

## India's Future Relations with ASEAN



*Image source: Republic World*

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Soft power—the term coined by an American political scientist, Joseph Nye, about three decades ago—holds prominence among academicians and political scientists alike even today. In Nye's words, “to get others to do what they otherwise would not” is soft power; in other words, soft power is attaining consensus sans the coercion with liberalism as its essence. India systematically banks on soft power, including but not limited to Spiritualism, Ayurveda, Ahimsa, Yoga, Bollywood, Dance and Indian cuisine. The Indian diaspora, around 17.5 million strong—the largest globally—and the successful Indian IT industry, acts as a global ambassador for Indian soft power.

Historically speaking, the early 90s saw the collapse of the Cold War structures, consequently, it resulted in a change in the economic and strategic policies among countries in South Asia. Three major changes were observed in India's policy. First, a new economic regime was ushered in based on capitalism and liberalism. Second, the collapse of the Soviet Bloc resulted in a newfound ally in the US for India and third, in 1992, the Look East policy was launched by India, the hegemon in the region. The fact that South Asia looked upon India with distrust and the political animosity in the region resulted in India looking at new partners in South-East Asia. This was christened as the Look East policy that was based on three aspects mainly—elaborate institutional mechanisms, economic interests including infrastructure and common strategic interests.

Consequent of the above, India-ASEAN trade and investment relations have been growing steadily. The South-East Asian regional bloc is the fourth-largest trading partner for India. Approximately, 10.6 per cent of India's overall trade volume is with the regional bloc valued at an approximate US\$ 80 billion. Indian exports to the region stand at 11.28 per cent of India's total exports. Along similar lines, there exist substantial investment flows both ways. ASEAN accounts

for approximately 18.28 per cent of the investment flows into India since the turn of the millennium.

Currently, India is the sixth largest partner in terms of foreign direct investment and trade volume. At the 16<sup>th</sup> ASEAN Indian summit, the then ASEAN chair stressed the need to reach the US\$ 200 billion worth of trade between both the parties by 2022 from the 2018–2019 mark of US\$ 96.79 billion. The key investment sectors by the ASEAN are expected to be pharmaceuticals, oil and gas and information technology. The decision to review and revise ASEAN–India trade in goods agreement can act as a facilitator of trade between the parties. Similarly, the NDA government’s schemes like Make in India and Invest in India can be aggressively promoted in the region.

China exports goods worth US\$ 68.8 billion to India, out of which most are industrial goods and machines. China’s major exports to India are telephones with 13 per cent, broadcast equipment with 6.2 per cent and semiconductor devices with 5.9 per cent of the total export volume. Can ASEAN competitively substitute Chinese goods to India? Most likely, no. Out of the 10 members in ASEAN, only Thailand, Singapore and Vietnam produce a significant amount of varied and complex industrial goods that China exports to India. Most of the goods to India from ASEAN are less complex primary goods like Coal Briquettes, Palm Oil, Copper, etc.

In 2019, India–ASEAN free trade agreement was agreed to be reviewed. AIFTA was signed in 2009 in Bangkok in which timelines were initially set for eliminating duties. In a post-COVID era, similar to pre-COVID, it is highly advisable to continue with existing duties, as around 86 per cent of Indian farmers hold small and marginal landholdings. These farmers are unable to generate sufficient household income, let alone trade competitively in a free trade region.

Currently, India’s trade with ASEAN stands at US\$ 81.33 billion, which is approximately 10.6 per cent of India’s overall trade volume. With a compound annual growth rate, of about 12 per cent, India–ASEAN trade growth is one of the fastest growing ones. Ships, boats, mineral oils, mineral fuels and meat are a few avenues for engagement in post-COVID era.

The strategic prominence the region holds for India is evident from India’s repeated attempts at thawing trade and diplomatic relations with partners in the region. Valued at US\$ 1 trillion, trade volume with China is 20 per cent higher than what is shared with India. However, as a manufacturing powerhouse of the world, there exists a tendency for nations in the bloc to gravitate towards China due to two major reasons. First, maritime proximity and second, competitive prices offered by China.

ASEAN members’ sovereignty is often threatened by the fact that there is growing militarisation by China in the South China Sea. China acts like a bully in the region and Chinese aggression on several parts of the South China Sea littorals like Philippines, Malaysia and Vietnam, encroaching their exclusive economic zone, creates provocation and threatens their sovereignty. However, the States cannot effectively act alone, necessitating a collective effort. The declining role of the West in the region can be used as a ‘foot in the door’ strategy by India to further cooperation and rebalance Chinese investments in the South China Sea.

In 2014, the Indian government as a counterbalance rechristened the erstwhile Look East policy as the action-oriented and dynamic Act East policy; it is the natural progression of the strategic alliance of the regional bloc with India.

The upgradation of the relationship into a strategic partnership in 2012 was a mere natural progression indicative of the ground covered since India became a Sectoral Partner of the ASEAN in 1992, Dialogue Partner in 1996 and Summit Level Partner in 2002. There are, in total, 30 Dialogue Mechanisms between India and ASEAN, cutting across various sectors. The fact that there exists a separate mission to ASEAN and the EAS in Jakarta, with a dedicated Ambassador to strengthen engagement with ASEAN and ASEAN-centric processes, is characteristic of the regards with which India looks at the region. There exist strong underlying ties between the two partners which are evident from the 25 years of dialogue partnership, 15 years of summit-level interaction and five years of strategic partnership. The two undertook 60 commemorative activities culminating in an ASEAN-India commemorative summit on the theme ‘Shared Values Common Destiny’ in New Delhi in January 2018. The commemorative activities included a youth summit, a regional diaspora event, music festival, hackathon and a start-up festival to name a few.

The existing narrative is being rewritten, with ASEAN being one of the worst-hit regions of the coronavirus pandemic. Of the total 9.2 million cases globally, 1,35,000 are from the region. In the early stages of the outbreak, underestimation of the threat posed by the virus, obfuscation and State-sponsored censorship of the facts by the State apparatus and close cultural and trade relations with mainland China have led to an aggravation of the outbreak. Human rights groups like Amnesty International and Human Rights Watch have been putting out regular press releases in opposition to the rising wave of authoritarianism in the region.

China-ASEAN ties are strong in the region; however, it has always been looked at with a certain degree of wariness and disdain by the member nations of the regional bloc. Strong cultural ties between the two, maritime connectivity, proximity and attractive prices induce a cycle of trade. This further acts as a stimulus for further cooperation, resulting in a virtuous cycle of trade between the two members. However, for India, the COVID-19 outbreak presents an opportune time to reconcile and strengthen the ties and aim at further regional cooperation between the two. The fact that Indo-ASEAN 2016–2020 Plan of Action elapses this year, can be used as a pivot to further Indian agenda in the region across sectors like maritime security, terrorism and radicalisation, political security cooperation and economic relations.

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