sale.
- (d) While both countries may not be able to deter China from its ambitions in the South China Sea, however, an informal coalescing of Asian powers along with the US acting in unison may force China to restrict conflict escalation.

CHAPTER 5

SUMMARY AND RECOMMENDATIONS

‘The core objective of a strategic approach should be to give India maximum options in its relations with the outside world—that is, to enhance India’s strategic space and capacity for independent agency—which in turn will give it maximum options for its own internal development’.

- *‘Nonalignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century’*

Theoretical Examination of Options for India

91. India is facing an unprecedented dilemma because of the power rivalry in the Asia Pacific Region. It has two options ie it can either form an alliance with one of the poles (US or China with combinations of Japan and Russia) or pursue an uncommitted neutral path. As this competition grows more intense, India’s options are likely to get restricted. At this stage, it is difficult to predict the future contours of the level of escalation of conflict or the ultimate balance of power situation that will emerge. Before examining the options, it is important to have an understanding of the motivations for nations to form alliances or alternatively follow a policy of ‘interest based collaboration’.

92. **Alliances.** Alliances involve costs - like loss of autonomy and creation of dependence - as well as benefits. In international alliances, states choose either to bandwagon with the stronger or more threatening power or counter it by joining an alliance against it. Allying with the more vulnerable side enhances the new member’s influence whereas an alliance with the stronger side reduces its influence and makes it susceptible to the objectives of the stronger power.⁶⁹ States enter into alliances for the following reasons:-

(a) **Balance of Power.** The theory⁷⁰ posits that states form alliances to balance the power of other states, particularly when they are unable to balance the same by themselves or the costs of doing so are more than the costs associated with an alliance.

(b) **Balance of Threat.** The theory postulates that states form alliances as a response to common threats, and not just for power. When the level of threat increases, efforts for

⁶⁹ Walt Stephen M, ‘Alliance Formation & the Balance of World Power’, 1985, *International Security*, 9(4):1-43. Pg 6.

⁷⁰ Waltz Kenneth M, ‘*Theory of International Politics*’, 1979, Pg 117-123.

balancing intensify. The threat from a state is a function of its aggregate power, geographical proximity, offensive capabilities and the aggressiveness of its intentions.⁷¹

(c) **Balance of Interest.** Unlike the above two theories which appear oriented towards preservation, Schweller is of the view that some states are revisionist and seek self extension by aligning with the stronger to enhance their interests and to share the spoils of victory.⁷²

(d) **Domestic Factors.** There are factors like ideological solidarity, cultural/political similarity and historic institutional ties that influence states in making alliance choices provided other factors remain balanced.

93. **Symbiotic Realism : Non Zero Sum Game Theory.** On the other hand, 'Symbiotic Realism', posits that in a globalised world, with its increased interdependences, states can enter into a symbiotic relationship in which one state acquires more power than others. **This does not necessarily result in alliance formation by other states.** The game of international relations is not a zero sum game always.⁷³ In the present context, theoretically, it is evident that India may have an interest in balancing China's growing power **but it does not perceive the threat or the clash of interests to be so imminent as to enter into a formal alliance with others.**

94. **Recommended Option : 'Balanced and Interest Based Cooperation'.** A pragmatic course entails India having 'interest-based cooperation' with US, China, Russia, ASEAN and other countries in North East Asia without specifically aligning with either. There are numerous advantages in this approach as under :-

(a) **Advantages.**

(i) India can pursue its strategic goals unhindered by concerns for its allies. No foreign policy costs.

(ii) To a middle power like India, it allows maximum options to focus on its internal development and enlarge its strategic space gradually.⁷⁴

(iii) Benefits from strong relations with all countries.

⁷¹ Walt Stephen M, 'Alliance formation and the balance of world power', 1985, *International Security*, 9(4):1-43, Pg 9.

⁷² Schweller Randall L, 'Bandwagoning for Profit: Bringing the Revisionist State Back In', *Intl Security*, Vol 19, No 1, pg 72-107.

⁷³ Al-Rodhan Nayef RF, 'Symbiotic Realism: A theory of International Relations in an Instant and Interdependent World, pg14.

⁷⁴ Khilnani Sunil et al, 'Nonalignment 2.0: A Foreign and Strategic Policy for India in the Twenty First Century', New Delhi, 2012, pg 8.

(iv) A 'Swing State' status would ensure that all countries or groupings in the region continue to seek out India, thus providing inherent leverages.

(v) This option will provide India with the flexibility to make a more prudent strategic choice when the current global power structure stabilises.

(b) **Disadvantages.**

(i) Sustained ambiguous position may lead to the great powers losing interest in an ambivalent India and India being marginalised.

(ii) Partnerships without commitments have limits to support expected.

Geo-political Implications for India

95. **Strategic Engagement.** Begun with a largely economic emphasis, Indian engagement with countries in the Asia Pacific region has now become strategic in nature with increasing focus on political dialogue and defence cooperation. In recent years, India has established strategic partnerships with Japan, South Korea and Australia and started a biennial strategic dialogue with Vietnam. Some nations in the region deem India as an important Asian power to provide security to the region.

96. **Limitations.** Prime drivers for India's future engagement with the Asia Pacific region are the need to expand India's strategic space and capitalising on the region's economic potential. However, there are limits to the Indian involvement in the region.⁷⁵ There is likely to be reluctance on part of important regional players to grant space to India and accept its security role at the cost of their own relations with China and US. India's role further gets restricted by its limited capacities for sustained naval presence across the Malacca Straits, its imperative of first consolidating the IOR space and its inability to intervene in the regional conflicts in any meaningful manner.

97. **India-Japan Strategic Ties.** Clearly, India-Japan relations are important in the context of peace and stability in Asia Pacific. Neither Japan nor India seek a confrontation with China, but both have a responsibility to build lines of defence against any disruption that may threaten the international maritime trade routes in the region.⁷⁶

⁷⁵ Brewster David, 'Understanding India's Engagement with the Asia-Pacific, India as an Asia-Pacific Power', in *Security in Asia-Pacific*, Routledge 2012, pg 144 to 155.

⁷⁶ Kanwal Sibal is a former foreign secretary, Government of India

98. **Restrictive Role of ASEAN.** While ASEAN is an appropriate venue to mediate the South China Sea dispute, the organization still has not yet found its footing in transitioning to a "more forceful, integrated organization that can provide leadership" highlighting the difficulties of multilateral approaches in the region.

99. **Emergence of New Flexible Regional Networks.** Overall, China's territorial assertiveness seems to have inspired a flexible, regional network of like-minded countries that are intent on preventing Chinese (intended) domination of SLOCs, and maintaining freedom of navigation in international waters, which is crucial to those countries' own national security and economic interests. While the Philippines and Vietnam are primarily concerned with defending their own territorial claims in the South China Sea, Pacific powers such as the US, Japan, Australia, India, and South Korea are mainly concerned with broader freedom of navigation issues. But even as this loose network expands and strengthens, it is still not clear if China will respond to the challenge by rolling back or intensifying its expansive claims.⁷⁷

100. **Emerging Options for India.** China's emergence as a major economic and military power together with its claims over the whole of South China Sea has brought it into conflict with some of its neighbouring countries and has generated new challenges for India. Chinese scholar Li Li, from the China Institute of Contemporary International Relations in Beijing writes, "*As concerns for China's dominance in East Asia gathers due to China's persistent rising, India has found a chance to act as a 'balancer' in the region*".⁷⁸ **However, India does not have any such declared policy and believes in constructive engagement with all countries in the region.**

Recommendations: India's Future Geo-political Role

101. **Enhancing Strategic Engagement.** With the shift of centre of gravity to the Asia-Pacific region, India must seek a role in the shaping of political, economic, social and security process in the region as an important component of the Look East Policy. India has been welcomed into the folds of the EAS by Southeast Asian countries that wish to avoid total

⁷⁷ Richard Javad Heydarian, lecturer in international affairs and political science at Ateneo De Manila University and policy advisor at the Philippine House of Representatives.

⁷⁸ Li Li, 'India's Engagement with East Asia: A Chinese perspective', Paper presented at the 24th Asia Pacific Round Table, Institute of Strategic and International Studies, Malaysia, Kuala Lumpur on 07 June 2010.

dependence on China, especially those which have territorial disputes in the South China Sea. As middle powers in Asia, Southeast Asian countries would ideally like a security architecture that allows them to retain autonomy and foreign policy freedom. It is here, that India as Asia's third largest economy, non interventionist military power with no conflict with any nation in North and South East Asia could play an important role.

102. Indo-Pacific Region as 'One Identity'.

Figure 5.1 : Map Indo-Pacific Region



- (a) An 'Indo-Pacific' concept, particularly in its narrower sense of the East Indian Ocean–South China Sea–Western Pacific Ocean continuum of the Asia–Pacific and the Indian Ocean Rim, is likely to become an increasingly influential geo-strategic and geo-economic framework, a compelling strategic logic for India to shape its future strategic partnerships.
- (b) The 11th summit meeting in Brunei between India and ASEAN on 10 Oct 2013 came at a moment of heightened expectations about India's role in the Asia Pacific region. During the Summit, mainstreaming the notion of an 'Indo-Pacific theatre' was an acknowledgment that India is no longer a marginal player in Southeast Asia but a participant in its stability and economic dynamism.
- (c) Southeast Asians prefer a more multi-partner architecture rather than one in which China holds all the cards. Obama's domestic predicament and declining economy of the US can be an opportunity for India, which will be needed by an ASEAN stung by fears of

American strategic retrenchment and is thus a harbinger of economic and strategic recalibration in a pivotal region.⁷⁹

(d) India needs to focus on Indian Ocean issues and those of Ocean governance and take an active role in the shaping of the agenda of IOR-ARC since in recent times the Australians and the Japanese have talked about the concept of Indo-Pacific as one entity.

(e) The EAS, where India, the US, China and Australia as well as ASEAN countries sit on the same table, is a framework ‘which can manage challenges for the Indo-Pacific’.

(f) Moreover, they generate the possibility of an Indo-Pacific trilateral framework linking India with Australia and the US which is the ‘missing link in the security architecture of Indo-Pacific Asia.’. This would complement the existing trilateral framework already established between India, the US and Japan.⁸⁰

103. **India-China Relations.** India-China relations remain hostage to the unresolved border issue and the Dalai Lama. However, China is India’s largest trading partner with the total volume of trade in 2013-14 being \$ 65.86 billion with a trade deficit of \$ 36.2 billion in favour of China. India could respond by trying to limit Chinese penetration of its markets, particularly in infrastructure, or could allow access but with various conditions that safeguard and promote Indian interests in other areas. Given the fact that India’s future infrastructure market is likely to be in the region of a trillion dollars in the next few years, China would obviously have a keen interest in access to it. Growing economic interdependence between India and China might help make the political relationship less subject to oscillations. India could use this Chinese economic interest in future as a leverage for trade-offs in other sectors, including political concessions on the border issue. India will also need the support of China in International and regional multilateral institutions to further its national interests. However, since the exact contours of the Chinese proposal to establish a ‘Maritime Silk Route’ have not been defined by them, it would be prudent to wait for these to crystallize before endorsing the proposal due to the implications of greater Chinese access to the Indian Ocean.

104. **Vortex of India-China-US Relations.** The contours of US-China balance are still evolving. From Beijing’s perspective, the main issue is how to manage, and profit from, America’s decline. The challenge, from Washington’s perspective, is how to manage China’s rise

⁷⁹ Sreeram Sundar Chaulia : “Join the ASEAN way” in Times of India, 10 Oct 2013.

⁸⁰ David Scott, “Australia’s embrace of the ‘Indo-Pacific’: new term, new region, new strategy?”, International Relations of the Asia-Pacific Advance Access published 26 June 2013.

within the US-led order without diluting American role and presence. Who emerges at the top will ultimately determine the future of world order. Both China and US are strategically wooing India in their geo-political calculus in the backdrop of US rebalancing strategy and territorial conflicts in the South/East China Seas. The triangular relationship between India, China and the US will need very careful management, and India must leverage this emerging diplomatic potential to the full extent possible to ensure freedom of navigation in international waters on the basis of UNCLOS, peaceful settlement of disputes according to international law, as well as the importance of freedom of overflight and civil aviation safety.

105. **Final Assessment.** A pragmatic assessment suggests **that a super power in relative decline cannot limit the influence of a rising power ad infinitum.** It is assessed that the region will witness strategic brinkmanship in the short to medium term before a notional strategic equilibrium finally sets in, where US and Russia grant China some space while China moderates its ambitions. A middle power like India has to evolve its choices based on its assessment of the final contours of this notional equilibrium and maximise its gains in such a fluid international system by ensuring that it does not reduce its options by overinvesting in any one power. The challenge for Indian diplomacy will be to develop a diversified network of relations with several major powers to develop adequate leverages vis-à-vis China, while simultaneously avoiding relationships that go beyond conveying a certain threat threshold in Chinese perceptions. **Good India – China relations in the long term would prove beneficial to both countries and the region as well as could lead to resolution of the border problem.** In addition India will need to engage China in a large number of international forums where important global policies are being framed. The combined voice of 3.5 billion people would be heard with greater interest by Western powers.

Recommendations for Future India - ASEAN Relations

106. **ASEAN-India Vision Statement.** At the Delhi summit in 2012, the ASEAN-India Vision Statement was unveiled. This new blueprint, authored by the ASEAN-India Eminent Persons Group, outlines actions needed to solidify future cooperation in the political/security, economic and socio-cultural fields. With common developmental and strategic interests, along with emerging security challenges concerning both sides, India and ASEAN need to jointly take this relationship forward as enunciated in the Statement.⁸¹ Even the ASEAN-India Eminent

⁸¹ Arvind Gupta, Director, IDSA, "India's Approach to Asia Pacific" Policy Brief, 19 September 2013. Source URL: http://idsa.in/policybrief/IndiasapproachtoAsiaPacific_agupta_190913.

Persons Report (2013) has identified even a larger spread of projects for cooperation. Thus, there is no dearth of ideas. However, India must look into aspects such as identification of resources, establishment of institutional framework and monitoring mechanisms to ensure timely implementation of these projects to indicate its resolve.

107. Security Cooperation. The Vision Statement talks about security cooperation between India and ASEAN. An institutional framework needs to be set up for this purpose. For instance, the India-Japan security statement of 2008 could be adopted as a guideline for India-ASEAN security dialogue and cooperation. This will help set up a broad-based security dialogue between the Indian and ASEAN institutions/Think Tanks.

108. Joining Regional Comprehensive Economic Partnership (RCEP). The RCEP, likely to come into effect by end 2015, combining around 3.5 billion people – into an integrated market with a combined GDP of US\$23 trillion, a third of the world's current annual GDP. It would potentially extend India's reach to the markets of Japan, South Korea, China, Australia and beyond. India must continue to pursue efforts for joining the ASEAN-centred RCEP to enhance connectivity with ASEAN through road networks and a more liberalised open sky policy.

109. Free Trade Agreements (FTA) in Services.

(a) Presently, India and ASEAN are on the cusp of a free trade agreement (FTA) in services and investment. This landmark deal would complement the already thriving FTA in goods between India and ASEAN effective since 2010.

(b) The FTA in services and investment will be beneficial because of concerns in India that goods trade with ASEAN always generates deficits for India and surpluses for the Southeast Asians. Highly industrialised and export-oriented economies of ASEAN hold an advantage in goods trading with countries like India, whose manufacturing sector is relatively weak.

(c) India, whose 55% of GDP is generated by the services sector, the FTA in Services can help redress the trade imbalance, and once implemented India's business professionals, consultants and contractual workers, will gain firmer foothold in ASEAN nations, boost export revenues, empower highly skilled Indian citizens and enhance people-to-people contact. There is a need for early completion of negotiations on FTA in services and investment.

110. **ASEAN Investment into India.**

(a) India has embarked on a mission to build infrastructure across sectors extending to power, transport, urban amenities etc entailing an expected investment of US\$1 trillion over the next five years. The Planning Commission of India has targeted half of this to emanate from the private sector, including overseas sources. India is one of the biggest markets for public-private partnerships in infrastructure and ASEAN investors can benefit from participating in this endeavor.

(b) Similarly, the Indian Government has brought out a National Manufacturing Policy which envisages the creation of National Investment and Manufacturing Zones, offering world class amenities and connectivities. Coming up with an investment of US\$100 billion, these would open up new opportunities for ASEAN investors across sectors such as automotives, chemicals, pharmaceuticals, electronics, engineering and many others.

(c) There is a need for Confederation of Indian Industries (CII-India's largest industry association), which has a large network in India, to help potential investors from the ASEAN countries to identify and connect with Indian partner companies to facilitate partnerships, joint ventures and tie-ups between businesses of both sides. CII must organize more events to disseminate awareness on the additional opportunities likely to be created by the ASEAN-India FTA in Services and Investment as well as by opening up of the Trilateral Highway. Such FDI will not only serve India's domestic needs, but also give strategic leverage with other countries.

111. **Indian Investment into ASEAN.** Indian companies have displayed high interest in investing across all sectors in ASEAN economies to address the Indian and international markets. However, there is a need for greater build-up of synergies in emerging areas such as clean energy, green manufacturing, skill development, research and others to explore further sectors for investment.

112. **Enhancing Human Resource Development.** There is a need to particularly focus on skills development, capacity building and human resource development since India and the ASEAN have among the youngest populations in the world. Thus the common aim should be to enhance education levels thereby providing productive employment to the large number of youth which will enhance consumption and growth of markets.

113. **Augmenting Student Exchange Programmes/Scholarships.** India must enhance the ASEAN-India student exchange programmes and increase the number of scholarships since there are a host of top global ranked institutes of learning in India. Apart from visits to prominent heritage sites across the country, these student groups need to meet with a cross-section of top government leaders and senior officials of central and state governments, heads of premier corporate houses, members of prestigious academic institutions, Indian students and youth entrepreneurs. There are very few Indian students who study in ASEAN countries except Singapore. There is a need to encourage Indian students to join some of the highly acclaimed Universities in other ASEAN countries.

114. **Leveraging IT.** India is a global IT power and there is a need to leverage social media, technology and the internet for joint e-learning and enhancing connectivity between the people, expand the planned projects like Tracking and Data Reception Station in Ho Chi Minh City and upgradation of Biak II Telemetry Tracking & Command Station in Indonesia to even other ASEAN countries.

115. **Boosting Tourism.** The number of Indian tourists to ASEAN annually is around 2.5 million, whereas, approximately 1 million tourists from ASEAN visit India. Keeping in view the historical Buddhist linkages, there is a need to enhance connectivity and improve infrastructure at various Buddhist sites in India. ASEAN countries must be encouraged to set up hotel chains in these areas to cater to their clientele as well upgrade air connectivity and India must provide requisite support. There are a large number of other tourist destinations in India which need to be advertised through campaigns to increase tourist traffic.

116. **Involvement of North East States of India in Look East Policy.** One of the weaknesses of India's Look East Policy has been the relatively less involvement of India's North East states in it. This lacuna needs to be addressed urgently. The benefits of the Look East Policy, particularly increased trade, enhanced connectivity, greater socio-cultural links, cooperation in the area of capacity building, education and youth development must be felt by the people of North East, who are otherwise skeptical of the Look East Policy. Therefore, it is essential that the governments in the North East and the social and cultural institutions in the region should be involved in the formulation and implementation of India-ASEAN policies. Of the numerous activities outlined in the Vision Statement, some should be based in the North

Eastern states. The following are recommended to be assessed by Development of North Eastern Region (DONER).-

- (a) An India-ASEAN cultural centre could be set up in Guwahati or Itanagar. Similarly, Imphal could host an India-ASEAN sports academy.
- (b) A study of local cultures can be undertaken through a local university. A special programme can be designed for capacity building targeting the youth of the North East.
- (c) Trade facilitation centres encouraging trade between North East India and South East Asia could be set up in the North East.

117. Impetus to Trilateral Highway.

Figure 5.2 : Map Highway Network in ASEAN

The trilateral highway, when completed, will link India's North East to Myanmar and then on to Thailand, from where it will connect with existing networks to Laos, Cambodia and Vietnam. This will give a tremendous boost to the North East region of India on all fronts – economic, social and cultural. There is a need for close monitoring of the specific road stretches and bridges that need

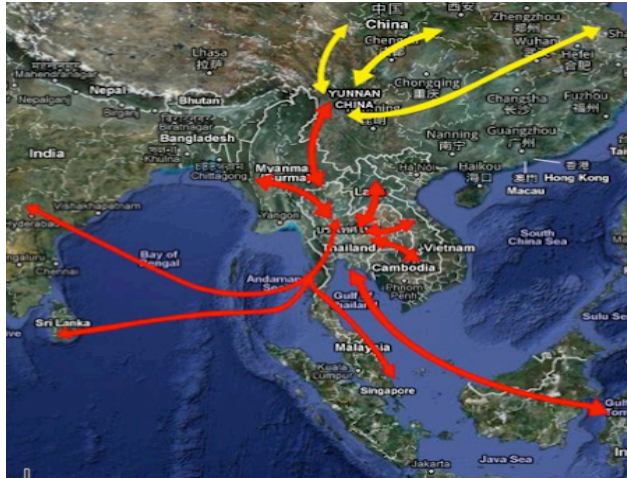


improvement from India into Myanmar as well as from Myanmar into Thailand by the DONER on a quarterly basis. All efforts must be made at the highest level to ensure timely completion of the highway and assess the implications of the benefits that would accrue of the consequent further connections with the Asian/ASEAN highway networks.

118. Thailand as Hub of ASEAN.

Figure 5.3 : Map Thailand as Hub of ASEAN

The geo-strategic location of Thailand makes it the hub of ASEAN connectivity. All current and future road, rail and energy links from ASEAN to China, within ASEAN and to the West with Myanmar and India pass through Thailand. The ASEAN-India Agreement on Trade in Goods was operationalised from January 2010. An Early Harvest Scheme under the proposed India-



Thailand FTA is in place since September 2004 covering 82 products. While the negotiations for FTA in Services are underway, bilateral trade is likely to cross \$10 billion this year. With the King of Thailand recently donating 30 kg of gold for Bodh Gaya temple, the frequent visits of the royal family apart from the large number of Thai tourists visiting Buddhist religious sites, there are excellent opportunities to take the relationship forward. There is a need to further improve relations with Thailand in all fields – economic, cultural and military cooperation and participate in the ‘Cobra Gold’ multilateral military exercise.

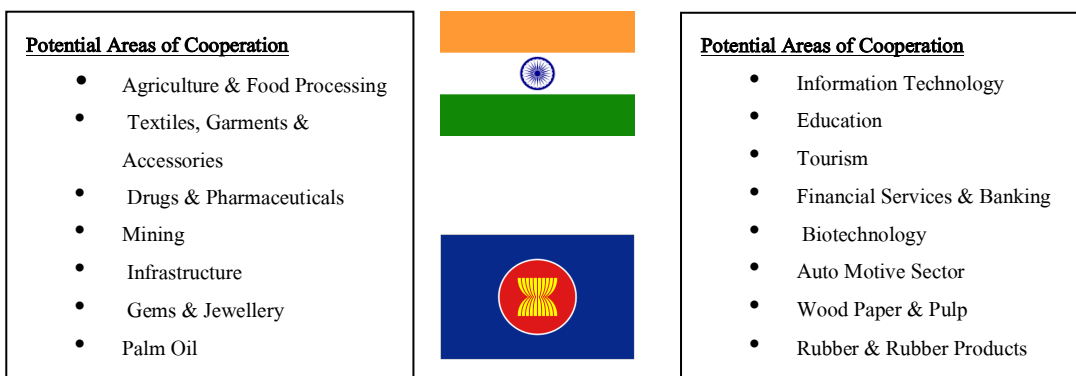
119. **Andaman & Nicobar Islands.** There is a need to highlight that these islands provide India with a maritime border with Myanmar, Thailand, Malaysia, Singapore and Indonesia apart from the land border with Myanmar to indicate proximity. The Andaman and Nicobar Islands should be brought into the framework of India-ASEAN relations as an important component of the Look East Policy. There is a need to enhance infrastructure and develop more islands for tourism. They provide an ideal base for international cooperation naval exercises.

120. **Cambodia-Lao PDR-Myanmar-Vietnam (CLMV).** In fulfilling India’s regional aspirations, the four CLMV nations, located at the ‘geographic frontiers’ of ASEAN and for reasons of having modest economies susceptible to external influence, play a significant role. Although these countries realize the inevitability of economic dependence on China, their vital national security concerns, make it imperative for them to seek convergence with alternative credible regional powers like India. Also, the modest level of their economies and as yet inadequate integration with ASEAN, makes it feasible for India to make a visible impact.

121. ASEAN : Additional Specific Recommendations.

- (a) Support objectives of EAS/AEC and contribute to the ASEAN Community Post-2015 Vision.
- (b) Ensure progress on the ASEAN-India Transit Transport Agreement (ANTA) to conclude by end 2015.
- (c) India will gain enormously by investing more intellectual capital and enhance cultural engagement in the backdrop of the rich historical ties.
- (d) Link the proposed SAARC satellite programme with ASEAN and boost training of ASEAN personnel in Space Science & Technology.
- (e) Strengthen ASEAN-India Connectivity in ICT.
- (f) Further liberalize visa regime for ASEAN.
- (g) ASEAN-India Centre in New Delhi and the new Ambassador to ASEAN at Jakarta should become the nodal centres to address common challenges.
- (h) Increase support to ASEAN-India Fund, ASEAN-India Green Fund and the ASEAN-India S&T Fund.
- (i) Enhance cooperation in Energy.
- (j) Explore Joint Defence Production and additional military exercises.
- (k) Support the implementation of the ASEAN Agreement on Disaster Management and Emergency Response (AADMER) and collaborate with the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA Centre).
- (l) India-ASEAN dialogue should be stepped up in cooperation on combating terrorism, organized crime, money laundering, drug trafficking, info and cyber security. More Mutual legal assistance treaties and Extradition Treaties should be set up.
- (m) Convene Round Table of ASEAN- India Network of Think Tanks annually.
- (n) Carry out a re-evaluation to pursue the Dawei project as also work on the Chennai-Dawei corridor.

Figure 5.4 : ASEAN-India Potential Areas of Cooperation



122. **Maritime Security.** India needs to address common challenges on maritime issues through the ASEAN Maritime Forum (AMF) including sea piracy, search and rescue at sea, maritime security, maritime connectivity, freedom of navigation, fishing rights and safety of SLOCs in accordance with international law; including UNCLOS. Asia, with its vast oceans, is also likely to be the theatre of intense maritime competition. This is an area of great concern, but also potentially of comparative advantage for India. India's maritime strategy, if pursued with vigour, could give it considerable strategic advantage in the Asia Pacific region.⁸²

Recommendations : India-Myanmar Relations

123. **Transition to Democracy.** The recent transition to democracy in Myanmar and engagement with Western powers is a development of great significance for Indo-Myanmar relations. Myanmar is rich in natural resources, and India's cooperation with Myanmar will help transform its North-East, bolster its Look east Policy and help it emerge as a major Asian power.⁸³

124. **Specific Recommendations.** Indo-Myanmar cooperation in the past has been marred by delays and uncertainty. These delays have cost India productive cooperation in the hydrocarbon sector, where China has been the gainer. Undoubtedly, there is far greater potential in Indo-Myanmar relations than the few projects India has undertaken so far. The following steps should be considered by India:-

- (b) India should increase its investments in Myanmar with a much larger sum of \$5 billion in economic and social projects in the form of grants and soft loans for building critical infrastructure within Myanmar, enhance connectivity and in minerals, energy, and agriculture.
- (c) India and Myanmar should enhance cooperation in maritime security.
- (d) A 10-year programme of S&T cooperation should be established and implemented.
- (e) India should share its experience in strengthening democratic institutions with Myanmar.
- (f) The two countries should coordinate their approaches on the issue of cooperation in BIMSTEC, ARF, EAS and ADMM+ etc.
- (g) Myanmar has a significant Indian diaspora which is well integrated in the local society. The diaspora can play an important role in strengthening India-Myanmar relations.

⁸² "Nonalignment 2.0 : A Foreign and Strategic Policy for India in the Twenty First Century" by an independent group of analysts and policy makers: Sunil Khilnani, Rajiv Kumar, Pratap Bhanu Mehta, Lt. Gen. (Retd.) Prakash Menon, Nandan Nilekani, Srinath Raghavan, Shyam Saran, Siddharth Varadarajan published in 2012.

⁸³ Mr Arvind Gupta, Director General, IDSA, New Delhi in a presentation at an International Conference on "Myanmar : Bridging South and Southeast Asia" held at Jamia Milia Islamia University, New Delhi on 30-31 January 2012.

- (h) The existing Joint Committee at the Commerce Ministry level should be elevated to a Joint Economic Commission to take a holistic and comprehensive view of the bilateral economic relationship. A business forum consisting of businessmen on both sides can also be set up. High-level mechanisms of officials should be set up to focus on greater connectivity between India and Myanmar.
- (i) An MoU for defence cooperation between the two sides should be considered.
- (j) Given the affinity between Myanmar and India's North Eastern states, agreements to promote closer cultural and trade affinity between the two sides should be considered.
- (k) People-to-people contacts between India and Myanmar should be enhanced rapidly through liberalisation of the visa regime, educational/cultural cooperation, border areas development and the development of tourism infrastructure.

Resolving BIMSTEC's Future Challenges

125. **Limitations.** BIMSTEC, which has been one of the many prongs of India's Look East Policy, is crucial for India's 21st century diplomacy. BIMSTEC's limited accomplishments can be attributed to two critical problems as under :

(a) **Lead Actor Inertia.** First, New Delhi's contribution to the bloc has not been commensurate with its place in it. India is the lead actor in BIMSTEC, representing more than two-thirds of its constituency, and thus assumes greater responsibilities. India has sought to use the group as a platform for the integration of its landlocked northeastern states with Southeast Asia, building of stronger ties with Bangladesh and Myanmar and for the extraction of the vast energy resources available within the sub-region. But these projects remain incomplete. Moreover, India's intellectual contribution to the growth of BIMSTEC has been sub-optimal. BIMSTEC has not emerged as a priority forum for India, and has been overwhelmed by the debates in the SAARC and ASEAN. Discussion about BIMSTEC in the Indian strategic community has also been limited, cursory and somewhat episodic in nature. As a result, the group has remained marginal to the integrative discourse in South and Southeast Asia.

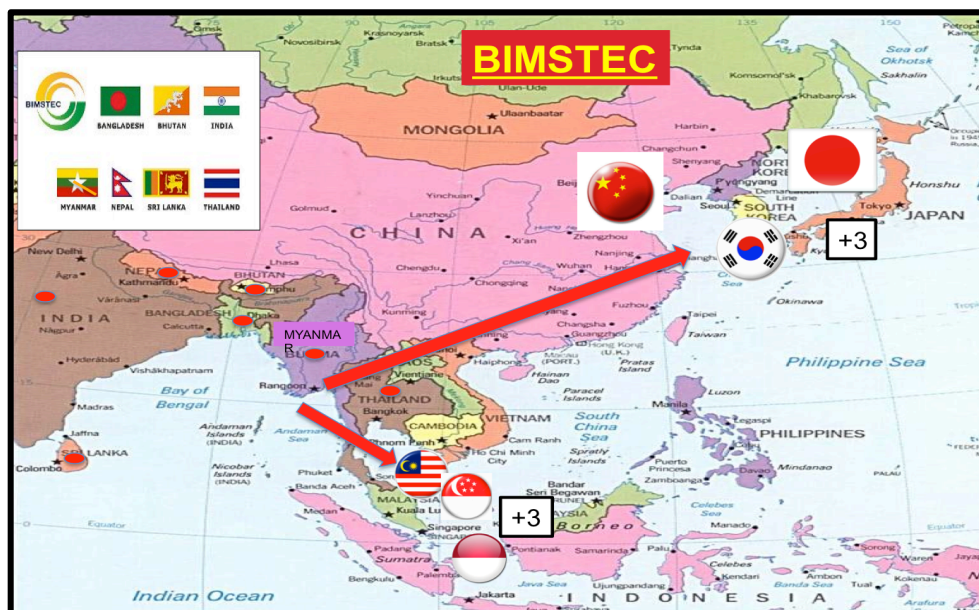
(b) **Structural Constraints.** Second, structural constraints, in the form of limited state capabilities of the majority of its member countries, have also stymied the growth of the group. The majority of the BIMSTEC countries are technology deficient and lack the resources to invest in development and infrastructure projects, with Bangladesh, Bhutan, Myanmar and Nepal among the world's least developed countries. Nepal and Thailand have experienced sustained political instability during the last five years.

126. Recommendations.

(a) **BIMSTEC + 3.** It is time that BIMSTEC begins to address its limitations, which are impeding critical initiatives. An important step in this direction would be to expand the group by incorporating technologically advanced countries from the East either as new members or as observers. BIMSTEC can start this as BIMSTEC+3 by incorporating Malaysia, Singapore and Indonesia, all possessing advanced technologies and capabilities that could play an important role in the accomplishment of two critical objectives of the bloc - the development of infrastructure and energy projects, and the expansion of the skill and technology base of member states. All these countries are located around the rim of Bay of Bengal and have maritime boundaries with India contiguous to Andaman & Nicobar Islands.

(b) **BIMSTEC+6(3+3) : Incorporate China, Japan & South Korea.** The bloc can later consider incorporating the more efficient countries of Northeast Asia - China, Japan and South Korea. Both China and Japan have shown interest in joining hands with BIMSTEC member states, are already important economic players in Myanmar and have contributed significantly toward developing ASEAN connectivity. It offers an expanded market for the East Asian economies and a much-needed push towards greater integration for South and Southeast Asia.⁸⁴

Figure 5.5 : Options for Expansion of BIMSTEC



⁸⁴ Dr Vibhanshu Shekhar is visiting fellow at the Institute of Peace and Conflict Studies, New Delhi, and is currently based in Washington DC.

Validation of Hypothesis

127. An evaluation of the above factors clearly brings out that till exact contours of the competition between US, Russia and China in the region become discernible, **interest based collaboration with all of them and other regional players will maximise India's strategic options and optimally serve its objectives.** This strategy reduces the risk of over investing in any of the great powers and provides avenues for own growth and development. This conclusively proves the hypothesis of this thesis.

Conclusion

128. To maximize its take-aways from the ongoing 'Asian Century', it is imperative that India ensures regional stability. Some engagements with a potential Asian Monetary Fund will be economic; other like the East Asian Summit will have great strategic and political importance. It is in India's interest to remain engaged with these institutions with full diplomatic attention.

129. The shape of Sino-US competition in Asia needs to be watched carefully. Many countries are looking to India to assume a more active strategic and economic role in Asia. Hence, there is need to orchestrate future Indian foreign policy to contribute to overall stability in the Indo-Pacific Region keeping in view the latest geo-political situation in the region.

130. The challenge for India will be to develop a diversified network of relations with several major powers which will require a particularly nuanced handling and coordination of India's foreign policy, both through diplomatic and military channels. **Assuredly, the unfolding contours of India's "Look East Policy" will play a very significant role in the Asia Pacific Region in the years ahead.**

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Appendix

**ASEAN - INDIA VISION STATEMENT
2012**

ASEAN - INDIA VISION STATEMENT

20 DEC 2012

We HEREBY adopt the following:

- (a) We declare that the ASEAN-India Partnership stands elevated to a strategic partnership.
- (b) We will strive towards the full, effective and timely implementation of the ASEAN-India Dialogue Relations across the whole spectrum of political and security, economic, socio-cultural and development cooperation, through further strengthening of relevant institutional mechanisms and broadening of the network between government institutions, parliamentarians, business circles, scientists, think-tanks, media, youth and other stakeholders, for the building of a peaceful, harmonious, caring and sharing community in our regions. In this context, we will continue to support and encourage active participation of relevant stakeholders in the Delhi Dialogue.
- (c) We will continue to exert efforts and cooperate to effectively implement the Plan of Action to implement the ASEAN-India Partnership for Peace, Progress and Shared Prosperity (2010-2015).
- (d) India will support and cooperate closely with ASEAN to realise the ASEAN Community in 2015, comprising three pillars, namely, the ASEAN Political Security Community, the ASEAN Economic Community and the ASEAN Socio-Cultural Community. To further strengthen this cooperation, we agree to establish an ASEAN-India Centre using existing capacities.

Political and Security Cooperation

- (e) We share the vision of a peaceful, prosperous and resurgent Asia, which contributes to and promotes global peace and security.
- (f) We are committed to enhancing mutual understanding and friendship through close high-level contacts and exchanges and will continue to strengthen regular bilateral and multilateral dialogue and consultation at different levels on various regional and international issues of common interest.
- (g) We will make use of existing ASEAN-led regional processes, such as the ASEAN Defence Ministers Meeting (ADMM) Plus to promote defence and military exchanges and cooperation, and the ASEAN Regional Forum (ARF) to foster constructive dialogue and consultation on political and security issues.
- (h) We are committed to fostering greater security cooperation and information sharing in

the form of regular and high-level security dialogues to further address traditional and non-traditional security challenges, including transnational crimes, and strengthening the effective implementation of the ASEAN-India Joint Declaration for Cooperation to Combat International Terrorism.

(i) We are committed to strengthening cooperation to ensure maritime security and freedom of navigation, and safety of sea lanes of communication for unfettered movement of trade in accordance with international law, including UNCLOS.

(j) We agree to promote maritime cooperation, including through engagement in the ASEAN Maritime Forum (AMF) and its expanded format, to address common challenges on maritime issues, including sea piracy, search and rescue at sea, maritime environment, maritime security, maritime connectivity, freedom of navigation, fisheries, and other areas of cooperation.

Economic Cooperation

(k) In the context of economic globalisation and regional integration, we are committed to our efforts in advancing economic cooperation and engaging the emerging regional economic architecture, including organising multi-sectoral strategic economic dialogues.

(l) We are committed to reaching greater trade volume through our FTA and realising our trade and economic potential under our strategic partnership by expanding trade facilitation initiatives. We are, therefore, committed to achieving a target of USD 100 billion for ASEAN-India trade by 2015, and also expect tariff-free lines to increase beyond the existing level in subsequent years.

(m) We are committed to realising the ASEAN-India Free Trade Area (FTA) with a combined market of almost 1.8 billion people and a combined GDP of USD 3.8 trillion. In this regard, we welcome the successful conclusion of the negotiation on ASEAN-India Trade in Services and Investment Agreements. The signing of these Agreements will facilitate further economic integration between ASEAN and India, and also contribute to the overall East Asian economic integration.

(n) We are committed to promoting private sector engagement and encouraging business-to-business relations, including through establishing a necessary framework to strengthen private sector engagement and public-private partnership (PPP) linkages. Recognising the important role of Small and Medium Enterprises (SME) in the region, we are also committed to encouraging collaboration in the SME sector.

(o) We recognise the need to ensure long-term food security and energy security in our

region, and the use of appropriate technologies for this end, and in this regard, we welcome the efforts to strengthen cooperation in the agriculture sector, and cooperation among centres of energy in ASEAN and India.

(p) We encourage further cooperation between ASEAN and India in support of sub-regional developments including within the frameworks of Mekong-Ganga Cooperation (MGC), Bay of Bengal Initiative for MultiSectoral Technical and Economic Cooperation (BIMSTEC), Brunei-Indonesia-Malaysia-Philippines-East ASEAN Growth Area (BIMP-EAGA), Cambodia-Laos-Viet Nam Development Triangle Area (CLV-DTA), Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), Greater Mekong Sub-Region (GMS) and the ASEAN Mekong Basin Development Cooperation (AMBDC), and other areas.

Socio-Cultural and Development Cooperation

(q) We will strengthen socio-cultural cooperation and promote greater people-to-people interaction through increasing exchanges in culture, education, youth, sports, creative industries, science and technology, information and communication technology and software, human resource development and scholarly exchanges. We will also enhance contacts between parliamentarians, media personnel, academics and Track II institutions such as the network of think tanks.

(r) We encourage the study, documentation and dissemination of knowledge about the civilisational links between ASEAN and India.

(s) We will intensify efforts to preserve, protect and restore symbols and structures representing civilisational bonds between ASEAN and India, including Angkor Wat in the Kingdom of Cambodia, Borobudur and Prambanan temples in the Republic of Indonesia, Wat Phu in the Lao People's Democratic Republic, Bagan in the Republic of the Union of Myanmar, Sukhothai Historical Park in the Kingdom of Thailand, and My Son in the Socialist Republic of Viet Nam.

(t) We are committed to working together to overcome challenges such as climate change, energy security, rapid urbanisation, natural disasters, food security, drug abuse, through both regional cooperation and participation in relevant global initiatives.

(u) We are committed to enhancing cooperation in bridging the development gaps among ASEAN Member States, inter alia, through support for the effective implementation of the IAI Work Plan II (2009-2015) and the Phnom Penh Agenda for ASEAN Community Building, including enhancing capacity building, strengthening human resources development and encouraging involvement of private sector and academic institutions to contribute to the ASEAN integration and the realisation of the ASEAN Community by 2015.

(v) We appreciate India's commitment to continue the special focus on the CLMV countries that represent a bridge between ASEAN and India by intensifying focus on human resource development and capacity building e-initiatives, particularly in the fields of information technology, science and technology, English language training, among others. We support India's call to synergise efforts under the Mekong-Ganga Cooperation from the USD 1 million annual India-CLMV Fund.

Connectivity

(w) We are committed to enhancing ASEAN Connectivity through supporting the implementation of the Master Plan on ASEAN Connectivity and the ASEAN ICT Master Plan 2015. In this regard, we encourage the ASEAN Connectivity Coordinating Committee to work closely with India's Inter-Ministerial Group on ASEAN Transport Connectivity to enhance air, sea and land connectivity within ASEAN and between ASEAN and India, through ASEAN-India connectivity projects. We are also determined to cooperate and make the best use of all available resources, including financial and technical assistance, investment and public-private partnership to achieve physical, institutional and people-to-people connectivity within ASEAN and with India.

(x) We are committed to assisting in the completion of the India-Myanmar-Thailand Trilateral Highway and its extension to Lao PDR and Cambodia and the new highway project connecting India-Myanmar-Lao PDR-Viet Nam-Cambodia as well as developing the Mekong-India Economic Corridor (MIEC) connecting Southeast Asia to South Asia on the eastern part of India in order to add greater momentum to the growing trade and investment linkages between ASEAN and India.

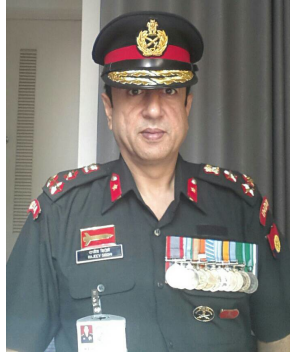
Regional Architecture

(y) We are committed to a stable and peaceful regional environment for the pursuit of sustainable development in the region. India reaffirms its continued support for ASEAN's centrality in the evolving regional architecture, including the EAS, ARF, ADMM Plus, and other regional processes.

(z) We call for the formulation of specific initiatives to achieve the objectives of this Vision Statement, which would be funded through the AIF, AIGF, and AISTDF.

Adopted in New Delhi, the Republic of India, on the Twentieth Day of December of the Year Two Thousand and Twelve. **New Delhi December 20, 2012**

BIOGRAPHY



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- Educational Background** :
- 1982 - Bachelor of Science (JNU, New Delhi)
 - 1996 - Master of Science (Madras University)
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- Military Courses** :
- 1984 - Young Officers' Course
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SUMMARY

Title : India's Look East Policy : Future Role in Asia Pacific Region

Field : Strategy

Name: Brig Gen Rajeev Sirohi, VSM Course : NDC Class : 56

Geo-Strategic Importance of the Region

The centre of gravity for global opportunities is veering towards Asia because of its sustained economic growth. Over the last 30 years, Asia's share of global GDP has tripled; standard of living has risen six times and half a billion people have been brought out of poverty. Over the next five years, nearly 50 percent of all growth outside the US is expected to come from Asia. However, tensions in the South and East China Seas over territorial claims are witnessing a competition between many of the world's major powers.

Background of India's Look East Policy

India has been connected for centuries by historical civilizational links with South Asia, however, after attaining Independence in 1947, India reeling from its own convulsions of partition of the country, poor economy and poverty, followed by non-alignment and the Cold War, did not have a clearly defined policy for engagement till 1991. It was then that Indian PM Narasimha Rao formulated the 'Look East Policy' to pursue engagement with South East Asia. India's economy in the future is expected to be the world's second largest by 2050 with the maximum trade being with countries in Asia-Pacific region and more than 50% of trade traffic passing through the Malacca Straits. Hence, the region is of vital to India's future economic aspirations.

Drawbacks of Current Look East Policy

A critical analysis would indicate that its full potential has not yet been realized as summarized below :-

- (a) Connectivity between India and the ASEAN region is still poor and trade and investment is below potential, especially if seen in comparison with ASEAN's trade with China or Japan.
- (b) People-to-people contact remain at a low level due to visa restrictions.
- (c) BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral and Technical Cooperation) and MGC (Mekong-Ganga Cooperation) are performing much below their potential.
- (d) Capacity building, health, education and counter terrorism need to be enhanced.
- (e) Myanmar is India's gateway to South East Asia, yet there remains absence of deep engagement with India.

- (f) India's own North-East region and Andaman & Nicobar Islands remain underdeveloped.

Main Objectives for Research

Thus, the 'Look East Policy' now needs to be redefined and reoriented which is the main aim of the research. This is in view of the recent fast paced events in the Asia Pacific region like the sudden resurfacing of disputes in the South and North China Seas, unprecedented growth of China, US rebalancing strategy, difference of opinion within ASEAN, Japan's rising nationalism, security of SLOCs, affect on future trade engagements, terrorism, piracy and the large number of multilateral groupings that have emerged which will affect India's national interests for the future.

Hypothesis

In view of the changed contours of the dynamic geo-political competition in the Asia Pacific Region, India's 'Look East Policy' needs to be realigned, on 'interest based collaboration' with ASEAN and countries in North East Asia, with a view to maximise India's strategic options, enhance economic growth, bring stability to the region and optimally serve India's national objectives.

Methodology

The research has been organized based on personal study of various books/journals, publications of various Think Tanks, data available on the internet, interaction with the Indian Ambassador in Thailand, personal visit within Thailand and to some neighbouring countries of ASEAN to get an overall perspective of the subject. A special emphasis has been given to Myanmar and Thailand which are the gateways for India's connectivity to East Asia and an important component of the 'Look East Policy'.

In the research, the first Chapter outlines the aim, objectives, hypothesis, literature review, scope, methodology and research utilizations. The next Chapter gives out the background of the policy, its rechristening as 'Look East Policy', integration of India into the ASEAN architecture, politico-strategic gains, Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC) and Mekong Ganga Cooperation (MGC). Chapter 3 highlights the main tenets of relationship with ASEAN, relations with Myanmar, Japan and Korea, the Kaladan, Dawei Projects and Trilateral Highway Project between India-Myanmar-Thailand. Chapter 4 focuses on the geo-strategic importance of the region, territorial disputes in South and East China Seas and the geo-political stakes of important players ie US, China, Russia, Japan and Vietnam and the implications for India. The final Chapter gives out the theoretical examination of options for India and outlines the recommendations on future geo-political role for India in the region, the

future direction of India-ASEAN relations, options for India-Myanmar relations and re-orienting BIMSTEC for the future.

Research Utilizations

The research would have the following benefits :-

- (a) Assist in re-orienting India's Look East Policy which has become necessary due to the rapidly changing geo-politics in the Asia Pacific region.
- (b) The research will be able to evaluate future options for India to be a 'balancing power' in the region.
- (c) Give recommendations for enhancing economic cooperation, connectivity, cooperation in IT, S&T, engineering, space technology etc.
- (d) The region has a large number of bilateral and multilateral structures. There is a need for an evaluation of their nature to meet India's future national objectives.
- (e) A critical examination is required to understand the contours of the emerging balance of power in the region and formulate strategic options for India for the future.

Major Findings

- (a) India's Look East Policy, which is more than two decades old, is an important foreign policy instrument for engagement with South & East Asia.
- (b) However, there are rapid geo-political changes taking place in the Asia-Pacific Region which necessitates a new direction for the policy.
- (c) Since more than 50% of India's trade in the region passes through the Malacca Straits, any escalation of tensions in the South China Sea will impact India adversely.
- (d) While India is also a proponent of a new world order, it would prefer an equal partnership rather than a China dominated Asia.
- (e) With a view to maintain regional balance, the US, Japan, South Korea, Vietnam and Australia are making attempts to woo India to play a more vigorous security role in Asia Pacific region.
- (f) India has a border dispute with China along with the Dalai Lama issue. Any move towards strategic partnership with US, Japan etc is seen by China as a 'containment policy'.
- (g) India has the option of forming an alliance with US or a regional alliance with other countries. However, it will inhibit India's options for the future. There is the option of following an autonomous policy without going in for any formal alliance. Which one should India choose ?
- (h) India's growing middle class population and emerging domestic markets are attracting

countries in the region to improve trade relations.

(i) India can use its IT prowess, Science & Technology, Universities of global standards and Space Technology for the benefit of the region.

(j) India does not have any territorial and maritime dispute with any country in South and East Asia which gives it a unique position of trust amongst these countries to contribute efforts towards peace and stability in the region.

(k) There are a large number of initiatives for building of roads and maritime networks between India and the region, however, some of them are moving very slow which will delay integration.

(l) Myanmar is very important for India as it is the land bridge to East Asia. However, India-Myanmar relations have not yet matured fully.

(m) There is a need for India to formulate a more cogent strategy for the future if it has to play an important role in an 'Asian Century'.

Recommendations

The recommendations of the research have been summarized in Chapter 5 of the research in four parts ie India's future strategic options, India-ASEAN relations, way ahead in India-Myanmar relations and options to resolve future challenges of BIMSTEC.

Conclusion

In case India's Look East Policy is not pursued correctly, India's GDP may only reach 12 Trillion Dollars (real terms) by 2050 and constitute only 6% of the global GDP instead of the possible 40 Trillion Dollars viz 14% of the world GDP. In view of the recent developments in the South and East China Seas, India has to exercise its future geo-political options with care to ensure peaceful resolution of ongoing disputes in the region.