

The CPPR Centre for Strategic Studies ‘Prospects of ASEAN in India’s Look East Policy’ - 16/08/2013

Keynote Address: Dr. Ernest Bower, Senior Advisor & Sumitro Chair for Southeast Asia Studies, Centre for Strategic & International Studies (CSIS), Washington D.C.



Dr. Ernest Bower spoke of India’s link to South East Asia and American interest in India’s progress in its look East Policy. He said Washington has decided to pivot towards Asia and this strategy was announced in response at least in part to a narrative that the United States saw developing in Beijing.

Dr. Bower stated that China has done extremely well over the last 20 years. He also mentioned that the U.S.A has been taking note of China's 'Charm offensive' that helped them build relations in S.E. Asia. He recollected that during the Asia financial crisis that started in 1998 in Thailand and struck S.E Asia very hardly, the American response to the financial crisis was seen by some in S.E Asia as not warm and friendly as U.S.A's friends in S.E Asia would have hoped. At that time, China was able to move into a new phase of its engagement in S.E Asia. They sent diplomats to the region who were extremely able, leading with ideas about listening to what S.E Asia needed.

For the first time China began to invest in S.E Asia through aid, infrastructure projects, adapted to an ideological approach to the region and really started to pursue a policy of engagement with S.E Asia. As a result over 15 years, China became the first and second largest trading partner for most of the ASEAN countries. At the same time the United States was engaged in fighting two wars in Afghanistan and Iraq and hence less engaged in S.E Asia.

Near the end of 2008, the United States ran to a financial crisis and at that time the nation's politics was very much divided. Republicans and Democrats were fighting over political issues and not focusing on U.S.A's national interests. Dr. Bower clarified that the Americans are concerned that Chinese would have interpreted weakness in United States posture in such conditions that was indeed evident in China's actions.

Further in 2009 the Chinese adopted the 'Nine-dashed line' in South China Sea. This was in fact China testing its new found economic power in S.E Asia, to see if it could assert its sovereign interests in the region over its smaller neighbours. According to Dr. Bower, "We all want to see China prosper and be a great contributor to public goods. We want to see China feeling secure and contribute to regional development and growth. But the questions that China asked when it drew the nine-dashed line around the South China Sea, when China and Pakistan tested the northern border of India; these are the questions that have not been answered yet. We don't know, S.E Asia does not know what China wants to do."

Dr. Bower stated that in such situations as the narrative was building, the United States faced the question of how to talk to the world about its decision to drive down its troops in Afghanistan and the Iraq. And it was in that context that the United States announced a 'Pivot to Asia'. The pivot in Asia was at least in part a message to Beijing and the message was that the United States did not intend to leave Asia. America intends to continue to be a pacific power. Also, it was a message to India and to our friends in S.E Asia that the United States intended to and was going to take actions to remain a pacific power.

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Dr. Bower said, “Now U.S strategy looking at the region has broadened.” He opined that while earlier administrations may have been trying to manage China; the Obama Administration took a different stance. Once in power, they decided to test a theory that the President’s China advisors thought might work which was - to go to China on his first trip and see if the Chinese might be willing to work together. Some called this as the G2 phenomena that nation’s especially India and the Latin America took notice of. But what was more important was the Chinese response.

According to Dr. Bower the Chinese response to President Obama’s November 2009 China trip was that, “they saw weakness in the American approach. They saw weakness in President Obama trying to reach out and offer to work together in fact; they saw that trip as an extension of the Beijing narrative that was beginning... The United States weak financially, divided politically, focused elsewhere – outside of Asia and possibly leaving and drawing down its troops in Afghanistan and Iraq.” Dr. Bower points out how the Whitehouse once it was back from the Beijing trip realised that they made a mistake. Soon a new strategy started developing in Washington. This novel strategy had ASEAN at the core of the emerging architecture for financing trade called the ‘East Asia Summit’ (EAS).



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Dr. Bower reminds how this ASEAN centric approach was designed by Hillary Clinton backed up by her senior staff. The idea of this approach basically is to create a table of few or framework whereby the Americans plus India, the ten ASEAN countries, Japan, Korea, Australia and New Zealand could convince China over time to sit at the table with them and make the rules in the neighbourhood and play by those rules. Thus it will be a collective effort where all have to be sitting at the table and be serious about the objectives. This is where Dr. Bower says he comes to India's policy towards East Asia.

Dr. Bower highlighted that while India announced the 'Look East Policy' in 1991; the CSIS was looking deep into India – ASEAN connectivity. CSIS achieved this by launching a study called 'Enhancing Indian – ASEAN connectivity' in connection with Indian Council for Research on International Economic Relations (ICRIER) in New Delhi and Economic Research Institute for ASEAN and East Asia (ERIA) in Jakarta. The study brought out India's deep historical engagement with S.E Asia; how India has given S.E Asia much of its foundation for its religion, culture, language.

Dr. Bower pointed out that despite such fundamental linkages, when America looks at India's engagement with the region today; it wonders when India will fully engage in S.E Asia. He remarked how some of India's businesses have begun to obviously do very well since exports and imports from S.E Asia are very significant. But expectation out of a nation like India that enjoys socio-cultural linkages with the region is much higher.

Dr. Bower noticed that India's naval and military engagement has also begun to pickup and is actually very impressive. He anticipates that the Indian Ocean will link the Indian military more closely to the new structures under the East Asian Summit including the recent ASEAN defence ministers meeting (2013) in Brunei.

Dr. Bower expressed that Americans want to understand more about the political support within India for engaging east. They are trying to understand whether India's engagement in the East Asia Summit, its engagement with ASEAN has legs? Does it have political support in India? He thinks that it would probably come from a deep business engagement and strong people-to-people ties. He mentioned how several recommendations have been made by his team to the Indian as well as the American Government that will help strengthen engagement between Indian, ASEAN and United States. He clearly established that to really be effective, the United States has to work with India on its economic and trade strategies.

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In this context Dr. Bower underlined how the economic and trade strategies of the United States needs to be co-ordinated with its geo strategic outlook. According to him, America's geo strategic outlook towards the region is sort of a power shot from above Australia and Indonesia; looking at both oceans – the Indian Ocean and the Pacific Ocean. He assured how one will find American officials and think tanks starting to talk more and more – 'not about the Asia Pacific but the Indo Pacific'. This means that the line between the old traditional lands of South Asia as well as the East Asia is turning blurred. Today, they are together viewed as a whole, he said.

Dr. Bower highlighted how his team has recommended that Washington must invite and work with the other Asia-Pacific Economic Cooperation (APEC) Forum members. They have also urged Washington to facilitate the process in which APEC invites India to join APEC. America wishes to remove the hurdles affecting the fulfilment of its trade agreement called the Trans-Pacific Partnership (TPP) that forms the basis of current American Trade Policy and its economic engagement in Asia Pacific.

Conspicuously, while America's strategic foot print and strategy lies from India to the Pacific; their trade strategy actually cuts India out of the picture. It also cuts three of the ASEAN countries such as Cambodia, Laos and Myanmar out of the picture since they are not members of APEC. This leaves India, Laos, Cambodia and Myanmar not eligible to be part of U.S.A's trade engagement in Asia. According to Dr. Bower, this does not make sense from a CSIS point of view and so they recommended to the United States to initiate an invitation for India to join APEC.

They have also recommended that the United States must engage in a free trade agreement with ASEAN so as to fulfil the criteria to be part of the Regional Comprehensive Economic Partnership (RCEP) i.e. the economic engagement/integration plan under the EAS. Thus, Dr. Bower underscored that though U.S.A and Russia are part of EAS, unfortunately they are outliers on the economic engagement.

Dr. Bower continued that he very much believes and so does his team that they must lead with economic engagement in Asia. One cannot lead with security. Security follows economic engagement. Though U.S.A's security ties are very important, economic engagement is fundamental and necessary part of a long term sustainable security engagement.

Dr. Bower concluded by saying that he would like to know what the audience thinks of India's engagement in Asia? And what they think the Americans can do to be better partners not only to India but to other countries in the EAS?

Question - Answer Session

During the question – answer session, many questions were hurled specifically on key words like China, U.S expectations, Trade and commercial prospects of Kerala etc. (Note: The questions have been briefed)

1) India was actually looking east before U.S. Your take on this?

Dr. Bower said that his point was that China's misunderstanding needs to be changed. He asserted that America needs to convince Beijing that they were not going to leave Asia. He mentioned how American strategy does not work well unless they get a clear understanding of their relations. And hence emphasized their need to understand what India can and wants to do and how the United States can align with India and work together.

2) How does Washington look at the String of Pears strategy of China?

Dr. Bower underscored that Washington wants China to be engaged. They respect China to be a global power and feel it is important they give China its space. He stated how the United States is going through a transition from sort of a super power into a multi polar world. But in case of China, he clarified he isn't a China scholar. "What is China? What does China want to be?" According to Dr. Bower even experts have not been able to explain this. Dr. Bower reminded that China used to self correct after the Tiananmen Square Incident but actually they are still enjoying the policy based on suppression of the Tiananmen Square protests. China is trying to manage nationalism, military growth and at the same time self-correcting and this actually undercuts China. In this scenario, he feels that the String of Pears strategy of China isn't working.

3) What are U.S expectations out of India?

Dr. Bower happened to laude U.S relations with Vietnam. He called Vietnam the most strategically thinking country in S.E. Asia. He pointed towards the Communist Ideological

connect of Vietnam with China and how Vietnam has succeeded in having too many interactions with China. He continued, “Vietnamese talk very directly to U.S, really filling them in on China and also about ASEAN. Henceforth, Vietnam is a very valuable partner to the United States.” He proposed that the United States expects to know more from India about its needs just as Vietnam. He expects India to be frank. He also pointed out that the old myth of whether U.S.A is secretly trying to get India into trouble is ridiculous. Relating to the similarities in Governance style and influence of various stake holders in India and the U.S.A he stated, “India is a Giant Chaotic Democracy! We are the same.”

4) What does the United States have to offer Kerala?

Dr. Bower mentioned that the United States does four times more investment in ASEAN than in China. Hence they can do better. Praising Kerala’s education standards he said that if he could have a gold mine or people of Kerala; he will take people of Kerala. He said there is untapped potential in Kerala. He agreed that though U.S underplayed India for a number of reasons, now they respect India’s right to act in its own way. He smiled at his own remark that U.S.A is very impatient but realises that it needs to give time to India. He pointed towards issues to be dealt with such as Cyber concerns, Regulatory extortions, squeezing foreign investors etc. At the same time he mentioned how some Chief Ministers of Indian states are keen to initiate business prospects. He remarked Mr. Narendra Modi’s success in getting Ford to make huge investments in Gujarat state of India. Dr. Bower called it the biggest and most advanced plan ever in the investments made by Ford. He asked, “Is foreign investment bad for India?” He reminded how foreign investment would bring in money, technology, training as well as community development initiatives. He welcomed similar business proposals from Kerala that will strengthen U.S.A’s ties with Kerala.

5) Is it necessary that India, Australia, U.S.A and ASEAN need to sit together and talk to China? Won’t bilateral discussions do?

Dr. Bower clarified, “It is not all about China. If it is so we fail.” Ensuring closer ties and understanding intrinsic values is crucial for strategy between U.S – India, U.S – ASEAN and so on. Today, though S.E. Asia has central powers such as judiciary, electoral commission as well as rule of law; it needs to improvise and strengthen these institutions. Both India and the United States follow democratic path. Hence some alignment based on governance as well as role of civil society is possible. U.S is not trying to tell India what is good for India. It is trying to understand and engage in mutual trust and mutual interests with India, he said.

6) On the strategic mistrust between India and the United States.

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Dr. Bower says that he wants to see ‘Strategic Trust.’ He re-emphasized on the need to be more honest with each other.

7) The sea food businesses of Kerala find that the trade restrictions imposed by U.S and Europe make it difficult to develop sea food markets. Your view point.

Dr. Bower agreed that American Trade policy is favourable to the United States due to absolute protectionism stance which isn’t fair. He admitted that America has structural policy issues. He explained how the United States trade ties are mandated and authorised by the Congress that tends to get protectionist leading to a bad policy. It is only once the policy is made that the administration gets to go back to the Congress and explain how they are trying to put things in place with India and the current policy will mess it up. Dr. Bower clearly affirmed that if they want politicians to do something, they ‘lobby’. He explained the importance of lobbying to push U.S. He asked sea food businesses to come to U.S.A via embassy and make their case. He said he is looks forward to see Indian’s lobbying American policy regime and American’s lobbying Indian policy regime.

8) Is the United States not taking bold steps in terms of China because of its economic interests?

Dr. Bower admitted that the United States hesitates to have a fight with China not only because of commercial interests but also because it will spoil relations with ASEAN. “If we mess up with China we will be killing the golden goose,” he said. He was referring to the relevance of South China Sea holding 2/3rd of world’s trade flow.

9) How do you balance your relationship with China and India?

There is no approach of balancing India and China. Both China and India are strategic partners for the US.

10) Chanakya says that make enemy of your enemy your best friend. Is that so? Are we trying to balance the fear of the cold war era?

Dr. Bower denied these remarks and emphasized on the need to have frequent honest discussions between India and the United States so as to understand better what India’s interest would be in Indo-ASEAN engagement and how the United States could align with India and work together.