

Published in *Diplomacy & Beyond Plus Magazine*: Special Report on ASEAN-India: 25 years of Dialogue Partnership, January 2018 at www.diplomacybeyond.com.



www.maritimeindia.org

25 Years of India - ASEAN Economic Cooperation

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Date: 06 March 2018

In 2017, ASEAN and India celebrated their silver jubilee. ASEAN and India have evolved enormously since early 1992 when India joined the regional organization and launched its “Look East Policy”. The policy was later named as “Act East Policy” showcasing the importance of the ASEAN countries to the new Modi government. The change came when the Indian policymaker witnessed the economic potential and strategic significance the region possessed. Therefore the Act East Policy was the apt push of the Indian government to strengthen the existing relation.

Historical Evolution

Soon after India’s independence in 1947, India supported the policy of Non- Aligned Movement, an organization of the states that did not seek to formally align themselves with either the United States or the Soviet Union during the cold war, but sought to remain independent or neutral. Yet India in 1970’s was seen tilted towards the Soviet Union, the period also saw the slow drift of ASEAN countries.

Nonetheless, 1990’s saw the growing friendship between ASEAN and India with bilateral ties in the economic arena. Later in 1992, India became the sectoral dialogue partner of ASEAN. In 1995 India was invited to become its full dialogue partner in the fifth ASEAN summit in Bangkok. India also became the member of the ASEAN Regional Forum (ARF) in 1996 and since 2002 has been engaged in holding summit-level meetings on an annual basis. India also joined the East Asian Summit (EAS) in 2005.

ASEAN is currently India's fourth largest trading partner, accounting for 10.2 percent of India's total trade. India, on the other hand, is ASEAN's seventh largest trading partner.

Building India-ASEAN Relation

Thailand at present is the second largest economy and the fourth largest trading partner to India in the ASEAN region. The commercial linkage between India and Thailand consolidating relationships are visible from their policy perspective, India's 'Act East' and Thailand's 'Act West'. Trade between both the nations in 2016 accounted up to USD 7.72 billion, with of USD 5.15 billion in Thai exports to India and USD 2.57 billion in Indian exports to Thailand.

The fast-growing Indian economy remains an attractive option for the ASEAN countries and vice-versa, especially in the sectors of tourism, infrastructure, and retail industries. Since January 2010 (signed in August 2009) the Thai business has benefited tremendously from the tax reduction under the ASEAN-India FTA in goods. The recent visit of the Indian External Affairs Minister (EAM), Smt. Sushma Swaraj showcases the great importance Thailand holds with respect to further enhancing India's engagement with ASEAN countries. Thailand will assume the role of coordinator country for India-ASEAN relations in the middle of 2018. Indonesia at present is the largest trading partner of India in the ASEAN region. The Bilateral trade has increased from USD 4.3 billion in 2005- 2016 to USD 15.9 billion in 2015- 16. CEOs met President Joko Widodo on 13 December 2016. The bilateral trade witnessed a downfall leading to a trade imbalance.

The visit of President Joko Widodo to India in December 2016, with a 25-member high-powered business delegation is suggestive of the enhancing economic relations, especially in the sectors of pharmaceuticals and information & technology. Similar gestures were seen when a group of twenty CEOs met President Jokowi in December 2016 to encourage Indian investments in Indonesia. India's investment in Indonesia amounts to USD 343.2 million between 2010 and 2016, while Indonesian investments in India was about USD 20.50 million between 2010 and 2016 (September). At present both the countries seek to increase direct trade, creating a win-win situation. The recent visit by Indian EAM has boosted the negotiations on exclusive economic zones and intensified cooperation to promote trade facilitation and to explore other trade potentials through greater market access.

Malaysia and India established its diplomatic relation in 1957, then known as the

Federation of Malaya. On 1st July 2010, India and Malaysia signed comprehensive Economic Cooperation Agreement (CECA), which came to force in from 1 July 2011. Later in September 2014 India also signed the Free Trade Agreement (FTA) in services and investments with the 10-member ASEAN. Malaysia is India's largest trading partner in ASEAN and India is the largest trading partner for Malaysia from among the countries of the South, excluding China. Bilateral trade between both in 2015 amounted USD 12.02 billion, subsequently USD 13.84 billion in 2014 and USD 13.38 billion in 2013. Apart from trade infrastructural investment in an area of cooperation, as India seeks Smart cities which match with the Malaysian capacities.

The Philippines and India established its diplomatic relations in 1949, soon after both attained independence. The trade agreement between the two was signed in 1979. Until late 1990's the bilateral trade was slow, but saw a positive growth after India- ASEAN ties were strengthened. In August 2009 agreement on trade in goods between India-ASEAN helped in the increase of bilateral trade. At present, the bilateral trade amounts to USD 1.98 billion, where the exports are approximately USD 1.48 billion and import USD 494 million from India. The potential of both the countries seems to be hidden, but with the growing economic and shared values, it seems to be an achievable task.

India was among the first countries to set up diplomatic ties after the independence of Singapore in 1965. Both countries have common political and economic interests, with a significant presence in each other economies since 1990's. In 2015 the CECA with Singapore was the first such agreement to be signed by India with any country. It integrates agreements on trade in goods and services, investment protection, and economic cooperation in fields like education, intellectual property, and science & technology. It also provides Mutual Recognition Agreements (MRAs) that eliminates duplicative testing and certification of products in sectors where there are mandatory technical requirements. Singapore is India's 10th largest trade partner globally and 2nd largest in ASEAN accounting for 25.9 percent of India's overall trade with ASEAN (2013-14). India was Singapore's 12th largest trade partner globally (2014). Bilateral trade expanded after the conclusion of CECA from USD 6.65 billion in 2004-05 to USD 25.2 billion in 2011- 12 but declined to USD 19.27 billion in 2013-14.

Common denominator

The equation in the world domain has changed since the inception of regional organizations. The growing Chinese presence in the region has compelled India to have stronger ties with all 10 ASEAN countries. As far as the ASEAN countries are considered, it

seeks India as a balancing agent against China. The relation between both India and ASEAN will define the geopolitics of the Indo-Pacific region. In conclusion, the forthcoming ASEAN-India Commemorative Summit which marks 25 years since the establishment of Dialogue Partnership between Indian and ASEAN will enhance the economic ties between both. The 69th Republic Day of India will also witness 10 distinctive guests instead of the customary one, indicating the seriousness of Indian policymakers to enhance the ties.

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