

ISAS Special Report

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PM Lee Invites India to Partner ASEAN in New Initiative¹

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Singapore Prime Minister Lee Hsien Loong has “assiduously” conveyed a strategic message to his Indian counterpart Manmohan Singh that the Association of Southeast Asian Nations (ASEAN) would “welcome” India’s participation in the proposed Regional Comprehensive Economic Partnership (RCEP).

International observers view the proposed RCEP as the latest in a series of initiatives by the 10-member ASEAN to configure a forum which, besides being a new constellation of economic powers at various stages of development, can also aspire to become a decisive factor of regional stability in the political and strategic domains as well.

Mr Lee eloquently outlined his thoughts on this issue at the Singapore Symposium in New Delhi on 12 July 2012. The Symposium was organised by the Institute of South Asian Studies (ISAS), Singapore, in association with Aspen Institute India.

Fielding a volley of questions during the Dialogue with him, which was specially organised as part of the Singapore Symposium, Mr Lee said: “India has to be actively engaged in the [East Asian] region. You [India] cannot be out of it, because the region is of very great

¹ This is a Special Report on Singapore Prime Minister Lee Hsien Loong’s Dialogue with the participants at ‘Singapore Symposium’ organised by the Institute of South Asian Studies (ISAS), Singapore, and Aspen Institute India in New Delhi on 12 July 2012.

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interest and value to you. You have friends there; you have business there; you have opportunities there; you have markets there. And, it's an area where you want to have stability and predictability and influence. And we welcome you to participate in that influence. And, if you can do that through the ASEAN forum, that will help to keep ASEAN relevant and [keep] ASEAN as one central point around which many of the regional initiatives can revolve”.

Outlining the nature and scope of RCEP as now conceived by ASEAN, Mr Lee said: “One major initiative which ASEAN is pursuing to strengthen its partnership with the Plus-Ones [or ASEAN’s dialogue partners like China, Japan, India and others] is the Regional Comprehensive Economic Partnership, the RCEP. There are a lot of alphabets too. This is the alphabet-acronym to end some of the alphabets soon. The idea is that ASEAN, as a centre with the partners who wish to participate, join together, we hope, to create a free trade arrangement. The geometry, the participation, will depend on which of the [ASEAN dialogue-partner] countries want to come in. But it is the basis, really, not only for economic cooperation but for the framework of regional architecture [for] working on many areas”.

A Deft Political Stroke

In a deft political stroke to impress on India a sense of urgency over this initiative, the Singapore leader said: “Many of the [ASEAN] partners have already expressed interest in doing this [in participating in RCEP]. We hope that India would be part of this, and I have been assiduously repeating this message to the Prime Minister as well as the other Ministers I met [in New Delhi] over the last few days.”

ASEAN “won’t be the only central point” for the evolution of a futurist strategic forum in East Asia in the economic and political domains, Mr Lee noted and dropped clear indications that there was no move under way to exclude any of the ASEAN partners. “If the Americans want to talk to China, they will do [so] directly. If the Americans have a quarrel with China, we don’t want to be in the middle either! But we want to be friends with both America and China, and we hope that, in our deliberations, both America and China can take part and will find it valuable to take part and be able at the same time to do business together”.

On the bigger picture of competitive and complementary efforts to envision and establish purposive forums in East Asia, Mr Lee said: “There will be other initiatives at regional integration. It is bound to happen. Not everything will happen through ASEAN. In Northeast Asia, China, Korea, Japan want to do a free trade agreement, it’s the logic of the geography and economics, Whether the politics is favourable and it can be done, is yet to be seen. [On] the Trans Pacific Partnership [TPP], we don’t see [that] as a threat to ASEAN, because we see [TPP] as a nucleus of an Asia-Pacific free trade ideal. It doesn’t include all the Asia-Pacific countries yet, particularly, Japan is not there [and] China is not there. But, it is a

nucleus containing both developed and developing countries, North and South, west of the Pacific and east of the Pacific. And, America is in, Australia is in, Singapore is a very small country. I think it is a nucleus [for] free trade in the Asia-Pacific [region]”.

Persuasive Logic

At the same time, he emphasised, “ASEAN needs to strengthen its cooperation with its partners in Asia, its dialogue partners, the Plus-Ones – India, Korea, Australia, Japan, China” and others. Such persuasive logic, in his view, should explain the latest ASEAN initiative aimed at crafting RCEP.

On India’s specific credentials, not directly with reference to the RCEP initiative but in a broad-spectrum perspective, the Singapore Prime Minister said: “We think India has a contribution to make. I think, as India transforms itself, it will have soft power to project. *Bollywood* certainly is very popular in Asia including in Singapore. And, it is much more than *Bollywood*. It is the respect and regard we have for your [India’s] progress and your ambitions to improve your life”.

Asked repeatedly to outline big-picture strategic blueprints of solutions for India’s teeming problems, Mr Lee said: “I have not felt tempted to make such speeches. But I would say I have great admiration for what has been done in India over the last 20 years, since Dr Manmohan Singh first became Finance Minister and Mr Narasimha Rao, who was the Prime Minister [then], embarked on ‘Look East’ programme and reform of the Indian economy. ... It’s a continuing process and it’s a moving target, because the world moves on – moving target because the aspirations of your own people change. As you reach a new level, people ask, ‘Why not go further?’ And, indeed, there is every reason why India should be able to go further and be able to grow not just at seven-plus percentages that you are projecting but eight-nine per cent for another five-ten years easily, because the potential is there, the human capabilities are there”.

Expanding the theme, Mr Lee said: “I think the technological knowhow [is] available [in India]. Your leading companies are world-class. You also have niche areas ... If you could catch up even half the gap [that now exists] you would have already made a big difference. The challenge for you is: a very diverse country; and you need to find some way to make everybody feel that policies which will benefit India as a whole will ultimately benefit themselves in their segment of the country, their state, in their village, the *panchayat*. In some of the states of India, there’s a lot of positive dynamism”.

Investment-Climate Change

On the question whether Singapore would be comfortable with New Delhi's latest move for new guidelines and policies for foreign investment in India, Mr Lee said: "Normally, we don't comment on other people's investment rules. But companies will look at the consequences. If your company has already invested in India you abide by the rules, because what the [host] government says is the law. ... I think the proposed new rules are going to be subject to consultations over the next few months. The companies which have not yet invested in India will have to make their assessments. They will make their calculations: 'These are the new rules today. Are they rules which I can work with? What does this mean for me? After I have invested, will these rules be there or will there be further unexpected changes – or, most concerning of all, further changes which may have retrospective consequences?' They [the companies] will have to make a calculation whether it is still a good project to do or whether, on balance, maybe, it is better to focus their attention elsewhere".

On the investments from Singapore to India, the Prime Minister said these "are really investments of companies which are doing significant business. That is the way you [India] crafted the rules with us [Singapore, in the Comprehensive Economic Cooperation Agreement]; and that's what has been happening. ... [As for] other sources of investments into India, where there are special historical circumstances like Mauritius, we are not like Mauritius. So, I don't expect us to benefit from projects which are not genuinely based in Singapore".

India-China Rise

Asked for his vision of the world in the next 20-30 years, the Singapore leader addressed the European problems, the Japanese demographic problems, and the US fiscal problems which, in his view, "are hard to resolve but which, if resolved, can enable the US to do many things, because it is a tremendously dynamic and creative country". In such a setting, "if you look at China and India, if they can engage in the world 30 years from now, with per capita GDPs five-to-ten times what it is today, peacefully, then, I think, it would be a radically different world. If the transformation doesn't take place peacefully; if there is a fracture either because of economic reasons or because of strategic reasons – not, I hope, leading to military misunderstanding but ending up with bad relations between America and China or China and India – then, of course, it's a very different world. Which will it be? We hope it will be the first, but we must always have something in our pocket just in case it is the second. For Singapore, to get prepared for the first scenario, we must be somewhere near the leading edge".

Mr Lee traced, in considerable detail, how Singapore was now taking steps to position itself for the future by trying to “temper the rigours of the free market to make sure that we have a socially optimal outcome” and by trying to stay the chosen course of meritocracy in a manner best suited to the growing focus on the imperatives of an inclusive society.

The Singapore leader’s Dialogue with an impressive array of top professionals, including scholars and others, was moderated by Mr Jamshyd Godrej, Chairman Emeritus, Aspen Institute India. Mr Gautam Thapar, Chairman, Aspen Institute India, introduced the Prime Minister. ISAS Chairman, Ambassador Gopinath Pillai, thanked Mr Lee for his “scintillating dialogue” with the participants.

The Dialogue, the highpoint of the Singapore Symposium, was preceded by a public lecture by Singapore Education Minister Heng Swee Keat, on the City-State’s pursuit of excellence without fighting shy of that process in a way best suited to the country’s overall economic imperatives and social priorities. Mr Heng traced how India and Singapore could partner each other in India’s own quest for economically useful and socially relevant education.

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