

# ISIS focus

INSTITUTE OF STRATEGIC AND INTERNATIONAL STUDIES (ISIS) MALAYSIA

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## ASEAN-India: Strengthening the Ties that Bind



Trade between the Association of Southeast Asian Nations (ASEAN) and India has yet to meet its full potential. Despite ramping up two-way trade valued at a high USD 70 billion in 2013, this figure accounted for only 3.2 per cent of total ASEAN trade with its top 10 trading partners and 2.7 per cent of ASEAN countries' total external trade. India's important contributions are therefore welcomed to assist ASEAN's community-building process in areas such as construction and connectivity infrastructure. The shortcomings in trade have to be offset with cooperation in the diplomatic and security spheres, especially as the region faces increasing difficulties from new challenges. Beyond these areas, ASEAN could also benefit from India's advanced expertise in information and communications technology (ICT), aviation and space technology. There is a need to establish effective monitoring mechanisms to ensure the optimal utilisation of the ASEAN-India fund in project implementation. The strategic partnership between ASEAN and India today is said to be a product of interregional relations that began with India's Look East Policy in 1991, and continues to grow following ASEAN's implementation of the ASEAN Economic Community (AEC) later in the year. To adapt to the impending post-2015 changes, ASEAN and India should align their relationship towards a people-centred strategic partnership. Track I-Track II relations also have to be developed to fully realise the true potential of ASEAN-India cooperation.

*... ASEAN and India should align their relationship towards a people-centred strategic partnership.*

A functioning regional architecture could be a guarantor of peace and stability in the region, which in turn allows ample space for economic exchanges to grow. This view seems to be clearly embodied in India's firm support for plurality in the political and



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security perspectives in the centrality of the East Asia Summit (EAS) and ASEAN — two frameworks that ensure the openness and inclusiveness of all state actors in the region. East Asian regionalism is expected to enhance multilateral cooperation to deal effectively with non-traditional security challenges, including information technology and security infrastructure in the region. Moreover, radicalisation and extremist movements are also on the rise. Without comprehensive cooperation among all stakeholders in the region, these security challenges would remain a problem. The position of the EAS could be further affirmed by re-energising economic exchanges that supported regional economic integration. ASEAN-India relations are on the right track; ASEAN and India have adopted a Free Trade Agreement (FTA) in goods as well as in services and investments, and they are expected to conclude the Regional Comprehensive Economic Partnership (RCEP) negotiations by the end of 2015. India is also expected to channel its interest and resources into advancing ASEAN's connectivity development covering physical, institutional, people-to-people and strategic aspects. Indeed India's involvement has resulted in ambitious projects such as the Kaladan Multi-modal Transit Transport Project and the India-Myanmar-Thailand Trilateral Highway.

### **Non-traditional security threats**

After the Cold War, military threats leading to armed aggression by one state against another have declined. The world is currently facing new security challenges ranging from terrorism, ethnic and religious conflicts to environmental degradation and drug and human trafficking. The Al-Qaeda and Islamic State (Da'ish) are two terrorist groups which pose serious international threats. Da'ish in particular has been capable of attracting a large number of young Westerners to join its fight. Military force alone is not enough to counter such threats; they need to be fought with ideas.

Climate change and natural disasters have also become a serious worldwide concern in recent years. The 2007 assessment of the UN Intergovernmental Panel on Climate Change (IPCC) predicted more frequent typhoons, cyclones and floods. Climate change causes severe floods and droughts in certain places. For example, Thailand experienced severe floods in 2011 and long months of drought in 2015. Earthquakes and tsunamis, such as those in the Indian Ocean in 2004 and in Japan in 2011, cost thousands of lives. Over the long term, if nations are ill-prepared, extreme weather would have an impact on food security as agricultural production can be disrupted by extreme weather.

On drug trafficking, the main production sites for methamphetamines are along the Thai-Myanmar border. The Thai government's efforts to stamp out drug smuggling from Myanmar have not been effective. Furthermore, some traffickers have set up production sites within Thailand. ASEAN countries regard drug trafficking as a serious threat to regional security and have worked towards a Joint Declaration for a Drug-Free ASEAN in 2015.

After drug trafficking, human trafficking is the world's second most profitable transnational crime. Illegal migration would also become a security issue when the affected state perceives it to be a threat to political stability, cultural identity and the economy. For example, the Rohingya issue has become a challenge for Thailand, Malaysia and Indonesia. The matter is also of serious concern because some of the individuals might be recruited to join terrorist groups in southern Thailand. Thailand, currently listed in Tier 3 in the US State Department's 2015 annual report on human trafficking, is working hard to overcome this transnational challenge.



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Nation states are basically designed to deal with threats from other states. Hence, there is a need for comprehensive and humane approaches to combat transnational crimes. In fact, transnational crimes were traditionally considered as low priority by the police. It took years for states to come to grips with non-traditional threats and to evolve strategies for dealing with transnational crimes. Globalisation has led to rapid growth in industry, banking and finance; in a globalised environment with unequal distribution of wealth, there is a demand for smuggled and illegal goods. Cell phones, the Internet, social media and transportation connectivity have allowed transnational terrorist and criminal organisations to coordinate their activities across the globe.

Indeed transnational crimes have now become global. However, the strategy of relying on national efforts to combat these crimes means that there is a tendency to exempt certain states from the solutions. The formation of an Inter-ASEAN Police (ASEANAPOL) to support the initiatives of the International Criminal Police Organization (INTERPOL) in combatting transnational crimes stresses the need to address the markets of transnational crimes instead of merely targeting the criminals.

On the whole, the commitment between ASEAN and India has been good. Stronger people-to-people ties and roundtable discussions have contributed significant ideas for connectivity. Moreover, the ASEAN-India Commemorative Summit in 2012 addressed non-traditional security as part of its political-security cooperation. India has also actively contributed to ASEAN Plus One, the ASEAN Regional Forum (ARF), the EAS, the ASEAN Defence Ministers' Meeting (ADMM)-Plus, and the ASEAN Maritime Forum. A large-scale Humanitarian and Disaster Relief (HADR) and Military Medicine (MM) Exercise was held in 2013 as part of the practical cooperation in non-traditional security. Additionally, joint maritime security and counterterrorism activities have been planned for 2016.

### **Regional security architecture**

Much of the narrative on the region's security architecture focuses on the rise of China and speculation on the apparent decline of the United States in this region. Where do other powers like India fit in and what about other middle Asia-Pacific powers? How would these changes impact Southeast Asia and what role would ASEAN have in influencing the formation of any new security architecture?

*Nation states are basically designed to deal with threats from other states ... there is a need for comprehensive and humane approaches to combat transnational crimes.*



India will have a role to play in the regional security architecture of Southeast Asia. The post-colonial Bandung Conference in 1955 was the foundation of a security order then envisioned by both India and Indonesia. India's engagement with East Asia leapt forward in the early 1990s with its Look East Policy that saw it adapting successful regional economic policies to drive growth in the country.

*... India is strengthening its defence diplomacy with Southeast Asian countries especially in the maritime domain.*

The strategic security environment in the region is evolving with a dichotomy between geoeconomic and geopolitical concerns, which are intertwined in today's globalised world. While East Asia has emerged as the global engine of growth resulting in improved economic cooperation and integration, similar developments are not seen in its geopolitics. There is heightened strategic rivalry and tensions in the region, largely because of China's assertive policies in its maritime disputes. China's ascendancy has also forced the United States to strategically rebalance the region with middle powers, to work delicately together to counterbalance against China's perceived assertiveness.

As China attempts to position itself strategically in the Indian Ocean, India is strengthening its defence diplomacy with Southeast Asian countries especially in the maritime domain. Besides its traditional partner Vietnam, such cooperation is increasing with Indonesia, Thailand and Singapore. India has a substantial interest in the Strait of Malacca and the South China Sea, and would want to keep those waterways peaceful. India would also ensure its presence in the South China Sea, built on the premise of international responsibility — a position similarly taken by the United States.

Indeed it was China's growing assertiveness that acted as a major catalyst for expanded ASEAN-India security, dialogue and cooperation. Other catalysts were common non-traditional security threats including cross-border crime and terrorism. For India, the scope and sustenance of such cooperation are crucial in shaping its impact and aspirations in the regional security architecture.

India is also concerned about the rising tempo of regional tensions. There are now several major and middle powers operating in the Asia-Pacific region, and with the rise of an assertive China, this has created a dynamic that puts ASEAN in a quandary. The multilateral mechanisms established by ASEAN to manage external powers and ensure peace seem to be losing their effectiveness. Progress and achievements are slow and few. Even the EAS, the premier regional leaders-led forum centred in ASEAN, has yet to live up to its billing or potential.

*Are ASEAN's existing mechanisms sufficient to encourage an environment of effective dialogue and consultation? An important yet missing element is the political will ...*

Undeniably, ASEAN needs to address its structural issues, including its unity and centrality, which has been exploited by external powers. Are ASEAN's existing mechanisms sufficient to encourage an environment of effective dialogue and consultation? The very fact that uncertainty is prevailing throughout the region reveals that some reflection and corrective action is necessary. An important yet missing element is the political will to move matters forward and discuss difficult issues. Sometimes, concessions are necessary for both sides to secure the best outcome, but neither have been willing to make them.

How India manages its complex relationship with China would have some positive or negative bearing on the larger Indo-Pacific security architecture. Also important are how middle powers like India, South Korea, Australia, Japan and Indonesia could work together with a rising China.





*Emeritus Prof Suchit  
Bunbongkarn*

Given all these, ASEAN could and should play the neutral role of managing big power relations in the region. Its plural nature, often regarded as a weakness, could be a strength to be utilised to gain the trust of all parties. ASEAN played this role well in the past and is still playing it with mixed results; it should continue to play the role providing it continues to examine itself and deal with potential weaknesses.

The link between peace, stability and prosperity that binds most of East Asia must be included in any calculation of the regional security architecture. Southeast Asia in particular requires security concepts and institutions to be contextualised to local settings and with the stakeholders involved. One such example would be Malaysia's concept of "Comprehensive Security" that covers both traditional and non-traditional security challenges.

However, before looking at the security architecture, it is important to understand the security engineering of the region to ensure the integrity and sustainability of the wider architecture. These nuts and bolts of the wider system encompass the organisation of defence doctrines and units, how these units network with one another either bilaterally or multilaterally, with the various treaties and alliances in place along with multilateral institutions. So far they have synergised well together without undue contradiction or duplication. Central to all of them is ASEAN and its various instruments designed to pre-empt problems and prevent existing ones from reaching critical levels. This holistic approach might be unconventional, but it has worked well for the region.

### **New dimensions of the ASEAN-India economic partnership**

India's business-driven Look East Policy of the early 1990s, aimed at expanding trade and investment to lucrative markets and trading partners in Southeast Asia, was upgraded to Act East Policy in 2014 under the new leadership of Prime Minister Narendra Modi. This has generated expectations of greater economic cooperation between India and ASEAN.

Among the areas considered in the technology partnership scheme between India and ASEAN countries would be agriculture, involving rice production and processing, and manpower training. Meanwhile, health sector cooperation in frontier areas would involve the development of biomedical drugs and devices. Science, Technology



*Dr Udai Bhanu Singh*



and Innovation (STI) policy and governance would focus on setting standards to reduce non-tariff barriers (NTBs) and a workable regime for intellectual property rights (IPRs).

*By 2030, ASEAN would form the fourth-largest market in the world ... with a combined GDP projected at USD 10 trillion.*

Both India and ASEAN are seen as key partners in the rise of the Asian Century. The AEC is a growing market of 620 million people, with the third-largest combined GDP in Asia at USD 2.5 trillion in 2014. By 2030, ASEAN would form the fourth-largest market in the world after the European Union, the United States and China, with a combined GDP projected at USD 10 trillion. India in 2014 had a GDP of USD 2.3 trillion and a 7.4 per cent GDP growth with a population of 1.28 billion, projected to rise to 1.5 billion by 2030.

Nevertheless, the AEC is still a work in progress. The market is still fragmented with the existence of many NTBs. Some member states such as Indonesia have increasingly been resorting to NTBs because of domestic pressure to protect a slowing economy. Meanwhile, larger companies are better prepared and more aware than smaller ones to take advantage of the various incentives that are being offered.

The RCEP, endorsed by ASEAN in 2011, aims to combine the web of ASEAN Plus One FTAs into a single Regional FTA. This would help strengthen the strategic imperative for the continued engagement of ASEAN by all regional players. The Partnership, which would encompass a region of three billion people with a combined GDP of USD 17 trillion and 40 per cent of world trade, would ensure a growth engine in Asia adequate for pulling all the ASEAN economies together in case of a slowdown in any of the major economies. The engagement of all regional players would promote economic cooperation by giving each a stake in the future of the region. This would promote peace and stability by creating conditions for all countries to prosper together.

Meanwhile, the Trans-Pacific Partnership (TPP) is a showcase of US commitment to Asia by strengthening its economic ties in the region. The Partnership is also part of its pivot or rebalancing to Asia. Seven out of 16 RCEP economies (Japan, Australia, New Zealand, Brunei, Malaysia, Singapore, and Vietnam) were in TPP negotiations with four more RCEP economies (Indonesia, Philippines, South Korea, and Thailand) were possibly joining later. These countries are attracted to participate in the TPP due to the benefits from TPP regulatory reforms and deeper liberalisation, as well as fear of trade diversion from non-participation.

*India in 2014 had a GDP of USD 2.3 trillion and a 7.4 per cent GDP growth with a population of 1.28 billion, projected to rise to 1.5 billion by 2030.*

Both the RCEP and TPP are ambitious FTAs involving complex negotiations and multiple parties and sectors, contributing to the momentum for global trade reform. The RCEP and TPP negotiations are regarded as mutually reinforcing pathways towards an eventual Free Trade Area of the Asia-Pacific (FTAAP).

India's trade advantage lies mainly in services rather than manufacturing, and the services agreement should help improve Indian exports to the ASEAN region by opening up trade opportunities. As India seeks to build its manufacturing potential through the "Made in India" initiative, it needs policies to improve the investment climate by facilitating the value chain integration especially in sectors like auto parts and electronics. Increasing costs in China provide an opportunity for India to plug into the Asian Value Chain as a low-cost production hub.

However, these opportunities are hampered by India's multiple tariff schedules and stricter rules of origin, which could create problems in a world of value chains. Services markets are heterogeneous and restrictions vary widely across ASEAN



Mr R Ravindran

countries. Indeed India finds it difficult to make concessions beyond the World Trade Organization. The completion of the TPP could result in significant trade diversions from India, as India was not a part of it. India's preferential access to TPP member countries like Singapore, Malaysia and Vietnam could be neutralized by the TPP. Meanwhile, the RCEP could make the India-ASEAN FTA irrelevant.

Enhancing people-to-people connectivity is another important goal. This could include a relaxation of visa requirements on both sides, besides developing tourism products in such areas as nature and heritage based tourism. The setting up of university and training networks is also crucial. Other likely fields of cooperation include responses to climate change, such as sustainable livelihoods for people in affected areas.

Under the ASEAN-India Economic Partnership, the India-Myanmar-Thailand Trilateral Highway and its extension to Laos and Cambodia should also be extended to reach Vietnam. In addition, air and maritime connectivity could be enhanced by a greater liberalisation of the ASEAN-India Air Transport Agreement and the ASEAN-India cooperation in marine transport.

### **ASEAN-India cultural links: Historical and contemporary dimensions**



Mr Muhammad Shahrul  
Nizam Umar

What would the 2,000 years-old shared culture between ASEAN and India mean to the people today, given that they have taken this strategic connection for granted? Moreover, how could policymakers tap into this intimate people-to-people relationship to complement their ongoing endeavours in bringing India and ASEAN countries together for political and economic purposes?

Rabindranath Tagore famously remarked: "I see India everywhere, but I don't recognize it." This statement represents two notable observations on contemporary Southeast Asia: that Indian culture has been assimilated into the culture of the land, and that the strong Indian influence in Southeast Asian cultures has been taken for granted; such is the intimate level of the assimilation.

This situation is further complicated by the fact that there have not been sufficient people-to-people connections on both epistemic and academic levels between the two regions. Universities in India, for example, have been more successful at attracting students from the CLMV countries (Cambodia, Laos, Myanmar and Vietnam) than from the other six ASEAN countries. Apart from Singapore, the other ASEAN countries are also lacking in academic institutions with resources to conduct comprehensive studies on India. Consequently, there has been a big knowledge gap which alienates the citizens of ASEAN and India from one another.



Dr Nguyen Dinh Chuc

Hence policymakers in India and ASEAN countries have to strive to close this gap by prioritising cooperation in epistemic and cultural areas. Opening up sub-centres to accumulate knowledge about one another would expose the people to the beautiful interweaving of Indian and Southeast Asian cultures. Furthermore, governments could establish institutions that promote rich cultures elsewhere in India and Southeast Asia. These measures would eliminate the social barriers that have hindered the political integration of the two regions.

The dynamic historical connection between the two sets of civilisations, which produced the rich synthesis of Southeast Asian-Indian culture, has to be viewed with the advent of Western colonialism, which disrupted these strategic ties and undermined the evolutionary process of political regimes in each region. Such an



expanded view of ASEAN-India ties constructs an image of a shared destiny that suggests a similar pattern of experience that Southeast Asia and India had lived through, both on political and societal levels.

*As much as religious pluralism has been lauded for portraying the diversity of Southeast Asia, it is also a primary driver of sectarian conflict ...*

Today, the task of enhancing cross-cultural understanding and people-to-people relations in the region is spearheaded by the ASEAN Socio-Cultural Community (ASCC) framework. The success of the ASCC in fulfilling its role is assessed by its capability to implement the following six components: (i) human development; (ii) social welfare and protection; (iii) social justice and rights; (iv) environmental sustainability; (v) an ASEAN identity; and (vi) narrowing the development gap.

Implementing the ASCC is not without challenges. As much as religious pluralism has been lauded for portraying the diversity of Southeast Asia, it is also a primary driver of sectarian conflict that obstructs the peace and coherence of any country or even the entire region, as exemplified by the activities of religion-based terrorism. Besides, shortcomings have been identified in translating the ASCC action lines into concrete projects and evaluating their performance. An example of such shortcomings would include the delayed institutionalisation of an ASEAN University Network (AUN), which is expected to promote ASEAN to the academic/epistemic communities.

Undoubtedly, academic/epistemic communities from both sides would benefit from integrating their universities and research institutes. Similarly, providing a space for technocrats and government experts to work on common issues, such as climate change and health programmes, could narrow the gap at high-ranking levels and benefit people at both ends.

The rapid structural and systemic changes that globalisation brings into today's world have allowed culture to take over hard power's position as a nation state's favourite power projector to attain influence over others. In this sense, India's active export of cultural products to Southeast Asia, where it is admired for its cultural sophistication, has given it a degree of influence comparable to Ancient Greece and Rome in the past. In addition, the region today has seen culture impinging on security matters. The cultural conflict that manifested itself in the Rohingya issue, for instance, imposed multi-level security concerns not only on Myanmar but also on other ASEAN countries.



Amb Sudhir Devare

In the context of ASEAN, the idea of culture as a strategic source of power warrants policymakers to revive and integrate this rich, shared heritage with contemporary projects to sustain the exceptional identity of ASEAN (shared culture), while further developing this sense of cultural awareness among the people. This would be no easy task — the process of identifying and inserting cultural content into assigned policies would create complications that could obstruct effectiveness and efficiency at the implementation stage.

Universities could synthesise traditional pedagogy programmes with cultural elements to create new paradigms in harmony with ASEAN values. These could include gender studies, ecosophy/ecotheology, and the study of ASEAN languages and literature. Policymakers could also promote non-invasive alternative treatments, which have traditionally been practised by indigenous peoples such as herbal medication and spiritual healing. Finally, the introduction of indigenous creativity, talent and wisdom into the economic sector could re-energise the activity of ASEAN's cultural industries in arts and crafts.



Panel on "The Post-2015 Agenda of ASEAN and the Way Forward"

## The post-2015 agenda of ASEAN and the way forward

The ASEAN-India relationship has grown to cover such diverse sectors as science, tourism and transport. There is also cooperation in non-traditional security, such as finding solutions to meet the challenge of food security. India's interest in ASEAN was mainly financial, with the prospect of economic cooperation, as ASEAN and India share similar concerns and interests. Yet there could also be further cooperation on countering terrorism and climate change.

Both parties have to display vision and courage to ensure that the partnership is one of long-term fulfilment. Over the years, India and ASEAN have had to resist protectionism. Sustaining economic growth needs bilateral cooperation and institutional fixes are necessary to tackle the systemic challenges.

Also, there is a need to increase the awareness of ASEAN; although the bureaucratic and professional levels are aware of ASEAN, the grassroots are not so familiar. Where the post-2015 agenda of ASEAN is concerned, the following are some suggestions for the way forward:

- (i) Disseminate a sense of ASEAN identity: Through political-security lenses, this means spreading the presence of ASEAN in ASEAN countries.
- (ii) Ensure the centrality of ASEAN in exchanges: Geopolitical and geostrategic positions have changed, so understanding what had changed and how to navigate through the changes are priorities.
- (iii) Connectivity: The Master Plan for Connectivity expires in the coming year. Hence the way forward also has to include infrastructure development. ASEAN has about 25,000 islands and connecting these islands will be a challenge. For India, connectivity with Myanmar is vital to facilitate trade in India's north eastern region. India's Northeast Region (NER) is, in effect, landlocked with Myanmar and programmes such as the establishment of a sea link for the NER states with Myanmar's port Sittwe are needed to open India's gateway to Southeast Asia.
- (iv) Enterprise: Particularly with the issue of productivity growth and increasing the skills of companies to create an ASEAN presence in the global value chain.
- (v) Human security: There has to be inclusive growth throughout ASEAN, especially in the more vulnerable parts; even in spheres such as social welfare and social acceptance.

*Both parties [India and ASEAN] have to display vision and courage to ensure that the partnership is one of long-term fulfilment.*



Prof Madhu Khanna

- (vi) Sustainability: A way to look at building a sustainable future is through infrastructure development.

These six areas provide opportunities for enhancing the ASEAN-India strategic partnership. However, despite positive and steady progress over the years, India and ASEAN are still not engaging each other at full potential. India's Look East Policy must encourage deeper action of its Act East Policy. Here are a few suggestions:

- (i) ASEAN and India should critically assess and draw some lessons from the implementation of the two ASEAN-India Plans of Action to ensure that the third would be an action-oriented document.
- (ii) India could play a proactive role in promoting human resource development, infrastructure development and ICT development, particularly to the CLMV countries. The Initiative for ASEAN Integration (IAI) is essential to drive economic growth, narrow the development gap and improve connectivity among ASEAN countries. Better infrastructure should help boost ASEAN-India cooperation.
- (iii) ASEAN and India should liberalise trade to make it easier to do business and increase the volumes of trade.
- (iv) Both sides must step up their efforts and flexibility to conclude the RCEP among the other stakeholders. The RCEP would facilitate further economic integration between India and ASEAN countries.
- (v) ASEAN and India should do their utmost to encourage the development of the human dimension and stimulate stronger people-to-people connectivity through exchanges in culture, education, media and the promotion of tourism. Both sides need to initiate and promote social and cultural activities that include exchange programmes involving youth, academic, arts and non-governmental institutions.
- (vi) ASEAN and India must continue their collective resolve to maintain regional peace, security and stability amid uncertainty caused by strategic rivalries among the powers in the region. India's proactive involvement in all aspects of ASEAN-led security arrangements could help mitigate misunderstanding and miscalculations, reduce tension and prevent conflicts from escalating.



Prof Baladash Goshal

*The issues highlighted in this month's ISIS Focus were taken from the Fourth Roundtable of the ASEAN-India Network of Think Tanks (AINTT), held on 7–8 August 2015 in Kuala Lumpur. The event was jointly organised by ISIS Malaysia, the Research and Information System for Developing Countries (RIS), and the ASEAN-India Centre (AIC), India. The platform provided space for experts and scholars from ASEAN countries and India to exchange views on strengthening the already established linkages in political, economic and socio-cultural spheres between the two regions. The final roundtable report was compiled by Analysts **Ms Farlina Said**, **Mr Muhammad Sinatra** and **Mr Thomas Benjamin Daniel** and Researcher **Mr Woo Hon Weng**, and edited by **Senior Fellow Mr Bunn Nagara**.*





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As the country's premier think-tank, ISIS Malaysia has been at the forefront of some of the most significant nation-building initiatives in the nation's history. It was a contributor to the Vision 2020 concept and was consultant to the Knowledge-Based Economy Master Plan initiative.

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