

ISAS Insights

No. 412 – 23 May 2017

Institute of South Asian Studies
National University of Singapore
29 Heng Mui Keng Terrace
#08-06 (Block B)
Singapore 119620
Tel: (65) 6516 4239 Fax: (65) 6776 7505
www.isas.nus.edu.sg
<http://southasiandiaspora.org>



Actualising East: India in a Multipolar Asia¹

After years of a 'Look East' policy that recognised the importance of the Asia-Pacific region for Indian interests, the Indian government decided to upgrade it rhetorically to 'Act East'. The objective of the 'Act East' policy is to ensure a multipolar Asia, through deeper institutional engagement, land and maritime connectivity, and security partnerships with Southeast and East Asia. While institutional engagement and security cooperation have improved considerably over the past two decades, connectivity remains a work in progress. For New Delhi to 'Actualise East,' it will require a rethinking of the country's China policy in the light of developments there, putting nuts and bolts to improving India's connectivity with Bangladesh and Southeast Asia, and prioritising Indian Ocean security.

Dhruva Jaishankar²

India's 'Look East' policy began in the early 1990s, and was largely a product of the new environment of the post-Cold War world. It was 25 years ago that India began to formally engage with the Association of Southeast Asian Nations (ASEAN). In 1992, then-Defence

¹ This paper formed the basis of a presentation by Mr Dhruva Jaishankar as a member of the panel on "South Asia: Looking East" at the 11th ISAS International Conference on South Asia. The conference, titled "Contemporary South Asia: Regional Dynamics and Changing Global Politics" was organised by the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore, on 3 March 2017.

² Mr Dhruva Jaishankar is Fellow, Foreign Policy at the Brookings Institution in India. He can be contacted at djaishankar@brookingsindia.org. The author bears full responsibility for the facts cited and opinions expressed in this paper.

Minister Sharad Pawar broke new ground with a visit to China. A year later, India's then-Prime Minister Narasimha Rao embarked upon a tour of East Asia that included China and, for the first time for an Indian head of government, South Korea. He subsequently also visited Singapore, Thailand and Indonesia. It was in this context that the term 'Look East' was coined.

'Look East' was initially a recognition of new dynamics and new opportunities in an Asia that was moving fast. It was also an aspiration, a recognition that India wanted to be a part of the Asian story. However, other developments came in the way, particularly during the late-1990s and early-2000s. However, during this time, which also witnessed the dramatic rise of China, India's objectives with respect to the broader Asia-Pacific began to take greater shape and greater clarity. The ultimate goal of 'Look East' (and subsequently 'Act East') became one of ensuring a multipolar Asia. How has that policy fared? What has India accomplished? What more could India be doing? To assess 'Look East/Act East', it is important to examine at least five aspects. In the order of their success, they are: 1) deepening institutional integration into Asia; 2) developing security partnerships; 3) governing the Indian Ocean; 4) crafting a new relationship with China; and 5) connecting into Southeast Asia.

Institutional Integration

It is often forgotten, but in the 1990s it was not a forgone conclusion that India would be considered a part of Asia. Today it is, and this is no accident. Not only did India engage with ASEAN, but it also became a member of the ASEAN Regional Forum (1994), the Asian Defence Ministers Meeting-Plus (2010) and the East Asia Summit (2005). It also started to join global groups of significance to Asia such as the Group of Twenty, and new groupings such as the forum of Brazil, Russia, India, China, South Africa (BRICS), the Shanghai Cooperation Organization (SCO) and the Asian Infrastructure Investment Bank (AIIB). All of this means that, today, India is reasonably well integrated into Asia institutionally. The Asia-Pacific Economic Cooperation (APEC) forum remains an outlier, as India is not yet a member, and the prospects of India's entry are today complicated. However, barring that, the institutional integration of India into Asia has largely been accomplished.

Deepening Security Partnerships

A second dimension of 'Look East/Act East' has involved forging new kinds of strategic partnerships in the Asia-Pacific region. At the 2017 Raisina Dialogue, India's Prime Minister Narendra Modi highlighted three relationships in particular: those with the United States (US), Russia, and Japan. Russia is an old partner of India's and their relationship rests on a legacy that dates back several decades. But the strategic dimensions of relationships with the United States (US) and Japan have only recently begun to assume prominence.

With the US, India has begun a dialogue on East Asia. The two countries started a new range of bilateral military exchanges, and the arms sales relationship took off in a manner that few would have predicted – the US is now the second largest arms supplier to India in terms of value. Regular exercises, particularly those in the maritime domain such as the Malabar exercises, now take place regularly. India finally concluded a Logistics Exchange Memorandum of Agreement with the US which had been under negotiation for more than a decade. New kinds of defence technological partnerships are taking place, although the Defence Technology and Trade Initiative and aircraft carrier working group remain works in progress. In terms of a strategic underpinning for all these activities, in January 2015, the two sides, agreed to a Joint Strategic Vision for the Asia-Pacific and Indian Ocean Region.

A similar development has taken place in India-Japan relations. The two armed forces are now engaged in staff talks and there is a 2+2 dialogue involving the defence and foreign ministries. India and Japan are involved in trilateral dialogues with both the US and Australia. Japan has been permanently included in the Malabar exercises; India and Japan have signed new defence agreements related to technological transfers and classified military information.

These are not the only major relationships that have deepened in the recent past. India has also strengthened its security ties with Australia, South Korea, Singapore, Vietnam and, most recently, Indonesia. With several ASEAN countries, particularly the three mentioned above, joint exercises and port visits have become routine. Singapore uses Indian soil to train its mechanised forces, and India, in turn, is involved in training Vietnam's air force and submarine sailors. Among other shifts, we have seen a distinct change from strictly bilateral relations to trilateral relations both in terms of military exercises and dialogues.

The Indian Ocean

A third aspect, and one that has increased considerably in salience, concerns the importance of the Indian Ocean region. There has been a four-fold increase in commercial shipping around the world since 1970, much of which now transits through the Indian Ocean. The importance, in terms of energy flows, is considerable – about 40 per cent of the world's oil supplies now pass through the Indian Ocean. It is also home to 15 per cent of the world's fishing. In addition to being a conduit, the Indian Ocean region is important for other reasons. Its littoral has a dense population, home to nearly two billion people. While this is a significant opportunity, it is also a concern, particularly from a humanitarian assistance and disaster relief point of view. Two of the worst natural disasters in recent history – the 2004 Indian Ocean tsunami and the 2008 Cyclone Nargis in Myanmar – took place in the Indian Ocean rim.

India represents a geopolitical keystone in the Indian Ocean, centrally located with about 7,500 kilometres of coastline. In the last few years, the Indian government has placed particular emphasis on this region. Prime Minister Modi, in a speech in Mauritius in 2015, laid out a five-point agenda for what India wants to achieve in this region. These objectives included building up India's own capabilities, the capacity building of regional partners, collective action, sustainable development, and working with outside partners on greater transparency, rule of law, and dispute resolution. In terms of concrete action, India has been increasing its maritime domain awareness. It has benefitted significantly from the induction of new maritime surveillance aircraft into its armed forces. India has also been entering into white shipping arrangements with several countries, which allow better monitoring of shipping (and military activity) in the Indian Ocean. Improvements in satellite imagery have also given India eyes in the sky. The extension of a prior three-country agreement involving India, Sri Lanka and Maldives to Seychelles and Mauritius has helped to extend India's ability to monitor traffic deep into the Indian Ocean.

India is also involved in developing infrastructure around the Indian Ocean littoral. The Chabahar port project in Iran, which had its origins much earlier, was complicated by multilateral sanctions against Iran because of its nuclear programme. The initiative has now received a new lease on life but suffers from a number of commercial and political limitations. Other projects continue in Sri Lanka, Maldives and elsewhere. The Indian Ocean Rim Association and the Indian Ocean Naval Symposium, the latter being an initiative by the Indian Navy, are two efforts to improve governance in the Indian Ocean. However, both are unwieldy

entities. There are legitimate questions that can be asked about how much a country like Tanzania has in common with a country like Thailand. At the same time, other steps are being taken to increase the profile of the Indian Ocean in India's consciousness. An Indian Ocean Region desk has been created at the Ministry of External Affairs. The idea of Indian Ocean integration has also been advanced, including through a high profile India-led conference that was inaugurated in Singapore in 2016.

A New Relationship with China

A fourth aspect of India's broader regional engagement has involved crafting a new relationship with China. This began in the early 1990s, with efforts to manage the longstanding border dispute and, at least, set the problem of the boundary to one side. This is detailed by India's former National Security Advisor Shivshankar Menon in his recent book, *Choices*. The Sino-Indian boundary dispute is not close to being resolved and there are occasional attempts by the Chinese forces to change the facts on the ground. However, this has been a largely peaceful boundary for the past 30 years.

A second dimension of India-China relations relates to economic issues. Trade has plateaued over the past few years and there are questions on the quality of the trade, in particular, the imbalance in China's favour. On the plus side, the last three years have seen a considerable increase in Chinese foreign direct investment (FDI) to India. This has included some US\$850 million in the first 18 months of the new government in India, far more than all prior FDI from China.

Global governance potentially presents another opportunity for India and China to collaborate and this has manifested itself in the BRICS, the SCO and the AIIB, in which India is the second-largest stakeholder after China. However, there have also been sharpening differences particularly on issues such as cyber governance and, most notably, at the Nuclear Suppliers Group, where China has been resistant to India's entry. And finally, regional differences have constantly bedevilled the relationship, including differences in parts of South Asia.

Today, new questions about India-China relations are being raised as a result of policies being pursued under the leadership of Chinese President Xi Jinping. This includes the 'China Dream' and what it means for China and its role in the world. For India, there are, in fact, many

opportunities inherent in the underlying Chinese economic ambitions associated with Xi's ambitious vision. If China is to develop into a high income country in the coming decades, it will, in fact, need a deeper partnership with India to escape the middle income trap. At the same time, two other concepts associated with Xi are troubling from New Delhi's standpoint. One is the One Belt, One Road (OBOR) or the Belt and Road Initiative (BRI) about which India's concerns have been articulated. In fact, India may be the most ardent critic of the enterprise. India's apprehensions largely relate to the China-Pakistan Economic Corridor and the Maritime Silk Road, which it views as strategic and encircling projects rather than commercially-minded initiatives. The other concern is a 'new type of great power relationship' which implies a modus vivendi between China and the US, a group of two (G-2) that leaves little room for a growing India.

Connecting with Southeast Asia

Finally, perhaps the least successful aspect of 'Look East/Act East' to-date has involved improving India's eastward connectivity. In terms of trade, India is the seventh largest trade partner of ASEAN, if one counts the European Union as a single unit. However, this is not good enough. India's trade with ASEAN amounts to about one-seventh that of China, and, therefore, proportionally low. However, connectivity is about more than just trade in goods. It also involves the flow of people, capital, energy and information. Additionally, attempts at improving connectivity ought to be about more than infrastructure although that often receives much of the attention. It requires customs and immigration arrangements, regulatory harmonisation, and the lifting of capital controls.

Some small steps in the right direction have been taken of late. The land boundary agreement between Bangladesh and India has been concluded, Myanmar has become a major recipient of aid from India and attempts are being made to revisit and revitalise the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. Indian trade delegations have lately increased their visits to many parts of Southeast Asia and entities such as the Confederation of Indian Industry are opening new offices across the region. Port infrastructure remains a somewhat disappointing area. There has been more than a four-fold increase in container traffic in India since 2000 but it is, nonetheless, striking that Singapore moves three times as many containers as all of India's ports combined. Hence, new ports with greater

capacity are of high priority for the Indian government, as are steps to facilitate connectivity with Bangladesh, ASEAN and other partners to India's immediate east.

Conclusion

An overview of India's objectives, progress, and limitations is in order for a holistic assessment of India's 'Look East/Act East' policy. On institutional building, the heavy lifting has largely been done and APEC remains the last frontier for India. On security partnerships, considerable headway has been made with the US and Japan, and, to a lesser extent, with Australia, South Korea, Singapore, Indonesia, and Vietnam. However, the onus is, to some extent, on India's partners and friends in Southeast Asia, who perhaps need to better-communicate what kind of security role for India they seek and desire. The fact is that willing and capable partners are in short supply to India's east. The Indian Ocean is increasingly prominent in India's profile although maritime security still does not receive enough resources and the current institutional frameworks are unwieldy. Right-sizing India's China policy remains a major concern. Although Chinese investment in India offers a very important opportunity for mutual benefit, there are growing divergences on regional security, trade and global governance. On connectivity with Southeast Asia, accelerating infrastructure projects in India's northeast and improving the country's port infrastructure still need to be higher priorities. However, all of these are subject to politics, sustainability and, most importantly, to commercial viability. Overall, on trade, India may need to rethink some of its traditional defensiveness but better articulate its own objectives and goals when it comes to future commercial negotiations. India has done a lot more than looking east over the past quarter century but beyond tentative action, a lot more will be required before India can actualise its objective of a multipolar Asia.

.