

Rolling the Credits on Modi's 'Act East' Policy

By Juanita Justin

Prime Minister Narendra Modi's interaction with Southeast Asia comes at a time of changing geopolitical architecture in the Southeast Asian and Indo-Pacific region. The government revamped the 1991 'Look East' policy to the 'Act East' policy to counter China's increasing dominance in the region, not just economically but also in the security domain. The Indian government intended to increase connectivity in Southeast Asia by increasing trade investments, constructing infrastructural projects and strengthening regional institutions.

The last five years witnessed priorities set for trade and infrastructural connectivity with ASEAN countries taking a back seat. The Kaladan Multi-Modal Transit Transport Project was proposed as an alternative route to reduce the congestion of truck-trade in the Siliguri Corridor and to increase the economic connectivity within the region. The proposal is an important project envisioned to advocate the Act East policy. But the implementation of the project has been stalled for a third time and this has caused a sense of discontent in the region. The India-Myanmar-Thailand Motor Vehicle Agreement (IMT MVA) is also another key project that has been progressing slowly. The slow progress creates distrust in the ASEAN region. According to a 2019 survey conducted in Southeast Asia, the trust levels among ASEAN countries towards India are very low i.e., about 21.7 per cent and only 19.6 per cent are confident that India is contributing to the prosperity and governance in the region. In response to their needs of diversifying infrastructure and trade investment partnerships and to reduce their dependence on China, the Modi government promised US\$ 1 billion Line of Credit (LoC) and enhanced the financial assistance in the regional institutions to promote capacity building, collaborative R&D projects in Science and Technology, renewable energy, agriculture, tourism and also to combat climate change – a concerning issue among the ASEAN countries.

The year 2018 marked 25 years of India-ASEAN relations. To commemorate this, all the heads of the ASEAN states were invited and present at India's Republic Day ceremony the same year. The Delhi Declaration was adopted reaffirming the commitment of ASEAN and India to work closely together on issues of mutual concern and ensure an open, transparent, inclusive and rules-based regional architecture. There was a cloud of optimism following this.

During ASEAN-India Breakfast Summit in 2018, Prime Minister Narendra Modi stressed that his Act East policy was ASEAN-centric and reiterated his stance on free, open and inclusive trade in the region. New areas for discussion and bilateral cooperation in science and technology, innovation, startups and financial technology were introduced. The need to address the growing threat of terrorism and radicalisation in the region by mutual sharing of intelligence systems and capacity building mechanisms was also discussed. During his visit to Singapore in 2018, an agreement for Mutual Coordination of Logistics and Services Support was signed to further advance the bilateral naval cooperation and upgrade Comprehensive Economic Cooperation Agreement to improve bilateral relations between the countries.

The escalating tensions in the South China Sea for maritime advantage have highlighted the issues of security, alliance buildings, strategic partnerships and territorial claims in the ASEAN region. The Malacca Strait which is situated between Malaysia and Indonesia is considered as a significant lane of maritime trade for India. More than half of its trade passes through the Strait. Any country controlling the South China Sea will restrict the freedom of navigation and the free movement of goods and services of other countries using the Strait. In this context, maintaining a balance of power in the region is necessary for free and open trade for all. India believes that its involvement in the Malacca Strait Patrol (MSP), a quadrilateral arrangement involving Indonesia, Malaysia, Singapore and Thailand, will improve regional security ensuring to preserve the balance of power in the region. And despite India's request to join the MSP, Indonesia declined, intending to extend its membership only to ASEAN countries. Indonesia justified their stance saying that the MSP is a "loose mechanism" conducting only coordinated patrols. Besides, allowing India to patrol will raise China's concerns leading to its involvement in maintaining the status quo. However, Indonesia has partnered with India to develop a sea port in Sabang which is situated near the Malacca Strait. The Sabang port is of strategic importance that will create a space for India to increase its influence in the Southeast Asian region. This is to balance China's dominance and claims across the contested territorial nine-dash line.

India does not have the sufficient maritime capabilities to act as a balancer in the South China Sea. Strategic partnerships are required to strengthen its engagement in the political, economic and military spheres in the ASEAN region. Act East Policy has been able to strengthen India's ties with its extended neighbourhood, specifically with Japan, which in turn influenced and increased India's strategic position in the Indo-Pacific region. This

enabled India to stand firm against Beijing's claim over the Paracel and Spratly islands and support the claims of Philippines and Vietnam over the contested islands.

In 2018, India and Vietnam signed a strategic partnership agreement wherein India was given the rights for oil exploration and drilling projects in the Paracel and Spratly islands within its 200-nautical-mile Exclusive Economic Zone in the South China Sea. China firmly objected the move stating that an infringement over its territorial extensions will create problems of power and security in the region.

India has always given great importance to Taiwan as it showcases its strategic interest in the Far East. In 2018, a bilateral investment agreement was signed between India and Taiwan that recognises authorised economic operation programmes, easing market access and increasing bilateral investments between the two countries. However, there are still challenges as China tries to interfere and block Taiwan's trade relations. In 2019, China warned India not to trade in submarines and maritime technology transfers with Taiwan as any form of military link with the country will go against Beijing's national interests. If Taiwan can overcome Beijing's attempt to block its trade into new markets, Taiwan can shift its markets and production to India which can boost its economic independence.

China's coercion across the nine-dash line has led the US, India, Japan and Australia to form the Quadrilateral Security Dialogue – the Quad – the whole narrative of which is based on inclusivity, free and open trade. The question on how it will be managed remains unclear. Aside from its trade and economic relations, India prefers to show the distinction between the Quad and its Indo-Pacific maritime strategy. India is cautious not to upset China on the strategic alliance. This was clearly showcased when India denied Australia's attendance in the tri-lateral Malabar Naval Exercise conducted with the US and Japan. This caution is based on the fear that a retaliation from China will put India in danger and make it vulnerable due to its close proximity and border dispute with that country.

Over the last five years, the Modi government has shown more preference to soft power to reduce the strained relations between India and ASEAN in the Indo-Pacific region. India and ASEAN need to enhance their existing mechanisms and aim for efficient and effective implementation of connectivity and sustainable infrastructural projects. The maritime cooperation between the regions has further developed during the past years and is steadily increasing ASEAN's confidence towards India. However, its influence in the region is very limited. India's relations with Vietnam, Indonesia and Taiwan show its strategic interests in the region as it caters to their needs for maintaining the balance of power in the region. India needs to look at a bigger picture, setting long-term sustainable and realistic goals to

increase its political and economic presence in the region. Further steps must be taken to strengthen peace and safety in the ASEAN region by addressing their most pressing security challenges that is unique and different for each country in the region.

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