



RIS
Research and Information System
for Developing Countries
विकासशील देशों की अनुसंधान एवं सूचना प्रणाली



ASEAN-India Centre at RIS

AIC COMMENTARY

No. 25, January 2022

Unfolding India-ASEAN Relations in Thirty Years of Journey

Pinak Ranjan Chakravarty*

Abstract

India's pivot towards ASEAN was a result of the changing global order and domestic economic compulsions in the early 1990s. The historical connect, shared values and growing economies of ASEAN countries made them a natural choice for India's foreign policy outreach. India shares a land border with Myanmar and maritime borders with Indonesia and Thailand. Myanmar and Thailand are members of BIMSTEC. Changes in the international order on account of the rise of China and her current aggressive are factors which impel recalibration of ties with ASEAN. The Indo-Pacific construct, QUAD and AUKUS are new geopolitical developments influencing the region and India's future policy at a time when India and ASEAN plan to commemorate their thirty years of bilateral relations. This commentary discusses these issues and India's policy option

India's three decades old engagement, with the 10-member nations of the Association of South East Asian Nations (ASEAN), has been a successful outreach for India's foreign policy. India's cooperation with ASEAN resulted because of the collapse of the Soviet Union and a parlous economic situation. India's response was to liberalize the economy and reach out to the ASEAN for economic linkages. Economic liberalization necessitated a new paradigm for both domestic and external economic engagement. New external markets, new trade and investment opportunities made the outreach to the fast-growing economies of ASEAN countries, a logical progression in India's foreign policy.

The outreach to ASEAN was also the beginning of the "Look East Policy" whose more robust version, the "Act East Policy", is currently a defining pillar of India's foreign policy. "India's search for economic space resulted in the 'Look East Policy'. The Look East Policy has today matured into a dynamic and action oriented 'Act East Policy'. The Indian Prime Minister, at the 12th ASEAN India Summit and the 9th East Asia Summit held in Nay Pyi Taw, Myanmar, in November, 2014, formally enunciated the Act East Policy."¹

^{*}Ambassador Pinak Ranjan Chakravarty served as Secretary (Economic Relations) in the Ministry of External Affairs (MEA), India and is currently a Visiting Fellow at the Observer Research Foundation (ORF), New Delhi. Views are author's own. Usual disclaimers apply.

India's formal ties with ASEAN began with the Sectoral Dialogue in 1992. There are now 30 platforms for dialogues that include Annual Summits and seven Minister-level Dialogues. The 2012 Commemorative Summit endorsed the Strategic Partnership between India and ASEAN, marking two decades of cooperation and adoption of the 'ASEAN-India Vision Statement', which charts the future of ASEAN-India cooperation. The ASEAN-India Centre (AIC) in New Delhi provides a platform for dialogue and engagement. While trade and investment grew, stagnation has set in, though the FTA entered into force in 2010. India's disappointment with FTA's not providing commensurate benefits, influenced India's policy towards the RCEP and India opted out of it. This sent a negative signal.

Consensus has eluded ASEAN on major issues like the military coup on Myanmar and the Code of Conduct (CoC) in the South China Sea (SCS). The ASEAN has been trying to achieve a consensus on these issues. As a 2021 *Asia Times* report says, "The core of the problem is that ASEAN has tried to face China collectively and unanimously. But the burgeoning US-China struggle for domination of the region is tearing the region and ASEAN apart. Its solidarity is fragile and fleeting."²

As the rivalry and competition between China and USA intensifies, ASEAN countries may come under pressure to make choices which they have so far shunned. The QUAD and AUKUS will not overtly elicit support from ASEAN, as the later tries to avoid China's retaliation, because of the economic stake of each country with China. It is also noteworthy that even after the conflict along the LAC in Ladakh, the India-China trade volume has increased to its highest figure of US\$ 125 billion.³ Continuation of geopolitical contests in the Indo-Pacific, ASEAN's ambiguity and China flexing its muscle and using the BRI, financial inducements and pressure to sow division in ASEAN ranks may further escalate tensions in the region.

The two most vulnerable countries are landlocked Lao PDR and Cambodia. Cambodia may become the first ASEAN country to host a Chinese naval base in the near future. "Cambodia assumed the chairmanship of ASEAN for 2022. The year 2021 was tumultuous as ASEAN was challenged on many fronts. Besides the pandemic and its consequent economic downturn, ASEAN had to face the overthrow of democracy in Myanmar, continue to deal with an adamant China on the Code of Conduct (COC) in the South China Sea (SCS), and face challenges to its centrality, with the growing impact of the QUAD and AUKUS."⁴

Will bilateral relationships between the big powers and individual countries play a greater role than ASEAN centrality? If this becomes the trend, it suggests that ASEAN countries are being buffeted by the intense wooing by China and belatedly by the USA.

"Southeast Asian countries, much against their wishes, have more - or- less reconciled to Beijing's hegemony in the region, but tried hard to minimise its effects and damage to their territorial sovereignty and integrity, as well as to avoid coming under its economic stranglehold through a strategy of hedging and building defence and economic cooperation with the US, EU, Japan, India and Australia without giving an impression of joining an anti-China alliance."⁵

India has gradually developed defence cooperation with Indonesia, the largest country and the most populous democracy in ASEAN and Thailand. India shares a maritime border with Indonesia in the Andaman Sea and both countries are close to the mouth of the Malacca straits where it enters the Indian Ocean. In this context, USA's outreach to Indonesia "The world's third largest democracy" is also significant.

The COVID-19 virus has caused havoc, causing economic distress in every country. With India-China ties going downhill over the border conflicts, India has also stepped up its military engagement with fellow democracies in Asia and some members of ASEAN. The decision of the Philippines to acquire the Indo-Russian Brahmos Missile is a signal that some ASEAN nations want to build capabilities to defend their EEZs from China's encroachments in the SCS.

India and USA have to step up to the plate on the economic front. With the RCEP coming into force on 1st January, 2022⁶, China has strengthened her economic grip on ASEAN. The Trump Administration's decision to abandon the TPP was a geo-political and geo-economic disaster for the Indo-Pacific. The TPP's successor, CPTPP (TPP-11), needs to be fleshed out, with USA and India joining this grouping which has ASEAN countries, namely, Brunei, Malaysia, Singapore and Vietnam as participants. The supply chain initiative, SCRI, is another vehicle for economic integration which can also help in giving ASEAN countries economic options that reduce their dependence on China. Negotiation to upgrade the India-ASEAN FTA has to be expedited to revitalize the economic connectivity.

The military coup in Myanmar has introduced a negative aspect and may hinder the ambitions India-ASEAN connectivity projects for which India has announced an LoC of US\$ 1 billion and a Project Development Fund of INR 5 billion to fund manufacturing projects in CLMV countries. There are some crucial Science and Technology cooperation projects in sectors like Space and R&D, whose pace of implementation has been slow. India's COVID-19 vaccine exports are likely to help ASEAN countries and foster greater collaboration in the health sector.

The October 2021 India-ASEAN virtual Summit focused on strengthening areas of cooperation and designated 2022 as the Year of Friendship, to coincide with India's 75 years of independence. Such commemoration is useful public diplomacy initiatives but concrete achievements on project completion must remain the primary focus. "Expansion of education, collaboration among universities, green economies, achieving the sustainable development goals (SDGs), start-ups and impact investment should be among the ideas to guide the expansion of the Indo-ASEAN partnership."⁷

Much has been achieved during the last 30 years but the relationship with ASEAN now needs recalibration, given the significant geo-political and geo-economic developments that have caused seminal changes in the international order. China's rise as an economic and military power and her aggressive territorial expansionist policies in South China Sea, along the LAC with India and the Indian Ocean Region (IOR) has led to counter-balancing developments like the QUAD and AUKUS, impacting the geo-politics of the Indo-Pacific region. Connectivity and the post-COVID-19 economic scenario will also influence the future of India-ASEAN ties.

End Notes

¹Refer, [India_2016.pdf](https://www.mea.gov.in/Portal/ForeignRelation/India_2016.pdf) (mea.gov.in);

https://www.mea.gov.in/Portal/ForeignRelation/India_2016.pdf

²https://asiatimes.com/2021/11/aseans-last-hope-for-relevance-in-regional-security/?mc_cid=25d55e080e&mc_eid=bf70f2b6bd.

³ [China: India-China trade grows to record \\$125 billion in 2021 despite tensions in eastern Ladakh - The Economic Times \(indiatimes.com\)](https://economictimes.indiatimes.com/news/economy/foreign-trade/india-china-trade-grows-to-record-125-billion-in-2021-despite-tensions-in-eastern-ladakh/articleshow/88900383.cms),

<https://economictimes.indiatimes.com/news/economy/foreign-trade/india-china-trade-grows-to-record-125-billion-in-2021-despite-tensions-in-eastern-ladakh/articleshow/88900383.cms>

⁴ <https://www.orfonline.org/expert-speak/cambodia-chairs-asean-for-the-third-time/>

⁵ <https://www.indianarrative.com/opinion-news/india-and-southeast-asia-can-join-the-us-in-an-economic-partnership-to-balance-china-140803.html>

⁶ [RCEP – The Regional Comprehensive Economic Partnership \(rcepsec.org\)](https://rcepsec.org/), <https://rcepsec.org/>

⁷ [India and ASEAN look to deepen partnership: The Tribune India,](https://www.tribuneindia.com/news/comment/india-and-asean-look-to-deepen-partnership-336908)
<https://www.tribuneindia.com/news/comment/india-and-asean-look-to-deepen-partnership-336908>

About AIC



RIS

Research and Information System
for Developing Countries

विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Considering the work of the ASEAN-India Eminent Persons Group (AIEPG), and its Report with recommendations for forging a closer partnership for peace, progress and shared prosperity, the Heads of the State/Government of ASEAN and India at the ASEAN-India Commemorative Summit 2012, held at New Delhi on 19-20 December 2012, recommended the establishment of ASEAN-India Centre (AIC), which was formally inaugurated by the Hon'ble External Affairs Minister of the Government of India on 21 June 2013 at RIS. AIC serves as a resource centre for ASEAN Member States and India to fill the knowledge gaps that currently limit the opportunities for cooperation. AIC is closely working with the Ministry of External Affairs (MEA), Government of India to undertake and disseminate evidence-based policy research and provide policy recommendations.

AIC Commentary Series Editor: Dr Prabir De, AIC at RIS, New Delhi

Contact us at:

ASEAN-India Centre (AIC)
Research and Information System of Developing Countries (RIS)
Zone-IV-B, Fourth Floor, India Habitat Centre, Lodhi Road
New Delhi – 110003, India
Tel. +91-11-24682177-80
Fax: +91-11-24682173-74
E-mail: aic@ris.org.in
Visit our website at: <http://aic.ris.org.in>

@AIC_aseanindia

