

India's Engagements at ASEAN Forums

By Jayashri Ramesh Sundaram

India's engagement with the ASEAN nations began with the 'Look East Policy' of 1991. Today, India has 30 sectoral dialogue mechanisms and 7 ministerial-level interactions apart from annual summits with the ASEAN countries. The 'Look East Policy' launched by the then Prime Minister Narasimha Rao was seen as an official initiative for the encouragement of trade links with individual partners and provision of foreign employment for India's expanding workforce. The policy was followed by his successors Atal Bihari Vajpayee and Dr Manmohan Singh. Prime Minister Narendra Modi, however, conceived the phrase 'Act East policy' to emphasise on strengthening of India-ASEAN cooperation and importance of multilateral organisations and summits.

This article will attempt to understand India's engagement with the ASEAN region at multilateral summits in the past five years. Apart from economic engagement, India is culturally linked to the region. The East Asia Summit, ASEAN Regional Forum, Regional Comprehensive Economic Partnership (RCEP), ASEAN Defense Ministers' Meeting-Plus (ADMM-Plus), Expanded ASEAN Maritime Forum (EAMF) and Asia-Pacific Economic Cooperation (APEC), are some of the forums in the region where India has participated. Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Mekong-Ganga Cooperation (MGC) are forums that comprise one or more ASEAN members where India is an active member.

RCEP is one such grouping that has been a part of India's foreign policy analysis, predominantly in the recent past, not just in India but all over the world. It aims to create a free trade zone and is estimated to become the world's largest trading bloc. ASEAN members along with China, Japan, South Korea, Australia and New Zealand have been emphasising India to commit to an early conclusion on its partnership with RCEP. India, sceptical of China's membership in the RCEP, has refrained from signing the regional cooperation deal, despite pressure from all the heads of states of the grouping. Apart from the Chinese influence, India has expressed cynicism on the consequences of opening its economy given its trade deficit with the member states.

Table 1: India and RCEP
65 per cent of India's goods trade deficit in 2017–2018 was with RCEP nations

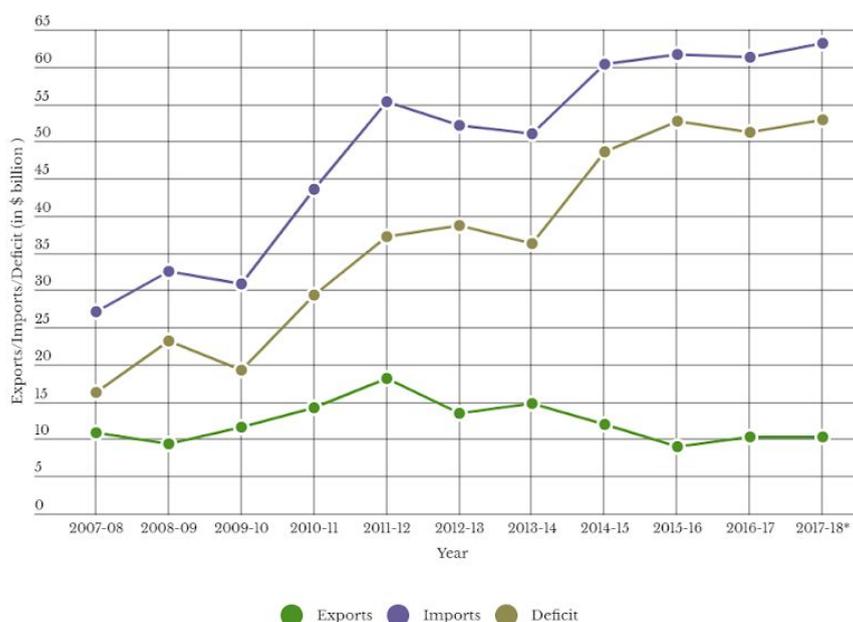
	India's export to	India's import from	Total trade	Deficit
China	13.1	73.3	89.4	63.1
ASEAN	33.8	47	80.8	13.3
South Korea	4.4	16.4	20.8	11.9
Australia	3.8	13.9	17.8	10.2
Japan	4.7	10.9	15.7	6.2
New Zealand	0.35	0.64	0.99	0.29
RCEP	60.21	165.2	225.4	105

	Export	Import	Total trade	Deficit
India's global trade (\$ bn)	300	461.2	761.4	161.4
Share of trade with RCEP (in per cent)	20.1	35.8	29.6	65.1

Source: Ministry of Commerce and Industry

India, fearing a Chinese leeway into its market disagreed to cut duty on at least 92 per cent tariff line. A three-tier tariff was proposed by India, according to which countries that come under the third tier, such as China, would be offered 42.5 per cent liberalisation in tariffs. A tariff liberalisation on 74 per cent of goods for China and for a few other countries and up to 86 per cent for all other RCEP members was later offered following the failure of reaching an agreement with the grouping. With both proposals not in favour, points of contempt continue to persist between India and RCEP members.

India's trade deficit with China, its largest trading partner, reached an all-time high in 2018 (since 2008). In addition to this, it is the nature of products that India imports from China that raises the worry for India.



Source: Ministry of Commerce

Table 2: China's share in Indian Imports

Product	Imports from China (\$ million)	Total Imports (\$ million)	Share of China (in per cent)
Telephone and communication apparatus	15,394.20	21,057.20	73.1
Semiconductor devices	3,900.20	4,747.50	82.2
Automatic data processing machines, includes computers	3,681.30	5,733.90	64.2
Heterocyclic compounds (raw material for several import drugs, including anti-malarials)	834.20	1,257.50	66.3
Antibiotics	824.40	1,017.20	81.0
Monitors and projectors	769.50	1,425.80	54.0

Source: Business Line

While India exports raw materials or intermediate products, it imports manufactured goods from China. With fewer manufacturing facilities in India, higher dependency on China for essential industrial goods has increased trade tensions for India. This can be reduced only by getting integrated with a grouping such as RCEP.

Ever since RCEP negotiations have begun, India's concerns have not gained explicit support from the ASEAN, despite the region looking for India as a security provider. This is because China has been ASEAN's top trading partner for 10 consecutive years and is a huge

consumer market for ASEAN goods. China has also provided financial assistance to the region during the Asian Financial Crisis in South East Asia. Given these facts, India will have to face a myriad of challenges to meet its demands.

Trans Pacific Partnership (TPP) is yet another deal that is dominating the international political economy. This comprises countries such as Australia, Japan and Canada along with all Southeast Asian nations.

India, given the large tariff reduction under TPP, may not be interested in it. For ASEAN, the deal remains an unfinished agenda following the US withdrawal. The deal is expected to push forward trade liberalisation norms with or without America. In the interest of becoming a major export destination and a competitive market, India cannot neglect TPP that may overturn regional trade policy.

Ensuing the past, Modi has continued to attend the East Asia summits. Being a founding member of the East Asia Summit launched in 2005, India's potential to gain and contribute to the restructured policy is yet to take off. BIMSTEC on the other hand plays a crucial role for India. India-Myanmar-Thailand highway is a key project for India's Act East policy. Rhetorically, BIMSTEC proves to be an ideal platform for India to establish for itself a regional space and important trade links. However, India's on and off relationship with Pakistan and China raises concerns amongst the BIMSTEC members. In this context, when India states that BIMSTEC is a natural choice to fulfil its 'foreign policy' goals, it has to ensure that concerns of Thailand and Myanmar are addressed.

While India-ASEAN Free Trade Agreement (2015) paves way for progressive market access and has even led to the abolishment of tariffs on 80 per cent tariff lines accounting for 75 per cent of trade, it does not compensate for regional economics. Fearing cheap Chinese inflow of goods, and fearful of adapting to the global economic trend, India has taken a hot and cold stance with RCEP. ASEAN, like India, is an emerging market economy seeking opportunities. To expand and strengthen ASEAN-India connectivity and India's role in the regional forums, it has to cooperate both economically as well as diplomatically.

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