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## Research Article

### INDIA-ASEAN RELATIONS UNDER ACT EAST POLICY: PROGRESS AND POSSIBILITIES

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#### ABSTRACT

The Look East Policy has been a major part of India's foreign policy orientation since its economic opening in 1991. It was predominantly economic in substance though mixed with political and cultural flavors in the first phase of its development. It was first initiated by the Narsimha Rao government and then redefined by the Vajpayee government through the framing of the phase-II. During the first phase, though the dominant impulse remained the economic engagement, but increasingly in the second phase it also acquired strategic orientation. As a result, geographic focus and agenda of the policy was significantly expanded to include not only China, Japan and Korea but also Australia and New Zealand. It has thus developed into a multi – pronged strategy involving many institutional mechanisms at multilateral and bilateral levels, economic linkages and defence engagement. The third phase under Narander Modi's government has been named as "Act East Policy" through which India is not only striving to engage ASEAN countries but also the countries of the wider Asia – Pacific region in political, strategic, cultural and economic domains.

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#### INTRODUCTION

The end of the cold war and globalization process has theoretically changed the structural and operational dimensions of global politics. As a result, India has to develop its foreign policy in an uncertain world. The evolving character of international system, together with opportunities and restrictions residing therein has influenced India's foreign policy in various ways. Domestically, this shift can be perceived due to the changed economic scenario in the country. In the 1990, India faced a severe financial crisis resulted into scarcity of foreign exchange for its imports from the outside world. This compelled India to adopt structural reforms in the form of liberalization, privatization and globalization (LPG) of its economy. It was the first step taken by India to change itself from a "socialist society" to a "modern capitalist" one.

Another important transition in India's foreign policy was the ideological changes from idealism to realism. Since the 1990s, India could no longer sustain the presumed idealism of its foreign policy. It has to come to terms with the painful reality that its relative standing in the world has substantially declined during the cold war. The disappearance of the Soviet Union and China's rise as a great power demanded that India should break the decades old anti-western approach to foreign policy. The 1990 saw India adopting a new approach towards smaller neighbours and determined to reconnect with its extended

neighbourhood in South East Asia, Afghanistan and Central Asia and the Middle East. India's renewed foreign policy is based on economic aspect and energy diplomacy rather than the traditional notion. Several other steps in the next two decades were including the strategic partnership with all the major players such as USA, China, Russia and EU. In addition, India has forged its relations with some important regional groupings likes BRICS and IBSA.

This was the time when India, recognizing the global shift from geo-politics to geo-economic, introduced structural reforms in the country. It also realized that the focus of the world affairs in the 21<sup>st</sup> Century is going to be the Asia-Pacific region of which Southeast Asia is an integral part. So, in the early 1990s, India adopted the policy of "Look East" to forge deeper economic ties with the countries of East and Southeast Asia. The Look East policy marked a strategic shift in India's perspective. It was also an effort to renew and revitalize the traditional linkages with the countries of Southeast Asia.

In this process, India joined the ASEAN first as its sectoral dialogue partner and finally as 'full dialogue partner'. Besides economic cooperation, it also joined ASEAN as a founding member of ASEAN Regional Forum (ARF) to cooperate with the states of this region in security matters. This, along with its military-to-military cooperation with the USA, made it a prominent actor in the security arrangements in the Asia-Pacific. From the launched in early 1990s, the Look East policy

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has evolved through three consecutive phases. Phase-I was focused primarily on the ASEAN countries and on trade and investment linkage. Phase-II is characterized by an expanded definition of 'East' extending from Australia to China and East Asia with ASEAN as its core. It marks a shift in focus from exclusively economic issues to security issues including joint efforts to protect sea lanes, coordination on counter-terrorism etc. On the economic side, this phase is also characterized by arrangements for FTAs and establishing of institutional economic linkages between the countries of the region and India. Phase-III as defined by Prime Minister Narendra Modi as "not only Look East, but Act East". The message of this phase is that India is becoming increasingly willing to play a more active and prominent strategic role, exemplified by enhanced defence diplomacy in East and Southeast Asia.

### **Policy Shift**

The Modi government has since upgraded it to 'Act East' to signal intent. The biggest shift in the Modi government's approach is its realistic appraisal of the limitations of acting alone in 'Acting East'. Delhi no longer appears shy and less mindful of China's sensitivities in leaning towards Tokyo and Washington in its engagement with the region. In the spring of 1947, when the interim government hosted the Asian Relations Conference and Jawaharlal Nehru, delivered a welcome address to over 200 delegates from 30 Asian nations. Seventy years later, PM Narendra Modi's visit to the ASEAN-India Summit in Manila in November 2017 witnessed the making of another unprecedented event: the gathering of all the ten ASEAN heads of state as chief guests at India's Republic day. Like Nehru PM Modi also invoked the history of cultural relation between India and Southeast Asia and also emphasized "ASEAN's importance in the regional security architecture of the Indo-Pacific".

Much has changed in the world and in India's relations with Southeast Asia then and now. With the changing climate in contemporary international relation as well as domestic politics in India, it has become important for India to take a firm step in its foreign policy in general and its policy towards Southeast Asia in particular. More importantly in the last two years of the Look East policy, India's approach towards ASEAN looked tired, if not stale. Nothing much of significant seemed to be happening in the relationship then. In this backdrop, PM Narendra Modi infused a fresh blood in the India-ASEAN relations when he shifted the Look East Policy to Act East policy in 13 November 2014 at the India-East Asia Summit at Naypyitaw. Thought critics clearly dismissed this shift as merely a rebranding of LEP. But under this policy the new government of India sought to extend the canvas of its focus from ASEAN to the whole of East Asia; defence cooperation, maritime security and strategic coordination were added to the previous the agenda of political, economic and cultural cooperation; and the new policy promised increased attention to developing India's Northeast and its linkages with ASEAN countries. Greater emphasis on implementation of promises and strategic boldness on India's part at a time when China's assertiveness was on the rise were also implicit in the AEP.

### **Successes in Act East Policy**

India's relationship with ASEAN forms one of the most important pillars of its 'Act East' policy as evident in the

undertaking of multiple initiatives by both sides. PM Modi made a clear and positive impression at the past three India-ASEAN summits and East Asia Summits by spreading the expansion and diversification of India's economic growth and demonstrating his keenness to enhance trade and investment ties with Southeast Asia. India came through as a country that knew its mind and articulated its stand, without hesitation, on key issues such as the South and East China Seas and regional security architecture. India moved to implement its policy at three different levels. At the bilateral level, India's top three leaders- the president, vice president and prime minister- paid visits to nine out of 10 ASEAN countries. Currently there are 30 different dialogue mechanisms between India and ASEAN nations focusing on a diverse range of sectors. These include a Summit and seven Ministerial meetings dedicated to a range of areas that include foreign affairs, economy, agriculture, renewable energy, environment and tourism. Both are natural partners in their desires to create a free and inclusive regional architecture. They are active participants in the East Asia Summit (EAS), ASEAN Regional Forum (ARF), ASEAN Defence Ministers Meeting Plus (ADMM-Plus) and the Expanded ASEAN Maritime Forum (EAMF).

The core of ASEAN-India relations is economic. The Asia-Pacific region is spreading the global economy today in terms of rapid growth and dynamism. The establishment of the ASEAN Economic Community (AEC) in 2015 was a groundbreaking achievement towards greater regional integration which will provide various opportunities to India. The ASEAN-India Free Trade Area (AIFTA) has been completed with the entry into force of the ASEAN-India Agreements on Trade in Service and Investments on 1 July 2015. This is expected to facilitate the movement of both manpower and investment between India and ASEAN. ASEAN is currently India's fourth largest trading partner accounting for 10. Percent in India's total trade. India on the other hand is ASEAN's 7<sup>th</sup> largest trading partner. India's service-oriented economy is perfectly matched with ASEAN's manufacturing based economy. But the trade value between them declined to US\$ 65.04 billion in 2015-16, from US\$ 76.53 billion in 2014-15. While the global slowdown is undoubtedly an explanation, these figures are far from vibrant and indicate systemic challenges that need to be addressed. Investment flows are quite remarkable both ways with ASEAN accounting for approximately 12.5 percent of investment flows into India since 2000. FDI inflows into India from ASEAN between April 2000 to August 2017 was about US\$ 514.73 billion, while FDI outflows from India to ASEAN countries, from April 2007 to March 2015, as per data maintained by DEA, was about US\$38.672 billion. The Regional Comprehensive economic Partnership (RCEP) agreement expected to be finalized by this year is a mega-regional agreement being negotiated between the ten ASEAN countries and their six FTA partners: Australia, China, India, Japan, New Zealand and South Korea.

On connectivity, progress has been made in the fields of space and digital technology. However physical connectivity continues to lag behind. The India-Myanmar-Thailand trilateral highway from Moreh of India to Mae Sot of Thailand through Bagan of Myanmar. This will eventually be extended to Cambodia and Vietnam under Mekong-Ganga Cooperation within the wider framework of Asian Highway Network. This

is aimed at creating a new economic zone ranging from Kolkata on the Bay of Bengal to Ho Chi Minh city on the South China Sea. The Kaladan Multi-Modal Transit Transport Project and East-West Economic Corridor (EWEC) will bolster connectivity between India and ASEAN.

The one area where India has had unalloyed success is in its relations with the United States. India needs the world's foremost military power to maintain a balance against China, while the US needs India because it is the only credible partner it has in building a coalition in East Asia to confront China. These ties were not a Modi initiative, but arose during the presidency of George W Bush. In fact, it can be argued that the given the momentum, the outcome has been sub-par.

Relations with Japan are a subset of ties with the US, and again, serve mutual needs-India wants Japanese investment and technology, while Tokyo seeks India's participation in the East Asian coalition.

### **Challenging Area**

Rising China is clearly a key factor in the Indo-pacific region and its rise is swiftly altering the geostrategic equations in the region. Its assertive foreign policy, growing economic and military power has also changed the strategic environment of the region. Though China's growth has benefited regional countries in the economic field, its increasing expenditure on military modernization have caused major concern for the countries of the region as well as other countries of the world. China's maritime boundary claims, increasing military activities in the South China Sea and nationalist rhetoric are seen as China's strategy to spread its influence. Furthermore, One Belt One Road initiative is also not just symbolic China's emergence at the global stage as a major country but it is also meant to represent China's distinctive diplomatic approach marked by Chinese features, Chinese style and Chinese confidence. India is skeptical about China's involvement in the construction of infrastructure projects under this OBOR initiative in India's neighbourhood including in Sri Lanka, Bangladesh, Myanmar, Nepal, Maldives, and others. Especially, India has been particularly worried about China-Pakistan Economic Corridor (CPEC). Some of the proposed projects under China-Pakistan Economic Corridor are in Pakistan Occupied Kashmir (PoK), which India considers to be its own territory occupied by Pakistan, therefore labels it a disputed territory. New Delhi is apprehensive on the risk of military facilities being surreptitiously built in its proximate and broader maritime neighbourhood. On China's 'string of pearls' in the Indian Ocean, India sees the risk that the Indo-Pacific maritime space that is crucial to its economic interest might get locked into no-go areas, hindering freedom of navigation and imposing higher costs on trade. In the context on China's growing influence over the South China Sea and East China Sea, there is a risk of both accidental and intentional escalation of violence in the region. While India is protected from such conflicts by distance, it will not be immune from indirect economic and security consequences. Thus the balance of power also is in a process of a gradual shift, with China and India becoming important stakeholders in the global world order. China's action of gun boat diplomacy, in its quest to claim territories that are overlapping with Southeast Asian countries, has decisively helped India and Southeast Asia to

come closer to each other. The countries of Southeast Asia do not wish the domination of outside powers in the region. The ASEAN is interested favourably towards India's active involvement in evolving strategic order in this region. India is also engaged in enhancing its efforts in creating a new strategic architecture for Asia that can ensure its own pivotal role. Both India and ASEAN need to and must engage with China as it is also an important player in the Indo-Pacific security environment. The changed strategic dynamics in the Asia – Pacific has made it more complex. With the evolving geopolitical architecture, India can no longer remain apathetic. It has an important role to play in balancing and stabilizing the region owing to its rapid development and military achievements. The common challenges related to terrorism, maritime security, transnational crimes, drugs, weapons and human trafficking require bilateral cooperation between India and Southeast Asia. It is also true that New Delhi has to do a lot before its Act East Policy gains credibility in this region. PM Modi's use of soft power while implementing the Act East policy, such as building upon common ties of Buddhism and cultural ties, state visits, focusing on tourism and increasing connectivity, people-to-people contacts and a great use of rhetoric with the east could be seen as a friendly non-threatening strategy backed by goodwill internationally. India must have to convince these states that its Act East policy is more than just a rebranding of Look East policy. It should be in motion quickly on a clear plan for deepening economic, institutional, defence and cultural links with ASEAN.

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