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RIS Discussion Papers

**Advancing the ASEAN-India
Partnership in
the New Millennium**

Ong Keng Yong

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Advancing the ASEAN-India Partnership in the New Millennium

Ong Keng Yong*

Abstract: India has an emerging web of cooperation with East Asian countries, especially ASEAN through the ASEAN-India dialogue process, the bilateral free trade agreements with Singapore and Thailand and sub-regional initiatives such as the Mekong-Ganga cooperation and the BIMST-EC. In this discussion paper the ASEAN Secretary-General focuses on the need to develop a partnership between ASEAN and India that has the dual objectives of addressing the challenges of globalisation and working closely to reap the opportunities of the same universal phenomena. There are enough opportunities and challenges to compel ASEAN and India to work closely in maintaining peace and stability, expanding economic linkages and improving the critical human capacities. The paper also presents ten points for Advancing ASEAN-India People-to-People Partnership.

Defining Moments in ASEAN-India Relations

Southeast Asia and India are no strangers. The civilisational links go back thousand of years. These linkages manifest themselves in the many historical monuments, the rich cultural heritage, the religious affiliations, the diverse culinary delights and the linguistic influences in Southeast Asia. I remember a quote describing India from the famous American author, Mark Twain,

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who said “*India is the cradle of the human race, the birthplace of human speech, the mother of history, grandmother of legend and great grandmother of tradition.*”

The contemporary relationship between Southeast Asia and India was shaped by events of the time. After independence, India acted as an inspiration for many newly independent nations in Southeast Asia being the largest democracy in the world. At the same time, these countries in Southeast Asia and India recognised the strategic importance of developing relations with one another. In fact, the Indian navy held its first-ever naval exercise outside the Commonwealth with Indonesian navy and India and Indonesia signed a bilateral cultural agreement, both in 1960.

Unfortunately, the relationship remained lukewarm for the next three decades due to the divergence in ideological outlook and security relationships during the Cold War. Relations were put back on track with the adoption of the “Look East Policy” by India in 1991 and ASEAN’s strong desire to forge closer ties with India.

India became a Sectoral Dialogue Partner of ASEAN in 1992, focusing cooperation in economic and development cooperation. This was the first defining moment in ASEAN-India dialogue relations. The second defining moment in ASEAN and India relations came about three years later in December 1995 when India became a full Dialogue Partner of ASEAN. This elevated the interactions between ASEAN and India from the senior official to the ministerial level and enabled cooperation in the political and security field, including India’s participation in the ASEAN Regional Forum (ARF), the only such security forum in the Asia-Pacific. The third defining moment occurred when ASEAN and Indian Leaders agreed to their annual summit.

This transformation did not come easily. The financial crisis of 1997 and the developments in South Asia also affected the dialogue relations between ASEAN and India. However, ASEAN-India dialogue relations endured these challenges and are now on the upswing. This paved the way

for both sides to enter into a new level of a strategic partnership, which was the signing of a Joint Declaration and the adoption of a Plan of Action for a forward-looking relationship at the ASEAN-India Summit in November 2004 in Vientiane, Laos. That was the next defining moment in the relationship. These defining moments in ASEAN-India relations remind me of the words of the great soul, Mahatma Gandhi who said, “*Strength does not come from physical capacity. It comes from an indomitable will.*”

ASEAN and India in the Big Picture

Globalisation, widely defined as the rapid increase in cross-border economic, social, technological exchange under conditions of capitalism, and its challenges have brought ASEAN and India closer than when compared with the Cold War years when both had divergent worldviews and domestic policies. At the same time, many other developments are exerting pressure on our relationship.

The September 11, 2001 attacks on the United States and the subsequent terrorists attacks that we are seeing in many parts of the world have become a new threat to global and regional security. Southeast Asia and India are not spared this menace as shown by recent terrorist attacks in the region. This non-conducive circumstance is against the desire of ASEAN and India to create an environment of peace and stability, which is essential to propel and spur the positive economic growth being enjoyed by both regions.

Proliferation of nuclear technology and materials is another concern of the international community, including ASEAN and India. The spread of nuclear technology and materials could have far-reaching implications, especially when it falls into the hands of unscrupulous individuals or terrorists. ASEAN welcomes India’s support for the Southeast Asia Nuclear Weapon Free Zone (SEANWFZ) Treaty, which aims at making ASEAN as a nuclear-free zone, for the purposes of promoting world peace and security.

Regional security and stability also hinges on other threats and challenges, especially the non-traditional issues such as maritime security, trafficking in drugs, arms smuggling and human trafficking. These problems

cannot be tackled by any single country or a group of nation-states. They must be handled and managed collectively because of their transnational nature.

The insufficiency of confidence-building measures, policy predictability, transparency and mutual understanding in the realm of regional security cooperation is a troubling thought. As we work on the immediate economic concerns and socio-cultural developmental agenda, the governments of ASEAN and India must also act together to improve regional conditions to promote security and stability.

Unilateralism and disregard for international law require the attention of ASEAN and India since they have far-reaching effects on the future of inter-state relations. Unilateralist approach and selective use of international laws will victimise the small, poor and vulnerable countries. Secretary-General of the United Nations, Kofi Annan, in his recent address to the 59th UN General Assembly has emphasised the importance of the rule of law and that “*it must be put to practice and permeate the fabric of our lives*”.

Competitiveness is survival

We in ASEAN have made it a priority to remain competitive in this globalisation era. The ten economies of ASEAN are working together to enhance their collective competitiveness through various major initiatives such as the implementation of the ASEAN Free Trade Area (AFTA), ASEAN Investment Area (AIA) and the fast tracking of 11 priority sectors. Greater economic integration is not only for industries located in the region but also for investors and consumers as well. Freer trade eases the burden of procuring raw materials and intermediate goods elsewhere and this, for one, would drive manufacturing companies in ASEAN to be more cost competitive and likewise enjoy economies of scale. There is no denying that as a competitive manufacturing sector attracts foreign direct investments (FDI), the growth of supporting industries in the region would be stimulated as well. The ultimate beneficiaries would be the consumers in ASEAN with wider choice of quality goods and services and at competitive prices.

As AFTA reduces the tariff on goods and promotes more intra-ASEAN trade, AIA was created to ensure that investments flow freely within the region and that the principle of non-discrimination is applied. The AIA arrangement allows investors to harness the various complementary advantages of ASEAN Member Countries in order to maximize business and production efficiency at lower costs. As for accelerating regional integration through the 11 priority sectors in which the region enjoys competitive advantage, ASEAN is drafting the roadmap for each priority sector to chart out clear milestones for further integration. The 11 priority sectors are automotives, wood-based products, rubber-based products, textile/apparels, agro-based products, fisheries, electronics, healthcare, information and communications technology (ICT), air travel and tourism.

There is no choice for ASEAN but to constantly review its strategies and policies to make ASEAN more business-friendly and competitive. The end-in-mind is to offer unparalleled opportunities to the business community to leverage upon. Such opportunities are not confined to the traditional sectors but extended to those in the “New Economy” as well. In other words, we are not neglecting the knowledge-based sectors. Economic integration in ASEAN is not an option but a survival imperative. Regions across the globe are also integrating, opening up their markets and making available bigger markets in order to be more attractive to business people and investors. ASEAN Member Countries cannot afford to be complacent. To make itself even more attractive, ASEAN has embarked on economic integration beyond the borders of ASEAN through the various proposed FTAs with China, Japan, India, the Republic of Korea, Australia and New Zealand. Thus, ASEAN is adding more breadth and depth to its collective size.

ASEAN and India Weaving a Regional Fabric

ASEAN and India are natural partners. Geographically, India shares maritime borders with Indonesia and Thailand and a land border of 1,600 kilometres with Myanmar. History-wise, I have talked about Indian legacy in ASEAN.

On the economic front, India is an emerging economy of the world with a Gross Domestic Product of more than US\$500 billion and a consumer market of more than 1.2 billion people. India will grow steadily by 6 per

cent in the next few years. India is also committed to implementing its free trade agreement with ASEAN covering trade, investment and services. India's trade with ASEAN is already US\$13 billion. In comparison, trade with South Asian Association for Regional Cooperation (SAARC) countries is only US\$7 billion. India expects to achieve a trade figure of about US\$30 billion by 2007 with ASEAN, in the light of the increasing services transactions, investments, project executions and labour flows as well as a diversifying trade basket with manufacturing goods playing an increasing role.

It is in India's interest to forge a closer partnership with ASEAN for a number of reasons. The per capita income of ASEAN is twice that of India and ASEAN is rapidly opening up market opportunities. ASEAN has a rich natural resource base. India eyes the possibilities of integrating into the value chain of multi-national companies thriving in ASEAN. Besides, countries like Malaysia, Singapore and Thailand are becoming major investors in India, especially in infrastructure development and venture capital activities.

India is also interested in plugging itself to the East Asia economy due to its latent potential. The Indian economy is increasingly integrated with East Asian economies. The East Asian countries account for nearly 25% of India's total trade. India has a web of cooperation with East Asian countries, especially ASEAN through the ASEAN-India dialogue process, the bilateral free trade agreements with Singapore and Thailand and sub-regional initiatives such as the Mekong-Ganga Cooperation and the Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation (BIMST-EC). India believes that its dynamic economy of over US\$500 billion and its capabilities in software and services that complements with East Asia's hardware and manufacturing will be attractive reasons for a Pan Asian economic integration. The former Indian Prime Minister Atal Bihari Vajpayee had already mooted the idea of an Asian economic community, comprising the ten ASEAN economies and economies of China, India, Japan and the Republic of Korea, in October 2003 at the ASEAN-India Summit in Bali, Indonesia.

Advancing the Viable Partnership

ASEAN and India need to focus on developing a partnership that has the dual objectives of addressing the challenges of globalisation and working closely to reap the opportunities of the same universal phenomena. There are enough opportunities and challenges to compel ASEAN and India to work closely in maintaining peace and stability, expanding economic linkages and improving the critical human capacities.

With its dynamic economic growth and superiority in computer software, engineering and sciences, India will play an important role in maintaining the peace, stability and prosperity of the region. Indian has acceded to ASEAN's Treaty of Amity and Cooperation in Southeast Asia in 2003 signalling its desire to contribute to the peace and security of Southeast Asia. India is an active member of the ASEAN Regional Forum (ARF), and it has worked together with ASEAN in several areas, including search and rescue, and counter sea piracy to help advance the ARF process.

The ARF should be utilised vigorously to promote peace and stability by allowing participants to become more familiar with the dynamics and realities of the security environment and created awareness of each other's strategic preoccupations. Like-minded countries of the Asia-Pacific and beyond can be encouraged to cooperate more extensively with the ARF agenda.

ASEAN and India, through the ARF and other multilateral fora, should also address non-traditional security threats or transnational concerns such as maritime security, trafficking in drugs, arms smuggling and human trafficking. ASEAN and India could also work together to curb the proliferation of nuclear technology and materials.

ASEAN and India could work together with other like-minded countries to strengthen the United Nations to demonstrate their commitment towards multilateralism and ensure that the world body remains the sole guardian of international laws, and the protector of the weak and vulnerable.

With increasing competition and the need to remain ahead in this era of knowledge-based globalised economy, ASEAN and India must expand and deepen their economic linkages. ASEAN and India should work closely under the Framework Agreement on Comprehensive Economic Cooperation to realise their economic potentials in trade in goods and services and investment as soon as possible. By doing so, ASEAN and India could enhance their respective attractiveness as FDI destinations and increase their competitiveness as a producer, exporter and service provider in the global market place.

ASEAN and India could work closely together with other developing countries under the auspices of the World Trade Organisation (WTO) to ensure greater equity in global trade and that globalisation benefits all countries. We should not allow global trade to be manipulated for the benefit of a handful of rich countries and large multinationals.

ASEAN and India should also look at expanding air, sea and land transport linkages to promote trade, tourism, and other economic activities. Trade fairs and business summits should be held on a regular basis to assist each other's business communities to find right partners for joint ventures and business deals. Improving travel-related regulation will also help to spur tourism and boost the travel business industry.

Cooperation in science and technology should be expanded to include commercialisation of new technologies such as biotech and pharmaceuticals. Constant innovation and cutting-edge research are indispensable if ASEAN and India want to move up the value chain to reduce cost and to reap returns. Combining the talents of 1.2 billion people of India and 500 million citizens of ASEAN will certainly make a huge market base for our industries and enhance our competitive position in the global economy.

Energy security in another area of common concern to both of us. ASEAN and India could look into promoting sustainable and optimal utilisation of energy, and alternative source of energy. In addition, both sides should consider measures to enhance trade and investment in the energy sector. The rising oil prices have made this a very pressing issue. Yet, for

the longer term, energy security is an imperative for continued economic growth and prosperity.

In order to build and enhance the capacities of our peoples, ASEAN and India could share their expertise, experience and comparative advantages in critical sectors of the economy and other areas such as health and ICT. While both ASEAN and India are developing countries, we have amongst us some of the finest and talented people, and leading institutions.

ASEAN and India should develop extensive people-to-people interactions involving exchange programmes among youth, media personnel, academics, business people, government officials and artists and literati. We need to give more attention to the people's component in our partnership and to narrow the perception gaps among our people. More exchange of visits at the grassroots level can take place. The more they meet, the better they value each other. I have attached a 10-point wish list. As the great Indian statesman Jawaharlal Nehru eloquently said, "*We live in a wonderful world that is full of beauty, charm and adventure. There is no end to the adventures that we can have if only we seek them with open eyes.*"

Ten Points for Advancing ASEAN – India People-to-People Partnership

- Introduce more segments of people's sector into ASEAN-India dialogue partnership to broaden and deepen the foundation of this relationship
- Increase knowledge of ASEAN and India at all levels of society through more information exposure in mass media
- Identify 10 Indian cities for twinning with 10 ASEAN cities (sister cities' concept)
- Intensify efforts to connect relevant non-governmental bodies in ASEAN and India dealing with development and welfare of women
- Innovate cultural exchange programmes/projects to extend coverage and reach to target audience
- Initiate dialogue among civil society organisations on promoting public health, environment protection and inter-civilisation relations

- Improve e-linkages among the national organisations responsible for youth affairs in ASEAN and India
- Institute exchange programmes for 10 Indian universities and 10 counterpart universities in ASEAN
- Inspire more intellectual interactions between ASEAN and India through more conferences, lectures and seminars
- Implement agreed plan of actions for grassroots cooperation between ASEAN and India

Conclusion

While ASEAN and India are busy engaging themselves to build a long lasting and durable partnership, both sides need to be vigilant or mindful of drawbacks that could momentarily cause irritation in the relations. Greater dialogue, interactions and channels of communications are needed to ensure we are constantly developing our mutual understanding to avoid any misapprehension. It is important to ensure decisions are swiftly implemented so that we could progress speedily in the many areas of cooperation. The momentum to enhance cooperation should not be held back by a clouded lens and red tape.

The challenges and opportunities are aplenty for the partnership that ASEAN and India is forging. The partnership is what people in the business called “a work in progress”. It is continuous and evolving. The partnership is not an end to itself. We in ASEAN and India need to nurture it carefully so that the partnership could withstand the knocks and challenges of globalisation and other concerns that might arise from time to time. We need to also provide new impetus to the partnership by expanding and deepening cooperation. ASEAN and India can be the catalyst for the region’s peace and prosperity and deliver the change we all want to see.

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