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**STRENGTHENING COMPREHENSIVE AND  
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**“India’s Engagement with East Asia”**

***India’s Engagement with East Asia: a Chinese  
Perspective***

*by*

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## **India's Engagement With East Asia: A Chinese Perspective<sup>1</sup>**

**Li Li**

### **Introduction**

India's engagement with East Asia enjoys a long history. In ancient time, the Indian Civilization exerted substantial influence to Southeast and East Asia. Buddhism, originated in the Subcontinent more than two centuries ago, remains most popular in Southeast and East Asia. India also has centuries of economic bonds with the region. Under the colonial rule by British, India was used to safeguard and promote British "interests" in the Pacific Ocean as well as in the Middle East and Africa. A large number of Indian émigrés were introduced into Southeast Asia and Hong Kong, where even nowadays they constitute a significant part of local communities, especially in Singapore and Malaysia.<sup>2</sup> Since independence, India's relationship with East Asia can be divided into three phases: Asian resurgence (1947-1950s), "splendid isolation" (1960s-1980s), and Look-East Policy (1990s-present).

Nehru, the first Prime Minister of independent India, had a vision of Asian resurgence and Third World solidarity, in which India should play a leading role. As early as in the late thirties, Nehru talked about "an Eastern Federation" which would consist of India, China, Burma, Ceylon, Nepal, Afghanistan, Malaya, Siam and Iran.<sup>3</sup> India convened the 1947 Asian Relations Conference just before independence to explore regional political cooperation. After independence, India started to expand its influence in East Asia. It developed a close link with the new China in the 1950s. It extended substantive support to Indonesia and other countries of Southeast Asia in their freedom struggle. It also propelled the convening of the Afro-Asian Conference

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<sup>1</sup> Paper draft, not to be quoted.

<sup>2</sup> Stephen P. Cohen, *India: Emerging Power* (New Delhi: Oxford University Press, 2002), p. 229.

<sup>3</sup> S. D. Muni, "East Asia Summit and India," *ISAS Working Paper*, No. 13, October 3, 2006, p. 34.

at Bandung in 1955.

Between the mid 1960s and the 1980s, India focused on achieving an ‘Indo-centric’ role, which means its own autonomy and stability on the one hand, and India’s dominance in the Subcontinent rather than a pivotal role in Asia and the world on the other. After the 1962 border conflict, India and China maintained a ‘cold war’ till the 1988 ice-breaking visit to Beijing by Rajiv Gandhi. Due to India’s siding with the Soviet Union and its support to the People’s Republic of Kampuchea regime, India and the ASEAN countries became estranged to each other.<sup>1</sup>

With the collapse of the Soviet Union and its own economic setback, India started to reformulate its external priorities. As a result, the Rao government launched the “Look-East” policy in 1992. It originally aimed at boosting India’s relations with Southeast Asia. Since the turn of the 21st century, India has extended this policy to Japan, South Korea and Australia and believes that India’s future and its best economic interests “are served by greater integration with East Asia”.<sup>2</sup> This paper attempts to examine India’s reengagement with East Asia since the early 1990s. It also explores the China factor in India’s Look-East Policy and its impacts on East Asian integration.

### **Look-East Policy and India’s Reengagement with Southeast Asia**

India’s Look East Policy was a part of its endeavors to deal with the changed global and regional environment after the end of the Cold War. Initially, it was designed to shun political “marginalization” and overcome economic difficulties. Coming out on the losing side of the Cold War, India seemed to be marginalized in world affairs, “with few reliable friends”.<sup>3</sup> While the collapse of the Soviet Union deprived India of a significant economic and strategic partner, it opened a window for India to improve its relations with ASEAN countries, who stood in the opposite camp during the Cold War. Suffering from its external payments crisis in 1990 and 1991, India was eager to take advantage of the booming ASEAN economies by enlarging its economic engagement with the region. Meanwhile, India’s following economic reforms and

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<sup>1</sup> Mohit Anand, “India-ASEAN Relations: Analysing Regional Implications,” *IPCS Special Report*, No. 72, May 2009.

<sup>2</sup> “Address of the External Affairs Minister, Mr. Pranab Mukherjee, at the Institute of Foreign Affairs and National Security, Republic of Korea, on India’s Look East Policy,” September 17, 2007.

<sup>3</sup> C. Raja Mohan, *Crossing the Rubicon: The Shaping of India’s New Foreign Policy* (New Delhi: Penguin/Viking, 2003), p. 11-12.

liberalization provided the ASEAN countries an opportunity to explore India's huge market and economic potential.

In the early years, India's Look East Policy focused on renewing political and commercial contact with the founding members of ASEAN, while preserving its traditional strategic relationship with Vietnam and Cambodia. The 1990s witnessed the resumption of exchanging high-level visits between India and ASEAN countries, among which Singapore and Indonesia were most enthusiastic to get India involved in the regional arrangements. Since 1993, India has started to seek for a strategic partnership with Myanmar, shifting from its strong support to the Burmese democratic movement to a cautious engagement with the Burmese military regime. This period also observed a steady expansion of trade and investment between India and Southeast Asia. India-ASEAN trade went up from US\$2.5 billion in 1993-94 to US\$7.8 billion in 2001-02, registering three times growth. Based on "a negligible amount", cumulative approved foreign direct investment (1991-2002) from the ASEAN members reached US\$4 billion, representing "a share of 6.1 per cent in the total FDI approved by India in this period".<sup>1</sup>

Apart from political and economic links, India begun to explore military contact with Southeast Asia. India's "defense diplomacy" towards the region covered three major areas—training of defense personnel, joint exercises and maritime security. India has offered to train military personnel from Vietnam, Cambodia, Malaysia, Indonesia, Singapore and Philippines. For example, Malaysian defense personnel were trained on Sukhoi fighter planes and Scorpene submarines, while Vietnamese on submarine. Since 1990s, India has conducted regular joint naval exercises with many countries in the region. India has SIMBEX with Singapore, Indopura SAREX with Indonesia, and the biennial multilateral MILAN naval exercises with Singapore, Indonesia, Malaysia, Thailand among others. The Indian navy has respectively exchanged port visits with navies from the region. India has also proposed joint patrols in and around the Malacca Strait with the regional navies.<sup>2</sup>

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<sup>1</sup> C. Raja Mohan, *Crossing the Rubicon: The Shaping of India's New Foreign Policy* (New Delhi: Penguin/Viking, 2003), p. 212.

<sup>2</sup> Vibhanshu Shekhar, "India-Singapore Relations: An Overview," *IPCS Special Report*, No. 41, June 2007; Yogendra Singh, "India-Malaysia Relations: It Is Time to Get Going," *IPCS Special Report*, No. 42, June 2007; Vibhanshu Shekhar, "India-Indonesia Relations: An Overview," *IPCS Special Report*, No. 38, March 2007; Vibhanshu Shekhar, "India-Philippines Relations: An Overview," *IPCS Special Report*, No. 43, June 2007; Yogendra Singh, "India-Vietnam Relations: The Road Ahead," *IPCS Special Report*, No. 40, April 2007.

Compared with the bilateral relations, India's interaction with Southeast Asia remained modest at the institutional level, in spite of the fact that New Delhi became ASEAN's sectoral dialogue partner in early 1992 and its full dialogue partner in July 1996. In 1996, India became a formal member of the ASEAN Regional Forum (ARF), which was the only official platform for multilateral security cooperation in Asia. At the same time, India made efforts to promote sub-regional cooperation. In 1997, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) was launched to "bridge" countries of South and Southeast Asia, with the North East region of India as the centre of this bridge.<sup>1</sup> BIMSTEC comprises seven countries, namely, Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka, and Thailand. It has chosen to focus on trade and investment, technology, transport and communication, energy, tourism and fisheries. In 2000, Mekong-Ganga Cooperation (MGC), another sub-regional organization, was established, involving India, Thailand and the four newer ASEAN members-Vietnam, Lao, Cambodia, and Myanmar. The MGC emphasized cooperation in tourism, culture, education, and transportation linkage. India also intended to help the new ASEAN countries "catch up with the rest of ASEAN" by providing them with economic and technical assistance.<sup>2</sup>

### **India's Rise and Its Growing Engagement with East Asia**

By the turn of the new millennium, some new changes in India's strategic consideration led to adjustments on its Look East Policy. The economic reforms that began with the Rao government not only resuscitated India's economy, but also put it on the developmental fast-track. The 1998's nuclear tests also allowed India to attain the status of a genuine nuclear power, expanding India's strategic space.<sup>3</sup> At the same time, the world seemed to welcome India's rise to sustain a balanced power structure in Asia.<sup>4</sup> Unlike being marginalized in the early 1990s, India was being entrusted with a significant role in the world politics. Against this backdrop, India, for the first time since independence, felt it possible to grasp its destiny to resurge as a global

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<sup>1</sup> "India's Growing Engagement with East Asia," address by the External Affairs Minister Shri Pranab Mukherjee at a function jointly organized by the Embassy of India in Jakarta and the Indonesian Council on World Affairs, Jakarta, June 18, 2007.

<sup>2</sup> Mohit Anand, "India-ASEAN Relations: Analysing Regional Implications," *IPCS Special Report*, No. 72, May 2009, p.7.

<sup>3</sup> Yashwant Sinha, "Towards a Multi-polar & Co-operative World Order," Speech at the International Institute for Strategic Studies, London, October 30, 2002, *Facets of Indian Foreign Policy: Statements and Media Interaction* (July 2002 to January 2003) (New Delhi: Ministry of External Affairs, Government of India, 2003), p.61.

<sup>4</sup> C. Raja Mohan, "India and the Balance of Power," *Foreign Affairs*, July/August 2006.

power.<sup>1</sup> Since then India's resurgence has become a principal and feasible goal of its grand strategy. The destiny of resurgence has had impacts on India's Look East Policy in the following ways: first, it is imperative for India to get out of the subcontinental box and get more involved in Asian politics, avoiding to be ruled out of the process of East Asian integration; second, recognizing the significance of economic strength to its emergence, India believes that a much closer economic ties with East Asia will benefit its own rapid growth; third, as concerns for China's dominance in East Asia gathers due to China's persistent rising, India has found a chance to act as a balancer in the region. Compared to the early years, the second phase of India's Look East Policy bears distinct features as follows:

First, India's Look East Policy is no longer confined to Southeast Asia, but expands to include Japan, Korea as well as Australia. Since the beginning of the new century, India-Japan relations have not only improved but also moved rapidly in strategic and defense dimensions as well as in economic links. During Japanese Prime Minister Yoshiro Mori's visit to India in 2000, Japan and India agreed to establish "Japan-India Global Partnership in the 21st Century". It represented that the deadlock caused by the 1998 India's nuclear tests had been broken, and that the two sides committed themselves to a better and stronger relationship. In 2005, India and Japan decided to upgrade their bilateral relationship to a "Strategic and Global Partnership" and hold bilateral summit meetings on an annual basis. In October 2008, India and Japan inked a unique declaration on security cooperation that involves joint defense exercises, disaster management, policing of the Indian Ocean and military-to-military exchanges on counter-terrorism. The significance of this pact lies in two folds: on the one hand, India is only the third country — after the United States and Australia — with which Japan has signed such a document; on the other, "India appears to have picked Japan as its most important partner" for fashioning Asia's emerging institutional structure.<sup>2</sup> On the economic front, Japan is currently India's third largest source of foreign direct investment with an estimated total investment of US\$2.6 billion since 1991.<sup>3</sup> In recent years, Japan has assisted India in infrastructure development projects such as the Delhi Metro Rail Project and the Delhi-Mumbai Industrial Corridor Project. The two nations have been working on a Comprehensive Economic Partnership

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<sup>1</sup> Sanjaya Baru, *Strategic Consequences of India's Economic Performance* (New Delhi: Academic Foundation, 2006), p. 27.

<sup>2</sup> Siddharth Varadarajan, "India, Japan say new security ties not directed against China," *The Hindu*, October 23, 2008.

<sup>3</sup> "India-Japan Relations," [http://en.wikipedia.org/wiki/India%E2%80%93Japan\\_relations](http://en.wikipedia.org/wiki/India%E2%80%93Japan_relations).

Agreement (CEPA), aiming to explore the great potential of the bilateral trade which amounted to just US\$12 billion in 2008-09.

The new century has also witnessed significant strides in the India-South Korea relationship. In October 2004, India and South Korea signed the *Agreement on Long Term Cooperative Partnership for Peace and Prosperity* during the visit of President Roh to New Delhi. In the recent past, Seoul's "New Asia Diplomacy" initiative projected by the current South Korean President Lee has converged with India's broadening Look East Policy. This led to President Lee's state visit to India in January 2010 and being the chief guest for India's Republic Day celebrations. The two sides decided to establish a "Strategic Partnership", raise their Foreign Policy and Security Dialogue to the level of Vice Foreign Minister, strengthen cooperation between the navies and coast guards in maritime security, explore the possibilities of manufacture of military equipment including through transfer of technology and co-production, facilitate civil nuclear cooperation, and set a target of US\$30 billion for bilateral trade to be achieved by 2014 from the present level of about US\$ 16 billion.<sup>1</sup> Ahead of Japan, South Korea signed a Comprehensive Economic Partnership Agreement with India in August 2009.

Second, notwithstanding a pious believer in bilateralism, India has started to attach greater importance to multilateralism. The ASEAN-India relations have been greater institutionalized in the recent past. The ASEAN held a collective summit with India (the ASEAN Plus One Summit) for the first time in November 2002 in Phnom Penh, Cambodia. It was considered "an acknowledgement of India's emergence as a key player in the Asia Pacific Region".<sup>2</sup> Since then it has been held on an annual basis. In November 2004, the *ASEAN-India Partnership for Peace, Progress and Shared Prosperity* was signed, envisaging to strengthen "cooperation in the UN and the multilateral fora" and focus on "the development of regional infrastructure and intra-regional communication links to facilitate greater movement of goods and people cooperation in science and technology". In December 2005, India attended the first East Asia Summit (EAS, namely, ASEAN Plus Six) held in Kuala Lumpur, Malaysia, along with the ASEAN countries and regional powers including China, Japan, South Korea, Australia, and New Zealand. With India being a founding

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<sup>1</sup> "India, S Korea Agree to Double Trade, Talk N-deal," *The Economic Times*, January 26, 2010.

<sup>2</sup> Mohit Anand, "India-ASEAN Relations: Analysing Regional Implications," *IPCS Special Report*, No. 72, May 2009, p.7.

member of the EAS, it represented India's deeper integration with Southeast and East Asia and confirmed India's role in constructing the future regional architecture. India believes that "the long term goal of the EAS should be the creation of a prosperous community of nations built on shared values and interests".<sup>1</sup> In October 2004, Indian Prime Minister Manmohan Singh put forward his vision of "an Asian Economic Community, which encompasses ASEAN, China, Japan, Korea and India". This community of nations would work for "an integrated market, spanning the distance from the Himalayas to the Pacific Ocean, linked by efficient road, rail, air and shipping services". It would "constitute an 'arc of advantage' across which there would be large-scale movement of people, capital, ideas and creativity".<sup>2</sup>

Third, India views Free Trade Agreement (FTA) as a principal pillar to substantiate its engagement with the ASEAN. In 2002, the then Indian Prime Minister Atal Bihari Vajpayee made an offer for a free trade pact between India and ASEAN at the Phnom Penh ASEAN-India Summit. The *ASEAN-India Comprehensive Economic Cooperation Framework Agreement* was signed in 2003, envisaging the full implementation of a Free Trade Area in goods, services and investment between 2011 and 2016. Bilaterally, India has signed a FTA with Thailand and a Comprehensive Economic Cooperation Agreement (CECA) with Singapore. It has been working for similar arrangements with the rest of ASEAN countries. In October 2009, ASEAN-India Free Trade Agreement was concluded after arduous and prolonged negotiations. The two sides have agreed to lift import tariffs on more than 80 per cent of traded products between 2013 and 2016. Tariffs on sensitive goods will be reduced to 5 per cent in 2016, while tariffs on up to 489 very sensitive items will be maintained. Since the present agreement covers only trade in merchandise, negotiations between India and ASEAN on services and investment are still underway. India's trade with ASEAN has increased significantly since the turn of the new millennium, from around US\$7 billion in 2000-01 to US\$45 billion in 2008-09. The ASEAN is currently India's fourth-largest trading partner after the EU, US and China.<sup>3</sup>

Fourth, India has strengthened its defense engagement with the ASEAN countries, as

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<sup>1</sup> "India's Growing Engagement with East Asia," address by the External Affairs Minister Shri Pranab Mukherjee at a function jointly organized by the Embassy of India in Jakarta and the Indonesian Council on World Affairs, Jakarta, June 18, 2007.

<sup>2</sup> "PM's Address at Third India-ASEAN Business Summit," New Delhi, October 19, 2004.

<sup>3</sup> "India & ASEAN," March 2010, <http://www.ibef.org/india/indiaasean.aspx>.



well as Japan and South Korea. Since 2000, India has signed bilateral agreements on defense cooperation with a number of ASEAN countries, including Vietnam, Singapore, Indonesia and Cambodia. Under the 15-point *Defense Assistance Agreement* between India and Vietnam, India was committed to assist Vietnam in repairing the Russian-made fighters and training Vietnamese fighter pilots. According to the 2003 *Defense Cooperation Agreement* between India and Singapore, an India-Singapore Defense Policy Dialogue was set up in 2004. In 2007, India has also signed a 5-year defense cooperation pact with Singapore to allow the latter's air force to use Indian Territory and airspace to conduct military exercises.<sup>1</sup> Following the 2004 Indian Ocean tsunami, Indian Navy was quick to respond and provided relief in Southeast Asia, as well as in South Asia. In 2005, the Indian Aircraft carrier, INS Viraat, sailed for the first time into the South China Sea, visiting Singapore, Jakarta in Indonesia and Klang in Malaysia. In 2007, India held large scale naval exercises with the U.S., Japan, Australia and Singapore in the Bay of Bengal, which "raised alarm about a potential Asian NATO".<sup>2</sup>

### **The China Factor and Its Impacts on Regional Integration**

The China factor has played a significant role in India's Look East Policy. As far as China is concerned, India's Look East Policy has two faces which contradict with each other. On the one hand, the Indian government has repeatedly emphasized that China is "a key component" of India's Look East Policy, since China is India's largest neighbour and a key emerging player in the international arena.<sup>3</sup> Since Rajiv Gandhi's 1988 visit to China, China-India relations have improved and made continuous progress despite some turbulence. In 2005, the two nations decided to establish a "Strategic and Cooperative Partnership for Peace and Prosperity". While committed to peaceful means to address their differences including the border dispute, China and India have strengthened their cooperation in many aspects. Bilaterally, the economic links have grown so rapidly that China has become the second largest trading partner of India while India is among the top ten trading partners of China. Multilaterally, China and India have taken similar stances to a number of international issues including climate change, world trade arrangement, reform of the international

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<sup>1</sup> "Deal Inked, Singapore to Use Bengal Airbase for F-16 Training," *The Indian Express*, October 10, 2007.

<sup>2</sup> C. Raja Mohan, "India's Changing Strategic Profile in East and Southeast Asia," presented at the Regional Outlook Forum 2008, organized by Institute for Southeast Asian Studies, January 8, 2008, Singapore.

<sup>3</sup> "Keynote Address by Shri Pranab Mukherjee, External Affairs Minister at the Institute for Security and International Studies (ISIS), Chulalongkorn University on India's Look East Policy: Implications for Thailand and South East Asia," September 14, 2007.

financial system, and energy security. They have been working closely in a couple of multilateral fora like G20, BRIC, BASIC, China-India-Russia Trilateral Mechanism among others. In the view of some Indian top leaders, “the India-China partnership is an important determinant for regional and global peace and development, and for Asia’s emergence as the political and economic centre of the new international order”.<sup>1</sup>

However, the other face of India’s Look East Policy towards China is extremely negative. In spite of the fact that Indian leaders frequently state that they are not seeking to contain China, it is broadly believed in the international strategic circle that India’s Look East Policy (especially the second phase) is part of its “hedging strategy” towards China.<sup>2</sup> Baladas Ghoshal, an Indian scholar, argues that India has “sought defence cooperation with countries like Myanmar, Indonesia and Vietnam and secured a role for itself in the security of the Straits of Malacca as a likely insurance against Chinese hegemony in Southeast Asia,” though it “has not so far clearly spelt out its strategic objectives in the region in any of its policy papers”.<sup>3</sup> It is also believed that India’s hedging strategy has found a complement in the region’s wariness of China’s rise. To quote Baladas Ghoshal again, “the region now looks towards India because of its potential as an economic powerhouse and partly to balance China’s overwhelming economic and strategic influence”.<sup>4</sup> Some Chinese scholars are also convinced that India’s Look East Policy has been designed to compete with China for regional influence on the one hand, and contain China on the other.<sup>5</sup>

The above ambiguity of India’s Look East Policy has impacts on regional cooperation and may complicate the process of regional integration. Its two faces may lead to distinct regional consequences. The positive face will definitely advance regional cooperation and integration because: 1) It will contribute to good China-India relations, which will enable the region to focus on regional cooperation; 2) It will strengthen China-India cooperation in regional mechanisms, which may help the

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<sup>1</sup> “Keynote Address by Shri Pranab Mukherjee, External Affairs Minister at the Institute for Security and International Studies (ISIS), Chulalongkorn University on India’s Look East Policy: Implications for Thailand and South East Asia,” September 14, 2007.

<sup>2</sup> Walter C. Ladwig III, “Delhi’s Pacific Ambition: Naval Power, ‘Look East,’ and India’s Emerging Influence in the Asia-Pacific”, *Asian Security*, Vol.1, No.2, May 2009, p. 90.

<sup>3</sup> Baladas Ghoshal, “Some New Thoughts on India’s Look East Policy,” IPCS Issue Brief, No. 54, October 2007.

<sup>4</sup> Baladas Ghoshal, “Some New Thoughts on India’s Look East Policy,” IPCS Issue Brief, No. 54, October 2007.

<sup>5</sup> Jiaxiang Li, and Lingxiang Ou, “An Analysis on the China Factor in India’s Look East Policy,” *Around Southeast Asia*, March 2003.

functioning of these regional institutions; 3) A close China-India economic ties will advance the regional economic integration and upgrade the scale and strength of the regional economy as a whole. However, the negative face will yield a totally opposite scenario. It will block the regional integration in the following ways: First, as India gets more involved in East Asia, more or less, it may bring its disputes with China into the regional mechanisms, which may require rest nations of the region to take sides. Second, India's military and strategic coordination in terms of containing China with some countries from the region will dilute the regional efforts for integration. Finally, it will deepen the distrust between China and India and sharpen China's hesitation in accepting India to play a bigger role in the region.

## **Conclusion**

After a gap of nearly three-decade estrangement, India started to re-engage with the East by launching its Look East Policy in the early 1990s. Initially, India's Look East Policy aimed at building up its political and economic links with Southeast Asia, in order to overcome its political marginalization and economic difficulties which emerged after the end of the Cold War. In the early years, India also made some modest achievements at the institutional level. It became a full dialogue partner of ASEAN and a formal member of ARF in 1996. By the turn of the new millennium, thanks to its rapid economic growth and the 1998 nuclear tests, India was confident to have a more ambitious national goal. As a result, India's Look East Policy entered into the second phase, in which it was designed to serve India's rise as a global power. Based on its growing economic links with the region, India has not only extended Look East Policy to Japan, South Korea among others, but also attached greater importance to strategic and defense cooperation. By establishing ASEAN Plus India mechanism and attending East Asia Summit, India has played a bigger role in East Asia.

As far as China is concerned, India's Look East Policy has two faces. On the one hand, India views China as "a key component" deserving partnership. On the other, China is a principal target of India's Look East Policy, through which India desires to win in its competition with China. As India grows rapidly, it will definitely get more involve in East Asia. However, the ambiguity of India's Look East Policy will further complicate regional cooperation and integration. A broader East Asian integration

will only take off after the clarification of India's Look East Policy and a building-up of China-India mutual trust.