

A REPORT OF THE ICRIER
WADHWANI CHAIR IN INDIA-US
POLICY STUDIES

Asia's Arc of Advantage

India, ASEAN and the US: Shaping Asian Architecture

Principal Authors

Hemant Krishan Singh
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ICRIER Wadhvani Programme of Research Studies on India-US Relations and Policy Issues

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- Bottom Left: Indian Prime Minister Manmohan Singh with Japanese counterpart Shinzo Abe, Tokyo May 29, 2013. Source: "India, Japan Seek Early Agreement on Civil Nuclear Pact", *Reuters*, May 29, 2013, available at <http://in.reuters.com/article/2013/05/29/india-japan-manmohan-singh-idINDEE94S08A20130529>.
- Bottom Right: East Asia Summit Meeting in 2011. Source: "Official Gazette", *Government of the Philippines*, November 24, 2011, available at http://www.gov.ph/banner-artwork/asean-2011/191111_rv7-3/

The phrase "Arc of Advantage" was used by Dr. Manmohan Singh, Prime Minister of India, in his address at the Third India-ASEAN Business Summit held in New Delhi in 2004. Source: Manmohan Singh, "PM's Address at Third India-ASEAN Business Summit," Prime Minister of India, October 19, 2004, available at <http://pmindia.nic.in/speech-details.php?nodeid=30>

© 2013 by the Indian Council for Research on International Economic Relations (ICRIER)

ISBN: 978-81-925828-0-1 (pb); 978-81-925828-1-8 (eBook)

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FOREWORD

The world is witnessing profound changes due to the sustained growth of several emerging economies in Asia. The US National Intelligence Council's 2012 assessment of global trends concludes that by 2030, "diffusion of power will restore Asia's weight in the global economy to a level not seen since 1750." However, this structural shift in global power has yet to be buttressed by shared normative frameworks and security architecture in the region increasingly being termed the "Indo-Pacific", encompassing all members of the East Asia Summit from India east to the United States.

Against this backdrop, the historic India-ASEAN Commemorative Summit was held in New Delhi in December 2012. The "Vision Statement" of the Summit underlined the need for a stable and peaceful regional environment, ASEAN's centrality in open, balanced and inclusive regional architecture, and enhanced India-ASEAN co-operation for maritime security, freedom of navigation, and the peaceful settlement of disputes in accordance with international law.

The ICRIER Wadhvani Chair in India-US Policy Studies organised its first international conference a few weeks after this summit, bringing together senior policymakers and leading experts to discuss India's updated "Look East Policy" (LEP), the US "pivot" or "rebalance" towards the Asia-Pacific, and the evolving regional architecture in East Asia. The event, *Emerging Asia – Track 1.5 Conference*, held on February 19, 2013, was a collaborative effort by the ICRIER Wadhvani Chair, the CSIS Wadhvani Chair and the CSIS Sumitro Chair for Southeast Asia Studies, with participation and support from India's Ministry of External Affairs and the US Department of State. Participants stressed the need for all stakeholders with shared interests in the region to identify areas of convergence and explore the possibility of enhanced collaboration between India, ASEAN and the United States.

Summary assessments of the conference by the ICRIER Wadhvani US Chair and the CSIS Wadhvani India Chair are included in this report.

The CSIS Wadhvani Chair launched its detailed report emanating from the conference entitled "Enhancing India-ASEAN Connectivity" on June 3, 2013. The executive summary of this report is at Appendix A.

The ICRIER Wadhvani Chair is pleased to share its counterpart report captioned “Asia’s Arc of Advantage”, which covers co-operation between India, ASEAN and the United States in shaping Asian architecture.

This report comprises an executive summary, including key recommendations, six chapters and four appendices.

The first chapter includes the keynote remarks by Ambassador Shyam Saran at the “Emerging Asia” conference, in which he defines the distinctive elements of India-ASEAN relations, and other conference reports.

In the second chapter, I outline India’s role in Asian architecture building by examining the evolution of the “Look East Policy”, India’s relations with key regional partners, the challenges of connectivity and economic integration, and regional security issues.

In the third chapter, leading strategist C. Raja Mohan analyses the prospects for India-ASEAN co-operation in the maritime domain, which is essential for security in the Indo-Pacific.

In the fourth chapter, I examine the impact of South China Sea issues on the geo-politics of East Asia, highlighting the need for a rule-based and balanced security architecture to underpin regional stability. Asia’s military power balances, compiled by the Chair’s intern scholar Graham Palmer, are annexed to this chapter, indicating the important role of major powers in fostering a ‘dynamic equilibrium’ in the Indo-Pacific.

In the fifth chapter, Sanjay Pulipaka describes the competing concepts of regional co-operation frameworks in East Asia and the need to strengthen the East Asia Summit forum.

In the final chapter, Sanjay Pulipaka identifies the shortfalls in connectivity between India’s northeastern hinterland and its ASEAN neighbours, and identifies areas that require urgent attention, from physical connectivity to trade and travel facilitation. My observations on the significance of Myanmar connectivity are appended to this chapter.

The appendices to this report include an executive summary of ERIA’s Comprehensive Asia Development Plan (CADP 2) (Appendix B), the Vision Statement of the ASEAN-India Commemorative Summit (Appendix C), and the recommendations of the US-ASEAN Eminent Persons’ Group (Appendix D).

The aim of this study is to frame the contours of regional architecture for peace and prosperity in East Asia. The opportunities and challenges that lie ahead have been aptly summarised by Hillary Clinton, former US Secretary of State, while articulating her vision for India-US co-operation for the 21st century:

“The United States has always been a Pacific power because of our very great blessing of geography. And India straddling the waters from the Indian to the Pacific Ocean is, with us, a steward of these waterways. We are both deeply invested in shaping the future of the region that they connect. And there are big questions for us to consider. Will this

region adopt basic rules of the road or rules of the sea to mobilize strategic and economic co-operation and manage disagreements? Will it build the regional architecture of institutions and arrangements to enforce international norms on security, trade, rule of law, human rights, and accountable governance?”

We hope that this report will help policymakers develop a clear roadmap that India, ASEAN and the US can follow to foster the development of a peaceful, secure, stable and prosperous region, even as the Indo-Pacific rises to increasing prominence in the global economic and political landscape.

While this report focuses on regional security and economic architecture, it remains particularly important to create a web of people-to-people ties, including those led by the private sector, civil society, educational institutions and research bodies. This aspect is covered in the CSIS report on “Enhancing India-ASEAN Connectivity”.

The ICRIER Wadhvani Chair would like to thank Ambassador Karl F. Inderfurth, CSIS Wadhvani India Chair, and Mr. Ernest Z. Bower, CSIS-Sumitro (Southeast Asia) Chair, for their invaluable contributions to this ‘knowledge-sharing’ partnership. Special thanks are due to seasoned US diplomat Ted Osius, who led the CSIS study on “Enhancing India-ASEAN Connectivity” in his capacity as senior visiting fellow at CSIS. Our thanks are also due to the East Asia and Public Diplomacy Divisions of India’s Ministry of External Affairs and the concerned Asia Desks at the US Department of State for supporting our “Emerging Asia” conference and contributing to its success. Finally, I would like to thank all our colleagues at ICRIER for their invaluable support.

Hemant Krishan Singh
Chair Professor
ICRIER Wadhvani Chair in India-US Policy Studies
August 2013

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Executive Summary

India's geographical location at the crossroads of Asia has defined its external interactions through the ages. Both the continental and the maritime realms of Asia have been conduits for these civilisational connections for over 2000 years. The strong "ideational" driver of the India-ASEAN partnership is the "celebration of diversity, of plural and related cultures,"¹ which perhaps does not find expression in any other partnership.

For a century and a half prior to India's independence, the subcontinent was the geo-political anchor for the stability of Southeast Asia, and Indian forces played a critical role in World War II. The very first diplomatic act of India, even before it became free, was to convene the Asian Relations Conference in March 1947. However, for a variety of reasons, India's Asian project effectively remained suspended for three decades (1962-92) and India's centrality in Southeast Asian security dissipated. It was only through the steady growth of its "Look East Policy", launched in 1992, that India reclaimed its historic economic and strategic space in Asia in 2005, when it became a founder member of the East Asia Summit.

The East Asia to which India has returned is a very different and dynamic region at the heart of an ongoing structural shift in global power. Since Japanese Prime Minister Shinzo Abe's prescient remarks before the Indian Parliament on August 22, 2007, welcoming India to a "broader Asia,"² the 'Indo-Pacific' has emerged as the new centre of gravity in global geo-politics.

The cumulative impact of India's recent foreign policy adjustments and realignments, which have included the transformation of relations between India on the one hand and the United States and ASEAN on the other, has been to expand India's regional influence and strategic

1 "ASEAN-India Eminent Persons' Report to the Leaders," *Association of Southeast Asian Nations*, 2012, available at http://www.mea.gov.in/Uploads/PublicationDocs/20831_ASEAN-India_Eminent_Persons__Report_to_the_Leaders.pdf.

2 Shinzo Abe, "Confluence of the Two Seas" (speech, Indian Parliament, August 22, 2007), *Ministry of Foreign Affairs of Japan*, available at <http://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>.

space, even though some would argue that India has been slow to maximise benefits from the opportunities that have come its way, mainly because of domestic policy constraints.

The ideology of non-alignment lingers in the new catchword of ‘strategic autonomy’, which sits unconvincingly astride the compulsions of India’s rapidly globalising economy and expanding geo-political significance. C. Raja Mohan has argued that persisting with misplaced definitions of ‘strategic autonomy’ can only reduce India’s strategic relevance to its friends and opponents alike.³ At this point, India needs to fill the gaps in its actual capacity for exercising strategic autonomy through external balancing and by developing constant partnerships that can move its interests forward. For instance, India’s strategic autonomy has gained from its transformed ties with the United States, and deprioritising these relations would place India at a strategic disadvantage.

Despite criticism that growing Indian capabilities have remained underutilised, India has made great strides in reorienting its foreign policy to meet better the challenges it confronts. Nowhere is this more evident than in the redefinition of its “Look East Policy”, which, in the words of Prime Minister Manmohan Singh, began with a strong economic emphasis and has now “become increasingly strategic in its content.”⁴ The Prime Minister has identified three essential pillars for an enduring foundation for security and prosperity in Asia: strengthening regional mechanisms for co-operation based on commonly accepted principles; promoting deeper regional economic integration and connectivity; and building maritime security across the linked region of the Indian and Pacific Oceans through the application of norms in accordance with international law.

Within this articulation of its revitalised Look East Policy, India must seek what C. Raja Mohan describes as multi-directional engagement with the great powers of Asia, integration with regional institutions, expanded security co-operation with key actors in the region and progressive improvement in India’s geo-political standing in Asia.

As Asia surges economically, the importance of the maritime domain and related security challenges will grow. India is adjusting to this changed scenario by repositioning itself from a continental power, which it will remain, to a growing maritime power. New Delhi’s Look East Policy has acquired a distinct naval dimension over the past decade and a higher Indian security profile in the region is widely welcomed. Consequently, India today enjoys a large number of defence and security co-operation arrangements/agreements with Southeast Asian neighbours.

Again, in the Indian Prime Minister’s words, “We have also sought to assume our responsibility for stability in the Indian Ocean Region. We are well poised, therefore, to become a net provider of security in our immediate region and beyond.”⁵ What remains is for India to demonstrate

3 C Raja Mohan, “India’s Strategic Future”, *Foreign Policy*, November 4, 2010, available at http://www.foreignpolicy.com/articles/2010/11/04/indias_strategic_future?page=0,0. See also other writings by C Raja Mohan.

4 Manmohan Singh, “Prime Minister’s Address to the Japan-India Association, Japan-India Parliamentary Friendship League, and International Friendship Exchange Council” (speech, Tokyo, May 28, 2013), *Ministry of External Affairs, Government of India*, available at <http://mea.gov.in/Speeches-Statements.htm?dtl/21754>.

5 Manmohan Singh, “Speech at the Foundation Stone Laying Ceremony for the Indian National Defence University” (speech, Gurgaon, May 23, 2013), *Prime Minister’s Office, Government of India*, available at <http://pmindia.nic.in/speech-details.php?nodeid=1316>.

that it is willing to bridge the gap between its potential security role and its current level of performance.

Enhancing physical connectivity through the land bridge of Myanmar and taking advantage of economic opportunities in East Asia must be India's foremost external economic priority over the next decade. India must also pursue economic reforms and significantly raise its stakes in regional initiatives such as RCEP (and eventually TPP) if it is to derive the full benefits of regional trade agreements. Having already lost out on the boom years of the Asian Tigers in the 1980s because of its closed economy, India is once again facing a test of its economic outlook and national resolve.

Since APEC's inception, the United States has backed this body's role as the premier Asia-Pacific economic forum. In the 1990s, the US was strongly critical of efforts to create an East Asia Economic Caucus declaring that it would oppose any plan that "drew a line down the middle of the Pacific and placed the United States on the other side of that line."⁶ It is not surprising, therefore, that the US initially stayed away from the East Asia Summit process. It was only in 2012, a year after the US joined the EAS, that it described this forum as a "premier institution for political and strategic issues, the capstone of an increasingly mature and effective regional architecture."⁷

The US insistence on dealing with regional issues in East Asia on an Asia-Pacific basis has had an adverse impact on regional community building. The impression that the United States is dividing Asia with its TPP focus and going against basic regional economic integration impulses is unlikely to serve either regional or US interests. The answer is for the US to draw closer to both the EAS and RCEP processes led by ASEAN.

Unfortunately, this line of thinking has little traction among high-level policymakers in Washington, even though it is recognised that "Asia's success is fundamentally linked to ours."⁸ This anomaly extends to the US approach towards India as well. On the one hand, the US "goal is to help tie Asia-Pacific nations together – from India to the Americas – through strong alliances, institutions and partnerships."⁹ On the other, India is still left out of discussions about the Asia-Pacific under APEC. This restricts the congruence of Indian and US policies to Southeast Asia, where India's 'Look East Policy' and the US 'rebalance' meet. Hopefully, the US will act to realise India's full economic integration into the Asia-Pacific region – the sooner the better.

6 US Secretary of State James Baker's statement, as cited in Claude Barfield, "The United States and East Asian Regionalism: Competing Paths to Integration," *International Journal of Korean Studies*, 2012, Fall, Vol. XVI, No. 2, p. 158 available at http://www.aei.org/files/2013/01/08/-the-united-states-and-east-asian-regionalism-competing-paths-to-integration_145424278672.pdf.

7 Hillary Rodham Clinton, "Intervention at East Asia Summit," Remarks by Secretary of State, *Department of State, United States of America*, Phnom Penh, Cambodia, July 12, 2012, available at <http://www.state.gov/secretary/rm/2012/07/194988.htm>

8 Joe Biden, "Remarks by Vice President Joe Biden on Asia-Pacific Policy," address at the George Washington University, Washington D.C., *The White House*, July 18, 2013, available at <http://www.whitehouse.gov/the-press-office/2013/07/18/remarks-vice-president-joe-biden-asia-pacific-policy>

9 *Ibid.*

Recommendations

The “Emerging Asia” Conference organised by the ICRIER Wadhvani Chair in February 2013 has resulted in the policy papers included in this report. The key findings and recommendations are given below.

Regional architecture and multilateral frameworks

- Given the ongoing global power shifts, there is an urgent need to recognise the “Indo-Pacific” as the new geo-strategic theatre for Asia, which can constitute the basis for constructing multilateral frameworks for a balanced regional security order.
- Under a strategic perspective that sees the Pacific and Indian Oceans as a single continuum, Southeast Asia becomes a hinge that links East and South Asia.¹⁰
- Rooted in the recognition that ASEAN’s coherence is in India’s vital national interest, India has repeatedly underlined ASEAN centrality in shaping the future of East Asia. However, the slogan of “ASEAN centrality” needs to be backed by a more robust Indian engagement with ASEAN, collectively and individually, in both the political and security domains.
- With the US defining its rebalance to Asia as “mostly a political and economic concept, not a military one” and recognising ASEAN’s “indispensable” role in regional stability, India-ASEAN-US convergences have grown and should be further developed.
- The United States and India should continue their dialogue on East Asia to create further synergies between India’s Look East Policy and the US rebalance towards Asia.
- The India-US-Japan Trilateral Dialogue should be expanded to include ASEAN issues.
- There is need for greater consultation and co-ordination between the diplomatic representatives of India, ASEAN and the US in regional fora.
- The EAS must be strengthened as the leading forum to address political and security issues in the region, with ASEAN as the pivot of the emerging security architecture.
- There is ample room in the region for “multi-track” regional arrangements in which all EAS countries have an equal stake in building regional trust and norms through overlapping institutions like the EAS, the ADMM+8 dialogue and an expanded ASEAN Maritime Forum (AMF).
- No single country can shape and sustain the security architecture in Asia. China should join hands with the US, India, Japan and ASEAN to reinvigorate efforts to advance a rule-based and balanced multilateral security architecture through the EAS process.
- Security challenges and power imbalances can be met more effectively by bolstering Asian multi-polarity.
- The US should align its economic and security policies in Asia, which today follow two distinct tracks – EAS for security and the APEC-linked TPP for economic integration.

10 Bronson Percival, “US-INDIA: Parallel Links Along China’s Southern Periphery,” *Asia Pacific Bulletin*, June 1, 2011, No. 114, available at <http://www.eastwestcenter.org/publications/us-india-parallel-links-along-chinas-southern-periphery>.

Regional and US interests are better served if the US embraces both the ASEAN-centred processes, EAS and RCEP.

- The US should actively promote India's membership of APEC and eventual participation in TPP.

Security Issues

- India's emergence as a net provider of security in its immediate region and beyond needs to be given a concrete dimension by its participation in bilateral and multilateral naval exercises, such as the expanded Malabar exercise held in 2007. This will have a profound impact on the evolving architecture of security co-operation in Asia, bolstering strategic stability in the Indo-Pacific.
- The US posture of supporting a stable security environment, economic openness, freedom of navigation and the peaceful resolution of disputes has been well received in Asia. However, progress on a rule-based regional security architecture will depend on sustained US strategic reassurance and high-level engagement.
- India is directly impacted by what transpires in the maritime disputes of the East and South China Seas. It must recognise the urgency of establishing regional rules of the road based on international law for the resolution of maritime territorial disputes and provide full support for ASEAN efforts to conclude a binding Code of Conduct for the South China Sea.
- India-US convergences in East Asia will be difficult to sustain without US attention to India's growing security concerns emanating from Afghanistan and Pakistan, ranging from the continuing threat of terrorism to nuclear escalation.
- India is rapidly overcoming past trends of military isolationism. However, its new security partnership with ASEAN demands a much more active participation by India's defence establishment in the ADMM+8 process. It must shed its traditional reticence and demonstrate leadership on maritime security issues at a time when Southeast Asian neighbours are seeking more effective contributions from India for regional stability.
- India's maritime security interests demand that it pursue much more ambitious defence co-operation arrangements with its Southeast Asian neighbours, which go beyond periodic co-operation to establishing permanent hubs for inter-operability training and logistical support.
- To take full advantage of India's geographical location, this approach must eventually extend across the wider Indian Ocean Region (IOR) and include maritime security partnerships with Japan and the United States.
- India's reluctance to conclude logistical support agreements needs to be revisited in the light of the growing importance of maritime domain issues across the expanse of the IOR and the Indo-Pacific.
- To optimise its assets in the Andaman Sea, India should consider the potential role of Port Blair as a regional hub for India-ASEAN co-operation on maritime security, counter-piracy, trans-national maritime issues, humanitarian assistance and disaster relief (HA/DR).
- Based on their regional experiences since the 2004 Asian Tsunami, India and the US must share their knowledge and expertise in HA/DR operations and military medicine with ASEAN states, including through multilateral exercises.

- India, ASEAN and the US should institutionalise a rehearsed doctrine for deployment of military assets for HA/DR operations in the Indo-Pacific.

Regional Connectivity and Economic Integration

- India must significantly raise its stakes in regional economic integration, well beyond the levels of ambition it has thus far displayed in the India-ASEAN FTA and other bilateral CEPAs in East Asia if it is to derive full benefits from regional trade agreements.
- Both RCEP and TPP will be high standard and pose liberalisation challenges for India, which it must meet through a renewed emphasis on economic reforms.
- India should give priority to various infrastructure projects identified by ERIA in its CADP 2 proposals, particularly the Mekong-India Economic Corridor (MIEC).
- Given the imperative of enhancing physical connectivity with ASEAN through Myanmar, the fast-tracked implementation of Indian projects under way in Myanmar will enhance the credibility of India's Look East Policy. Completing the Kaladan Multi-Modal Transport Project and the India-Myanmar-Thailand trilateral highway, and planning future railway projects are essential components of this connectivity.
- India should participate in the development of deep-sea ports such as Dawei to speed up progress on the MIEC to provide seamless connectivity from Chennai to Hanoi.
- India must substantially upgrade the gateway port infrastructure on its eastern seaboard to realise the maritime potential of the Bay of Bengal as a critical waterway.
- India should promote greater engagement of its private sector in exploring economic and commercial opportunities in Myanmar and in other ASEAN countries.
- Connectivity with Bangladesh should be enhanced and conceptualised in larger frameworks involving Southeast Asian neighbours such as Myanmar and Thailand.
- India should strive for co-ordinated socio-economic development of border areas in India and Myanmar, improved infrastructure for cross-border trade and travel and direct civil aviation links with Myanmar and other CLMV neighbours.¹¹
- India should pursue the economic development of its strategically located Andaman and Nicobar Islands by enhancing maritime infrastructure, tourism, fisheries and trade to integrate the Andamans economically with contiguous ASEAN neighbours.
- India, Japan and the US should develop complementarities among their initiatives in Myanmar and other ASEAN states.

Hemant Krishan Singh
Chair Professor
ICRIER Wadhvani Chair in India-US Policy Studies
August 2013

11 Cambodia, Laos, Myanmar and Vietnam

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ACRONYMS AND ABBREVIATIONS

AADMER	ASEAN Agreement on Disaster Management and Emergency Response
ACCC	ASEAN Co-ordinating Committee on Connectivity
ACDM	ASEAN Committee on Disaster Management
ACSA	Acquisition and Cross-Servicing Agreement
ADB	Asian Development Bank
ADMM	ASEAN Defence Ministers Meeting
AEM	ASEAN Economic Ministers Meeting
AFC	Asian Financial Crisis
AGI	Apex Greatest Industrial Company Limited
AHN	ASEAN Highway Network
AIEPG	ASEAN-India Eminent Persons Group
AIF	ASEAN-India Fund
AIGF	ASEAN-India Green Fund
AISTDF	ASEAN-India Science and Technology Development Fund
AMBDC	ASEAN-Mekong Basin Development Cooperation
AMF	ASEAN Maritime Forum
APC	Asia Pacific Community
APCSS	Asia Pacific Center for Security Studies
APEC	Asia Pacific Economic Co-operation
APT	ASEAN Plus Three
ARF	ASEAN Regional Forum
ASAM	ASEAN Single Aviation Market
ASEAN	Association of Southeast Asian Nations
ASEAN + 8	ASEAN plus China, Japan, South Korea, Russia, USA, India, Australia, and New Zealand
ASEAN+3	ASEAN plus China, Japan, and South Korea

ASEM	Asia-Europe Meeting
ASSM	ASEAN Single Shipping Market
BIMP+	Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area Plus
BIMSTEC	Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation
CADP	Comprehensive Asia Development Plan
CBM	Confidence Building Measure
CEPA	Comprehensive Economic Partnership Agreement
CLMV	Cambodia, Laos, Myanmar, Vietnam
CLV-DTA	Cambodia-Laos-Vietnam Development Triangle Area
CNPC	China National Petroleum Corporation
COC	Code of Conduct
CPC	Communist Party of China
CSIS	Center for Strategic and International Studies
DFC	Dedicated Freight Corridor
DOC	Declaration on the Conduct of Parties
DPJ	Democratic Party of Japan
E3	US-ASEAN Expanded Economic Engagement
E3	Expanded Economic Engagement
EAEC	East Asian Economic Caucus
EAEG	East Asia Economic Group
EAMF	Expanded ASEAN Maritime Forum
EAS	East Asia Summit
EASG	East Asia Study Group
EAVG	East Asia Vision Group
EPG	Eminent Persons Group
ERIA	Economic Research Institute for ASEAN and East Asia
EU	European Union
EWEC	East-West Economic Corridor
FTA	Free Trade Agreement
G-2	Group of 2 (US and China)
GDP	Gross Domestic Product
GMS	Greater Mekong Sub-region
GSM	Geographical Simulation Model
HA/DR	Humanitarian Assistance and Disaster Relief
HTMS	His Thai Majesty's Ship
IAEA	International Atomic Energy Agency
IAI	Initiative on ASEAN Integration
ICP	Integrated Check Post

ICRIER	Indian Council for Research on International Economic Relations
ICT	Information and Communication Technologies
IMET	International Military Education and Training
IMF	International Monetary Fund
IMT-GT	Indonesia-Malaysia-Thailand Growth Triangle Plus
INS	Indian Navy Ship
IONS	Indian Ocean Naval Symposium
IOR	Indian Ocean Region
IOR-ARC	Indian Ocean Rim Association for Regional Co-operation
IWT	Inland Water Transport
JICA	Japan International Co-operation Agency
LAC	Line of Actual Control
LDP	Liberal Democratic Party (Japan)
LEP	Look East Policy
LMI	Lower Mekong Initiative
MADI	Myanmar Automobile & Diesel Industries Limited
MGC	Mekong-Ganga Co-operation
MIEC	Mekong-India Economic Corridor
MMTT	Multi-Modal Transit Transport
MOU	Memorandum of Understanding
MPAC	Master Plan on ASEAN Connectivity
MSDF	Maritime Self Defence Force (Japan)
NAFTA	North America Free Trade Agreement
NOAA	National Ocean and Atmospheric Association
NSEC	North-South Economic Corridor
ONGC	Oil and Natural Gas Corporation (India)
PD	Preventative Diplomacy
PLA	People's Liberation Army (China)
PPP	Purchasing Power Parity or Public-Private Partnership
PSC	Production Sharing Contract
RCEP	Regional Comprehensive Economic Partnership
SCO	Shanghai Co-operation Organisation
SEANWFZ	South East Asian Nuclear Weapons Free Zone
SEATO	South East Asian Treaty Organization
SEZ	Special Economic Zone
SKRL	Singapore-Kunming Rail Link
SLOC	Sea Lines of Communication
SME	Small and Medium Size Business Enterprise
TAC	Treaty of Amity and Co-operation in Southeast Asia

TPP	Trans-Pacific Partnership
TTR	Transit Transport Route
UNCLOS	United Nations Convention on the Law of the Sea
UNCTAD	United Nations Conference on Trade and Development
US	United States of America
USPACOM	United States Pacific Command
USS	United States Ship
WTO	World Trade Organization
YLF	Young Leaders Forum

I

EMERGING ASIA: TRACK 1.5 CONFERENCE

I.i From Looking East to Engaging East

Prospects for relations between India and the ASEAN following the Commemorative Summit and the Vision Statement

Shyam Saran | February 19, 2013

1. Thank you for your kind invitation to this important Conference on “Emerging Asia”. It is timely because it comes soon after a very successful India-ASEAN Commemorative Summit held in December 2012, but also since it is taking place after a political transition in the US and leadership transitions in China, Japan and South Korea. These developments will undoubtedly impact Emerging Asia. There could be adverse consequences. Hopefully, there may be stronger prospects for a more positive, peaceful and prosperous future. The recent nuclear test by North Korea and its threats to carry out more missile and nuclear tests, is a grim reminder of the political fault-lines that cast a shadow over our region.
2. I would count the steady growth of political, security, economic, trade and socio-cultural relations between India and ASEAN since India’s Look East Policy was launched 20 years ago as a major contribution to regional peace and prosperity. The convening of the Commemorative Summit to mark these twenty years of co-operation was an appropriate celebration of the success India and its ASEAN partners have achieved in strengthening their relations across the board. It is true that expectations of our relations have always been high and sometimes such expectations have not been matched by actions on the ground. I, for one, welcome the fact that the aspiration level of our relations is pitched at a high level rather than at a more modest level. This spurs both sides on to add more richness and substance to our relations.
3. I was privileged to be the Co-Chair of the India-ASEAN Eminent Persons’ Group, which worked together over 2011/2012 together to fashion a framework for taking India-ASEAN relations forward to 2020 and made a number of significant and specific recommendations in this regard to the leaders. The Eminent Persons’ Group consisted of 5 members on the

Indian side and 10 on the ASEAN side, representing its 10 member states. Our experience was that our work proceeded remarkably smoothly with very little controversy. There was receptivity on both sides to ideas, which could advance our relations in the medium and long-term. The Report of the Eminent Persons' Group is a compact document, and I would urge participants in this Conference to study its contents, in addition to the Vision document, which is based on it. There are some key features of India-ASEAN relations, which the report has emphasised and which are noteworthy. I would particularly wish to draw attention to paragraph 2 of the report:

“While peoples of ASEAN and India inhabit a shared geographical and cultural space, each country retains its distinctiveness and unique identity. It is this celebration of diversity, of plural yet related cultures, which underlies the ASEAN-India partnership”.

4. ASEAN has summit partnerships with several countries, but this “celebration of diversity, of plural and related cultures”, does not find expression in any other partnership. This gives me the confidence that the India-ASEAN partnership will have a strong and enduring ideational anchor.
5. What are the new elements in India-ASEAN relations that demonstrate their maturation on the one hand and, at the same time, provide the basis for a stronger partnership in the future?
6. Clearly, the most important declaration to emerge at the Commemorative Summit was the elevation of the relationship to a strategic partnership. This is a significant political statement at the summit level, reflecting the value that the leaders attached to this relationship. But it is not merely semantic progression. The vision document spells out the direction in which we want to grow these relations substantively. The fact that the Commemorative Summit saw nine out of the 10 ASEAN leaders in attendance is itself reflective of the importance the relationship has acquired in recent years.

I would draw attention to some noteworthy elements in the vision document:

One, co-operation in maritime security, in keeping the sea lines of communication open and ensuring the freedom of navigation, is mentioned categorically and explicitly. This is significant against the background of what has been happening recently in the South China Sea.

Two, there is a commitment to a high-level security dialogue, which is also significant because there is consensus that both India and ASEAN should together seek to shape the emerging security architecture in the region, with ASEAN serving as the pivot.

Three, the conclusion of the free trade agreement to cover services and investment is a major step forward in making India a key economic partner of ASEAN and ensuring that the emerging economic architecture is open and inclusive.



Emerging Asia: Track 1.5 Conference Participants

In this context, it may be noted, that the Vision Statement endorses India’s long-held view that there is room in the region for “multi-track regional arrangements”, rather than treating some relationships such as ASEAN+3 as a so-called “core” or inner track and others, such as the East Asia Summit, the “outer track” or the periphery. The AIPEG report is more explicit than the vision document: “The two sides will work together to promote and strengthen inclusive and multi-track arrangements”.

The vision document underlines the importance of connectivity, whether in terms of transport infrastructure, digital links or even broader people-to-people connectivity. India and ASEAN need to create a dense web of interconnections to leverage the proximity asset they share.

7. These are the political, security and economic factors that are bringing India and ASEAN closer together more rapidly than before. Rarely has a major power been seen as a benign partner as India is perceived today across ASEAN.

A higher Indian security and economic profile in the region is universally welcomed.

A unique and historic opportunity beckons India. It is my earnest hope that this opportunity is not wasted because of sloppy diplomacy and poor implementation.

I.ii Advancing India-US-ASEAN Co-operation: A Report on the “Emerging Asia Conference”

H. K. Singh and Sanjay Pulipaka | February 19, 2013

With the sustained growth of several emerging economies in Asia, the world is witnessing a power shift. Unsurprisingly, the US National Intelligence Council’s latest assessment of global trends concludes that by 2030, “diffusion of power will restore Asia’s weight in the global economy to a level not seen since 1750.”

However, this structural shift in global power relations has yet to be buttressed by shared normative frameworks and regional architecture in Asia.

It is broadly within this context that the historic India-ASEAN Commemorative Summit was organised in New Delhi in December 2012. The Vision Statement of the Summit underlined the necessity of a stable and a peaceful regional environment, ASEAN’s centrality in the evolving regional architecture, and enhanced India-ASEAN co-operation for maritime security, freedom of navigation, and the peaceful settlement of disputes in accordance with international law

A few weeks after this summit, senior policy makers and leading experts from India, the US, and ASEAN came together in New Delhi to discuss India’s Look East Policy, the US “Pivot” and the evolving regional architecture in Asia. The event, Emerging Asia – Track 1.5 Conference, held on February 19, 2013, was a collaborative effort of the ICRIER Wadhvani US Chair, its counterpart the CSIS Wadhvani India Chair and the CSIS Sumitro (Southeast Asia) Chair, with participation and support from the Indian Ministry of External Affairs and the US Department of State. Participants stressed the need for all stakeholders with shared interests in the region to identify areas of convergence and explore the possibility of enhanced collaboration between India, the US and ASEAN.

India’s Look East Policy

India has strong historical and cultural links with Southeast Asia and its geographic location gives it a unique advantage in reaching out to the countries in the Indo-Pacific. As Pandit Jawaharlal Nehru observed at the Asian Relations Conference in March 1947, “India is so situated that she is the pivot of Western, Southern and Southeast Asia”.

India’s Look East Policy (LEP), initiated in 1992, has resulted in increased economic engagement with the region, with India’s trade with ASEAN growing 41 per cent in 2012 to reach \$79.4 billion. As a consequence of this growing economic interdependence, India is seen as a leading stakeholder in evolving regional frameworks such as the East Asia Summit (EAS). Moreover, there is also growing appreciation of India’s capacity to emerge as a long-term net security provider in Southeast Asia. As some participants observed, India neither has an option of exiting from the region nor does its increasing role generate anxiety among regional nations. As a consequence, there have been demand signals for greater Indian engagement in the Indo-

Pacific and India's call for "open, balanced, inclusive and transparent regional architecture" has resonance in many countries of the region.

However, there are also some concerns about India's "capacity" and "will" to pursue opportunities in Southeast Asia. Participants noted that speeding up India's economic integration and regional connectivity with Southeast Asia could boost its role in the Indo-Pacific.

The US Pivot

The significance of the US "pivot" or "rebalance" received considerable attention of the participants and it was argued that the US pivot is not something entirely new, as the US has demonstrated long-standing commitment to the region. More recently, President Barack Obama, America's first 'Pacific' President, while speaking in the Australian Parliament in November 2011, stated that "the United States is a Pacific power, and we are here to stay," adding, "let there be no doubt: in the Asia-Pacific in the 21st century, the United States of America is all in." Participants discussed the shift in America's Asia-Pacific policy from G-2 to "pivot" and the possible impact of personnel changes in the Obama administration's second term, with US experts expressing the view that the rebalance towards Asia would continue in the future without significant shifts.

Regional Architecture

While welcoming the US-ASEAN Expanded Economic Engagement (E3) Initiative, participants called for a greater isomorphic fit between US security and economic policies in the region. It was pointed out that in contrast to the role envisaged by the US for the EAS, its trade policy does not envision ASEAN centrality in the evolving regional economic architecture. In this context, participants referred to the possible impact that the Trans-Pacific Partnership (TPP) may have on the ASEAN-led Regional Comprehensive Economic Programme (RCEP). They called for the TPP to follow an open accession approach to facilitate convergence between the RCEP and the TPP in the long run. It was suggested that the US approach towards regional economic frameworks should be more inclusive; the US should factor in India's place in regional economic integration and India should be invited to become a member of APEC.

Strengthening and Expanding Multilateral Frameworks

Participants identified the East Asia Summit Forum (EAS) as the principal forum with the potential to address various security challenges in the region. The ongoing dialogue between India and the US on East Asia was evaluated favourably and the need to increase the intensity of such interactions was articulated. Indian participants suggested that the India-US-Japan trilateral dialogue could usefully expand its agenda by including ASEAN issues. The need for greater co-ordination between India and the US on matters pertaining to ASEAN fora was also discussed. It was widely agreed that such co-operation frameworks would contribute to greater peace and stability in the region.

Maritime Security and HADR

Given the fact that the sea-lanes of the Indo-Pacific constitute the economic and energy lifelines of the world's most vibrant economies, participants called for greater collaboration between India, the US and the ASEAN on maritime security issues ranging from counter-piracy to energy security. Reflecting on the several existing maritime territorial disputes in the region, participants were of the view that freedom of navigation and the peaceful settlement of such disputes in accordance with international law was critical. For instance, India's mercantile trade has registered significant growth in the recent past. As of 2011, 41 per cent of GDP, 77 per cent of trade by value and 90 per cent of India's trade by volume is a consequence of maritime commerce. Participants also noted that 80 per cent of the world's energy trade flows and around \$3.5 trillion of intra-regional trade is conducted in the Indian Ocean region. Therefore, it was imperative for India to collaborate closely with Indonesia and Australia in strengthening IOR-ARC open regionalism. Participants suggested that specific areas of co-operation be identified from the Bay of Bengal to the South China Sea. They were also of the view that the US should ratify UNCLOS as this would strengthen the international framework for the settlement of maritime disputes.

Taking into account recent natural disasters and the increasing vulnerability of growing urban populations, participants also emphasised the need for an Indo-Pacific HADR framework. Such a framework should establish structures for civilian-military interface, region-wide domain expertise, experience of interoperability and capacity building for disaster response.

Connectivity

There was unanimity that increasing physical and institutional connectivity between India and Southeast Asia would go a long way to facilitate enhanced economic relations in the region. In this context, it was noted that Myanmar plays a vital role as India's "land bridge" to Southeast Asia. Myanmar's progress towards democracy has opened up prospects for enhanced engagement with India and other partners. There was considerable discussion on ERIA's Comprehensive Asian Development Plan (CADP-2) and other proposals aimed at increasing connectivity infrastructure such as the India-Myanmar-Thailand Trilateral Highway and the Dawei deep-sea port. The need for India to prioritise project implementation in Myanmar was strongly articulated.

Multi-Sectoral and Multi-Stakeholder Processes

Participants observed that collaboration between India, the US and ASEAN should be a multi-sectoral and multi-stakeholder process. Along with bilateral, multilateral and inter-governmental co-operation, greater interaction between civil society groups and involvement of the private sector in various initiatives should be promoted.



Institutionalising Future Interactions

Participants agreed to try and convert the Emerging Asia Conference into an annual “Indo-Pacific Forum,” as a track 1.5 platform to discuss security and economic issues in the broader East Asian Region (ASEAN plus Eight). The need to include greater representation of research institutions/ think-tanks and other representatives from ASEAN in future conferences was also endorsed.

I.iii India's 'Look East' and America's 'Asia Pivot': Converging Interests

Karl F. Inderfurth and Ted Osius

For twenty years since India announced its “Look East” policy, Myanmar’s isolation, mistrust between India and its neighbours, and poor infrastructure connectivity hindered the development of links between South and Southeast Asia. With Myanmar’s tentative opening and improved relations between India and Bangladesh, an opportunity exists for India to boost further trade and security ties with mainland and maritime Southeast Asia. National Security Advisor Thomas Donilon recently reaffirmed the United States’ support for India’s efforts in this regard, adding, “U.S. and Indian interests powerfully converge in the Asia-Pacific, where India has much to give and much to gain”.

On February 18-19, key Indian and US decision makers and thinkers from the region met in New Delhi to examine the current status and implications of India’s ‘Look East’ policy and America’s “Pivot to Asia,” announced during President Obama’s first term. The conference, entitled “Emerging Asia,” was led by ICRIER Wadhvani Chair Hemant K. Singh, CSIS Wadhvani Chair Karl F. Inderfurth and CSIS Sumitro Chair (Southeast Asia) Ernest Z. Bower. It included participation and strong support from India’s Ministry of External Affairs and the US Department of State.

Engaging East and West

‘Looking, engaging and acting East’ is a core interest for India. One-third of India’s external trade is with its East Asian neighbours—and that share will grow. India and Southeast Asia together constitute one-fourth of humanity and have a combined GDP of \$3.8 trillion. India seeks to expand trade with the Association of Southeast Asian Nations (ASEAN) from the current level of \$80 billion to \$100 billion by 2015 and \$200 billion by 2022. Because of India’s vast market, members of ASEAN see opportunities to diversify their economic relations by ‘engaging West’. ASEAN views India as an indispensable security partner because ASEAN’s problems will also be India’s. Also, an Indian participant declared, “We want the United States to be part of this emerging story”. With the United States’ announced ‘pivot’ or ‘rebalancing’ to Asia policy, with its primary emphasis on strengthening trade and commercial ties but also with its security dimension, it increasingly will be.

Connectivity Plus

At the outset, participants at the conference were urged to “think boldly, but be practical” in coming up with ways to enhance India-ASEAN connectivity, with US support and involvement.

Based on the principle that the private sector and civil society—not governments alone—play key roles in connectivity, participants recommended that India, ASEAN and US leaders develop an ambitious agenda for collaborative action. This agenda should include not only developing infrastructure, land/sea/air links and regional energy solutions such as a common electricity

grid and gas pipelines across borders, but also “people-to-people” co-operation on education, rule of law, water, climate, the environment, science & technology, health, trafficking, and food security, including fisheries.

Maritime Security and More

Conference participants examined ways that India, ASEAN and the United States could collaborate on maritime security, humanitarian and disaster relief, and counterterrorism. As over 90 per cent of the region’s trade is seaborne, particularly energy resources, and the littoral nations of the Indo-Pacific share a commitment to freedom of navigation, participants recommended an intensified bilateral security engagement and multilateral efforts to create a maritime security regime to provide mutual reassurance to all Asian nations. An open, inclusive, transparent, and balanced arrangement to address piracy, mishaps at sea, energy security and oceans management—particularly in the Bay of Bengal and South China Sea—would be far preferable to the potentially competitive naval build-up currently underway.

Diplomatic Triangles

Participants urged that the United States and India continue their productive dialogue on East Asia. The US side encouraged India to send a resident ambassador to ASEAN; in the meantime, participants agreed that the US ambassador to ASEAN would co-ordinate closely with his Indian counterpart in Jakarta, especially prior to East Asian and ASEAN summits. They also recommended that the US-India-Japan trilateral include an approach to ASEAN and endorsed the proposal for a trilateral involving India, China and the United States. Noting that Myanmar’s opening gave new impetus to regional connectivity, they agreed that the United States and India should work together to support that nation’s economic development and democratic consolidation, helping to strengthen ASEAN while doing so. They agreed on the importance of integrating Bangladesh—at the crossroads of South and Southeast Asia—into regional structures and pursuing opportunities for its development.

Regional Architecture

Conference participants assessed the East Asia Summit (EAS) as the central security institution for the future given that it includes the key Indo-Pacific nations, but recommended developing an underlying support system to ensure its success. While endorsing the Trans-Pacific Partnership (TPP) goal of a binding, comprehensive agreement that liberalises trade and investment, they expressed concern that TPP excludes key partners such as India and that US trade policy does not synchronize with the United States’ broader Indo-Pacific strategy. While welcoming the Expanding Economic Engagement (E3) initiative, they questioned whether it is sufficiently ambitious. Indian participants urged the United States to keep an open mind toward the Regional Co-operative Economic Partnership (RCEP) and reiterated India’s interest in joining APEC if invited to do so.



Concrete Next Steps

Under instruction from ASEAN’s leadership, the Economic Research Institute for ASEAN and East Asia (ERIA) completed a Comprehensive Asian Development Plan, a grand design for infrastructure development and economic integration that dovetails with the ASEAN Master Plan on Connectivity. A crucial element is the Mekong-India Economic Corridor (MIEC). For greater land connectivity, plans are underway to complete the India-Myanmar-Thailand Trilateral Highway, which will not only boost incomes in the region but also help solidify Myanmar’s shift toward democracy. For sea connectivity, major port projects, including the \$8.6 billion Dawei deep-sea port and industrial estate, will link east and northeast India to Myanmar, Thailand and beyond.

The World Bank and the Asian Development Bank (ADB) are prepared to help enhance connectivity, but need guidance on member nations’ priorities. As MIEC’s implementing body, ADB stands ready to provide technical assistance and co-financing. Still, as participants stressed, connectivity is about more than ports, bridges and roads; it is also about the rule of law, regulatory reform, fighting corruption and strengthening people-to-people ties.

This paper has been published as a *U.S. - India Insight* by the Centre for Strategic and International Studies (CSIS). Source: Karl F. Inderfurth and Ted Osius, “India’s ‘Look East’ and America’s ‘Asia Pivot’: Converging Interests,” *U.S. - India Insight*, March, 2013, available at http://csis.org/files/publication/130322_LookEast_AsiaPivot1.pdf

I.vi Perspectives on Economic and Security Ties between India and Southeast Asia

G. V. C. Naidu

At present, two dominant trends are seen in East Asia: there is vast economic dynamism, leading to the rise of an entire region but there are also serious security challenges that could potentially undermine regional peace and stability. Since we are still stuck with a 'post-cold war' framework and existing security multilateralism has failed to live up to expectations, there is an urgent need to work toward constructing a new security paradigm. East Asia is highly complex, marked by enormous fluidity. At present, it is transiting toward a new order although it remains unclear what the new order is likely to be and when it will come about. Managing the current transition, therefore, is as much a challenge as fashioning a new regional security order. In this process, it is necessary to take into account the emergence of the Indo-Pacific as the new geostrategic construct, India's own pivot to East Asia, Japan's 're-balancing strategy' toward Southeast Asia under Shinzo Abe and America's renewed commitment to remain engaged with the region as a resident power.

India-Southeast Asia Economic Relations

Economically, India is still a marginal player, although nearly 32 per cent of India's trade is with East Asia. As compared to ASEAN-China trade that stood at US \$401 bn in 2012, India's trade with ASEAN was barely \$80 bn. While ASEAN's share in India's overall trade was 9 per cent, India accounted for less than 3 per cent of ASEAN trade. India appears to have failed to leverage its economic strengths although, in PPP terms, the combined ASEAN GDP is about 2/3rds of India's. A major drawback is that India has failed to become a part of regional production networks. Hence, it has to make serious efforts if it wishes to participate meaningfully in regional economic integration. Yet, India's advantage is that it offers an option to ASEAN, especially in reducing excessive dependence on China for economic opportunities.

India-ASEAN Security Co-operation

There are few constraints within the ASEAN countries on the question of security cooperation with India. Although member states have widely varying security perceptions, one can see remarkable progress, especially since the early 2000s, in establishing defence co-operation links with India. A close scrutiny reveals that the strategic/defence co-operation dimension of India's Look East Policy appears to be emerging far more robust and tangible than other facets. Begun as simple CBMs to allay ASEAN fears about the Indian Navy's potential for power projection in the late-1980s, co-operation was initially limited to simple passage exercises with Indonesia and Malaysia, but these have since gradually spread to most other countries. While ASEAN's initial motivation to look at India was driven by concerns about post-cold war uncertainties, in particular because of China's rise as a military power, China's forceful claims in the South China Sea, and the general perception Beijing has generated that it was seeking to build a China-led hierarchical system in East Asia, it has gained enormous momentum for a variety of other

reasons. The lack of historical baggage with India in terms of intervention or interference, the absence of pending territorial/maritime boundary disputes, India's formidable military force, and its highly acclaimed training institutions have resulted in India being perceived not only as a reliable security partner but also a potential counterbalancer to China.

Consequently, India has entered into the largest number of defence/security co-operation agreements/arrangements with Southeast Asian countries than any other great power. These are both multilateral and bilateral. The biennial *Milan* naval gatherings that the Indian Navy hosts in the Andamans, in which six Southeast Asian navies take part, is emerging as a major platform to deal with regional non-traditional security issues. Bilaterally, apart from strategic partnership agreements with Indonesia, Vietnam, Malaysia, Thailand and Myanmar, India holds regular bilateral exercises (mostly naval) of varying intensity. Institutional mechanisms to exchange personnel for training and for mutual consultations on defence and regional security issues have also been created. Thanks to this progress, a separate Directorate of Foreign Co-operation has been created at the Indian Naval Headquarters to mostly deal with defence co-operation arrangements with East Asia. Defence diplomacy is emerging as a key dimension of India's foreign policy in the Indo-Pacific region. This is a sign of the greater comfort level that these countries enjoy with India. The security dimension of the ASEAN-India relationship is likely to become increasingly important in the coming years.

Recommendations

- There is urgent need to recognise and highlight the “Indo-Pacific” as the new geostrategic construct to reflect the emerging realities that must form the basis for constructing a new regional security order
- Given the remarkable convergence of interests and shared concerns among India, the US, Japan and several ASEAN countries (Vietnam and Indonesia in particular), they need to act proactively through regular and greater consultations at various levels.
- The common goal should be to build a classic balance of power premised on a multi-polar regional security architecture.
- Creating an anti-China front or attempting to contain China will be disastrous. Instead, ways should be found to take China along. A strong message must go out to Beijing that if it refuses to play by the rules, it will have to face the consequences.
- To manage the current transition and to ensure regional stability, new regional multilateral frameworks need to be created (since the existing ones cannot be expected to make a significant contribution).
- In this endeavour, India, the US and Japan should take the lead in supporting an ASEAN-led architecture under the East Asia Summit umbrella.

I.v Conference Participants

INDIA

Ministry of External Affairs

1. Pinak Chakravarty, *Secretary (Economic Relations), Ministry of External Affairs, Government of India.*
2. Gautam Bambawale, *Joint Secretary (East Asia), Ministry of External Affairs, Government of India.*
3. Riva Ganguly Das, *Joint Secretary (Public Diplomacy), Ministry of External Affairs, Government of India.*

Experts / Think Tanks

4. Amb. Ronen Sen, *Former Ambassador to the United States.*
5. Amb. Shyam Saran, *Former Foreign Secretary and Chairman, Research and Information System for Developing Countries (RIS), New Delhi.*
6. Ambassador Rajiv K Bhatia, *Director General, Indian Council of World Affairs (ICWA), New Delhi.*
7. Amb. H. K. Singh, *Chair Professor, ICRIER Wadhvani US Chair, Indian Council for Research in International Economic Relations (ICRIER), New Delhi.*
8. Amb. Rajeev Mitter, *Former High Commissioner to Bangladesh.*
9. Dr. Shankar Acharya, *Former Chief Economic Advisor, Government of India and Honorary Professor, Indian Council for Research in International Economic Relations (ICRIER), New Delhi.*
10. Vice-Admiral Premvir Das, *Former Chief, Eastern Naval Command, Indian Navy.*
11. Vice-Admiral Pradeep Kaushiva, *Director, National Maritime Foundation (NMF), New Delhi and Former Chief, Eastern Naval Command, Indian Navy.*
12. Dr. C. Raja Mohan, *Distinguished Fellow, Observer Research Foundation (ORF), New Delhi.*
13. Dr. Nagesh Kumar, *Chief Economist and Director of the Macroeconomic Policy and Development Division (MPDD), UNESCAP, New Delhi.*
14. Dr. Prabir De, *Fellow, Research and Information System for Developing Countries (RIS), New Delhi.*
15. Prमित Pal Chaudhuri, *Foreign Affairs Editor of The Hindustan Times, New Delhi.*
16. Cdr. Abhijit Singh, *Research Fellow, National Maritime Foundation (NMF), New Delhi.*

17. Prof. G.V.C. Naidu, *Professor and Chairperson of the Centre for South, Central and Southeast Asian & Southwest Pacific Studies, Jawaharlal Nehru University, New Delhi.*
18. Prof. Sujit Dutta, *Professor and Gandhi Chair at the Nelson Mandela Centre for Peace and Conflict Resolution, Jamia Millia Islamia, New Delhi.*
19. Ms. Sanjana Joshi, *Senior Consultant, Indian Council for Research in International Economic Relations (ICRIER), New Delhi.*
20. Sanjay Pulipaka, *Fellow, ICRIER Wadhvani Chair in India-US Policy Studies, Indian Council for Research on International Economic Relations (ICRIER), New Delhi.*
21. Aman R. Khanna, *Programme Associate, ICRIER Wadhvani Chair in India-US Policy Studies, Indian Council for Research on International Economic Relations (ICRIER), New Delhi.*

US

U.S. Government

22. Amb. David L. Carden, *US Ambassador to ASEAN.*
23. Dr. Alyssa Ayres, *Deputy Assistant Secretary for South and Central Asia, US Department of State, Washington D.C.*
24. Walter Douglas, *Minister-Counsellor for Public Diplomacy, Embassy of the United States of America, New Delhi.*
25. Ms. Siri Nair, *Senior Economic Officer, South and Central Asia Bureau, U.S. Department of State, Washington D.C.*

Experts/Think Tanks

26. Amb. Karl F. Inderfurth, *Senior Adviser and Wadhvani Chair in U.S.-India Policy Studies, Center for Strategic and International Studies (CSIS), Washington D.C.*
27. Ernest Z Bower, *Senior Adviser and Sumitro Chair for Southeast Asia Studies, Center for Strategic and International Studies (CSIS), Washington D.C.*
28. Ted Osius, *Senior State Department Visiting Fellow, Sumitro Chair for Southeast Asia Studies and Wadhvani Chair in U.S.-India Policy Studies, Center for Strategic and International Studies (CSIS), Washington D.C.*
29. Persis Khambatta, *Fellow, Wadhvani Chair in U.S.-India Policy Studies, Center for Strategic and International Studies (CSIS), Washington D.C.*
30. Bonny Lin, *Associate Political Scientist, RAND Corporation, Washington D.C.*

REGIONAL EXPERTS

1. Farooq Sobhan, *Former High Commissioner of Bangladesh to India*
2. Prof Fukunari Kimura, *Chief Economist, Economic Research Institute for ASEAN and East Asia (ERIA), Jakarta.*
3. Brig. Gurmeet Kanwal, *Former Director, Centre for Land Warfare Studies (CLAWS), New Delhi.*
4. Anita Prakash, *Director, Policy Relations, Economic Research Institute for ASEAN and East Asia (ERIA), Jakarta.*
5. Mr. Ikumo Isono, *Economist, Economic Research Institute for ASEAN and East Asia (ERIA), Jakarta.*
6. Dr. Shekhar Bonu, *Director, Regional Co-operation and Operations Co-ordination, South Asia Department, Asian Development Bank, Manila.*
7. Ronald Butiong, *Unit Head, South Asia Sub-regional Economic Program (SASEC), Asian Development Bank, Manila.*
8. Mahesh Shankar, *Visiting Fellow, S. Rajaratnam School of International Studies (RSIS), Singapore.*

II

INDIA'S ROLE IN SHAPING ASIAN ARCHITECTURE

H.K. Singh

I. Look East Policy and India's "return" to Asia

India's geographical location at the crossroads of Asia has defined its external interactions through the ages. Both the continental and maritime realms of Asia have been conduits for the peaceful spread of Indian civilisation, culture, religions and commerce for over two thousand years.

This historic connectivity suffered during the period of European colonisation, creating major disruptions in India's Asian identity. However, as India strode towards freedom, Asia's importance revived. Convening the first Asian Relations Conference in March 1947, Pandit Jawaharlal Nehru declared:

"It is fitting that India should play her part in this new phase of Asian development... geographically she is so situated as to be the meeting point..."¹

For a variety of reasons, the progress of independent India's early Asian initiatives could not be sustained beyond the 1950s. India drifted away from Indonesia after 1955, from Japan after 1960 and the ASEAN states after 1967. India's disastrous China war in 1962 left a deep scar, which accentuated its withdrawal from Asia. This trend was not limited to India's geo-political outreach. With its closed economic model, India was also markedly absent from the boom era of the Asian Tigers in the 1980s and 1990s.

Thus, after making a promising commitment in 1947 to lead Asia's resurgence, India remained a marginal player in Asia for around three decades (1962-1992).

1 Jawaharlal Nehru, "Speech Delivered at 1st Asian Relations Conference" (speech, New Delhi, March 24, 1947), *Indian Council of World Affairs*, available at <http://icwadelhi.info/asianrelationsconference/images/stories/jawaharlalnehru.pdf>.

India's economic reforms of 1991 and the advent of the Look East Policy (LEP) in 1992 finally reversed this trend. In crafting the LEP in the early 1990s, India's leaders were deeply conscious of the economic opportunity and the successful growth model, which had spread from Japan all the way to Indonesia and other ASEAN states. With the steady growth of its LEP and relations with ASEAN, India reclaimed its historic economic and strategic space in 2005 when it became a founder member of the East Asia Summit. This was the most significant achievement of the LEP in the politico-strategic context, the result of concerted and robust diplomacy combined with strong support from a handful of friendly countries, despite spirited opposition from adversaries propagating the ASEAN-plus-three template as the "core" of the region.

India's emergence on the East Asian scene coincided with the forging of a new strategic and global partnership with Japan in 2006, a country that epitomised Asia's economic and technological advancement and shared India's commitment to freedom, democracy and the rule of law. It was thus only apt that in addressing the Indian Parliament on August 22, 2007, the Japanese Prime Minister, Shinzo Abe, welcomed India to a "broader Asia" with the following words:

"We are now at a point at which the Confluence of the Two Seas is coming into being...The Pacific and the Indian Oceans are bringing about a dynamic coupling as seas of freedom and of prosperity. A 'broader Asia' that (breaks down) geographical boundaries is beginning to take on a distinct form."²

Prime Minister Abe's remarks foresaw the emergence of the 'Indo-Pacific' region as the new centre of gravity in global geo-politics.

Map 1: The Indo-Pacific Region



Apart from these favourable trends within Asia, the first decade of the 21st century also saw a veritable transformation of relations between India and the United States. Driven by India's economic dynamism and geo-strategic promise, the US placed what has been termed a

2 Shinzo Abe, "Confluence of the Two Seas" (speech, Indian Parliament, August 22, 2007), *Ministry of Foreign Affairs of Japan*, available at <http://www.mofa.go.jp/region/asia-paci/pmv0708/speech-2.html>.

“strategic bet”³ on the development of India’s power and its potential capacity to determine broader security and prosperity across emerging Asia and globally.

The cumulative impact of these policy shifts and realignments has been to expand India’s regional influence and strategic space, even though some would argue that India has been far too slow to maximise benefits from the opportunities that have come its way. Growing Indian capabilities have remained underutilised because of domestic policy constraints.

As Asia surges economically, the importance of the maritime domain and related security challenges will grow. India is already adjusting to this changing scenario by repositioning itself from a continental power, which it will remain, to a growing maritime power. The geographical location referenced by Jawaharlal Nehru in 1947 gives India a unique role in shaping regional economic progress, stability and security. An Asian destiny full of opportunity beckons.

II. “Strategic autonomy” redefined

Perhaps one of the reasons for India’s perceived underperformance has been the continuing influence of the “ideology” associated with non-alignment, which sections of the Indian establishment and political leadership have been unable to shed even two decades after the end of the Cold War. The new catchword has become “strategic autonomy”, which sits uncomfortably and unconvincingly astride the compulsions of India’s rapidly globalising economy and expanding geo-political significance. There has been insufficient effort by the Indian strategic community to move away from these ideological mindsets to a more pragmatic pursuit of national interests. “Strategic autonomy” cannot remain a slogan for ambiguity, indecision and caution; it has to be understood and redefined to align with India’s proactive role in an increasingly interdependent and globalised world, as well as its future as an influential pillar contributing meaningfully to Asian security and prosperity. It should not be confused with rhetorical assertions of ‘Indian exceptionalism’. Nor can it be limited to independence of judgement and action alone, to which all nations aspire.

Fundamentally, ‘strategic autonomy’ is a direct function of comprehensive national power, which endows a nation with the capacity to secure favourable outcomes in the international domain. India must certainly cherish and strengthen strategic autonomy in the context of its independent strategic deterrent, growing defence capability and economic and technological prowess. However, realistically speaking, there is strong need for India to bolster the gaps in its present capacity for exercising strategic autonomy through external balancing and strategic partnerships.

In the midst of fast changing power equations in Asia and China’s ascendancy, India’s interests are unlikely to be served by standing alone in splendid isolation or seeking symmetrical relations between countries which support India’s rise (and with which it does not have any direct conflict of interest), and those which pose direct and growing challenges. Strategists like C. Raja Mohan have argued that persisting with misplaced definitions of “strategic autonomy” can only reduce

3 Hillary Clinton, “America’s Pacific Century”, *Foreign Policy*, October 11, 2011, available at <http://www.state.gov/secretary/rm/2011/10/175215.htm>.

U.S. Secretary of State John Kerry with India's Foreign Minister Salman Khurshid before their meeting in New Delhi on June 24, 2013.



Source: Reuters/Adnan Abidi *

India's strategic relevance for its friends and opponents alike.⁴ In fact, with its slowing economy and all too evident domestic capacity constraints, India needs to develop a network of constant partnerships with like-minded countries, which can move its interests forward.

Seen in this light, it is time to recognise how much India's strategic autonomy has gained from its transformed ties with the United States, a country that today and in the foreseeable future possesses a formidable capacity to advance India's global interests. Conversely, downgrading or de-prioritising India-US relations will place India at a strategic disadvantage and be detrimental to its long-term interests.

The US-built C-17 heavy-lift aircraft for the Indian Air Force

Even as India seeks mutually beneficial relations with China, deeper and broader Indian engagement across the Indo-Pacific will make China more amenable to accommodating India's regional aspirations, which today it largely ignores.



Despite vestiges of ideological leftism and the

Source: Wikimedia commons **

4 C. Raja Mohan, "India's Strategic Future", *Foreign Policy*, November 4, 2010, available at http://www.foreignpolicy.com/articles/2010/11/04/indias_strategic_future?page=0,0. See also other writings by C Raja Mohan.

* available at <http://in.reuters.com/news/pictures/slideshow?articleId=INRTX10YQ5#a=5>

** available at <http://en.wikipedia.org/wiki/File:IAF-C-17.jpg>

tendency to cite ‘strategic autonomy’ in the context of limiting relations with the United States (but not China), the fact is that India has already made great strides in re-orienting its foreign policy to meet better the challenges it confronts.

As a result, an entire range of new policy initiatives have emerged which add to India’s strategic weight in Asia and beyond.

III. Looking and Acting East

The factors propelling India’s increasing focus on “Emerging Asia” and its enhanced regional activism have been best described by India’s Prime Minister Manmohan Singh himself in the following terms:

“The Indo-Pacific region is witnessing profound social and economic changes on a scale and at a speed rarely seen in human history. It has experienced an unprecedented rise in freedom, opportunity and prosperity over the last half century.

At the same time, this region faces multiple challenges, unresolved issues and unsettled questions. Historical differences persist despite our growing inter-dependence; prosperity has not fully eliminated disparities within and between states; and there are continuing threats to stability and security.

It is in this moment of flux and change that we also have the greatest opportunity to chart a new course for Asia in this century. With the weight of the global economy and its drivers of growth shifting to this region, its future will also shape the contours of the world in this century.”⁵

The Prime Minister has also defined three essential areas of co-operation in order to lay an enduring foundation for security and prosperity in Asia:

“First, we should strengthen regional mechanisms and forums that will help develop habits of consultation and co-operation, enable us to evolve commonly accepted principles for managing differences, reinforce congruence in the region and allow us to address common challenges.

Second, we should promote wider and deeper regional economic integration and enhance regional connectivity. This will promote more balanced and broad-based economic development across the region and also contribute to a more balanced regional architecture.

Third, maritime security across the linked regions of the Indian and Pacific Oceans is essential for regional and global prosperity. We should therefore uphold the principles of

5 Manmohan Singh, “Prime Minister’s Address to the Japan-India Association, Japan-India Parliamentary Friendship League, and International Friendship Exchange Council” (speech, Tokyo, May 28, 2013), available at <http://mea.gov.in/Speeches-Statements.htm?dtl/21754>.



Source: BBC, May 28 2013, “Indian Media: Manmohan Singh’s Japan visit”*

freedom of navigation and unimpeded lawful commerce in accordance with international law, resolve maritime issues peacefully and work together more purposefully to harness the potential of the seas and address common sea-based challenges such as piracy.”⁶

This framework is in essence India’s new Look East Policy, informing its deepening engagement in the region. An LEP, which began with a strong economic emphasis, “has become increasingly strategic in its content.”⁷

With its reinvigorated LEP and a newly declared strategic partnership with ASEAN, India lends a strong shoulder to “ASEAN centrality” in crafting a well defined, “open, balanced, inclusive and transparent regional architecture”⁸ in East Asia. It is also intensifying India-ASEAN cooperation for maritime security, freedom of navigation and peaceful settlement of disputes in accordance with international law, elements that add a measure of reassurance to ASEAN in the context of China’s regional assertiveness.

India’s political initiatives with ASEAN and active participation in regional anchors of security co-operation like the East Asia Summit (EAS) and the ASEAN Regional Forum (ARF) are buttressed by a growing web of trade and economic agreements, including the Regional Comprehensive Economic Partnership (RCEP), which is under negotiation.

6 Manmohan Singh, “Prime Minister’s Address to the Japan-India Association, Japan-India Parliamentary Friendship League, and International Friendship Exchange Council” (speech, Tokyo, May 28, 2013), available at <http://mea.gov.in/Speeches-Statements.htm?dtl/21754>.

7 Ibid.

8 Manmohan Singh, quoted in: “India expands strategic ties with ASEAN,” *Times of India*, December 21, 2012, available at http://articles.timesofindia.indiatimes.com/2012-12-21/india/35952491_1_india-asean-relationship-india-and-asean-nations-asean-community.

* available at <http://www.bbc.co.uk/news/world-asia-india-22685767>

However, these declarations of intent need to be matched by action, recognising ASEAN's underlying expectation that a non-threatening, non-dominating but increasingly capable India can contribute to ASEAN initiatives, from South China Sea issues to the management of shared maritime challenges and regional connectivity.

In this context, it is significant that on May 23, 2013 the Indian Prime Minister has reaffirmed India's stakeholding at the strategic crossroads of Asia in the following terms:

“We have also sought to assume our responsibility for stability in the Indian Ocean Region. We are well positioned, therefore, to become a net provider of security in our immediate region and beyond.”⁹

Map 2: India's Andaman and Nicobar Islands



By coincidence or design, on May 29, 2013, the Indian Navy deployed four ships on a month-long mission to Malaysia, Vietnam and the Philippines as part of “constructive engagement” to enhance security and stability in the waters of the Indo-Pacific.¹⁰

Bilaterally, India has steadily expanded security ties with Singapore, Vietnam, Malaysia, Indonesia and Thailand, while also raising its political and diplomatic engagement with Myanmar.

In the broader Indian Ocean Region (IOR), India has rejuvenated IOR-ARC “open regionalism”, with a primary focus on co-operation for the security of maritime commerce. This initiative is quite distinct from trends in the “Indo-Pacific”, where the focus is on economic integration and balanced security architecture.

9 Manmohan Singh, “Speech at the Foundation Stone Laying Ceremony for the Indian National Defence University” (speech, Gurgaon, May 23, 2013), available at <http://pmindia.nic.in/speech-details.php?nodeid=1316>

10 Rajat Pandit, “Four Indian Warships on Overseas Deployment” *Times of India*, May 28, 2013, available at http://articles.timesofindia.indiatimes.com/2013-05-28/india/39579316_1_indian-ocean-region-maritime-security-warships.

Leveraging the role and capabilities of the Indian Navy and the Tri-Services Command located in its Andaman and Nicobar Islands, India is regularly pursuing multilateral co-operation with ASEAN and other regional neighbours through the “MILAN” maritime capacity building exercise. The India-sponsored Indian Ocean Naval Symposium (IONS) is another adjunct to its efforts to promote regional confidence building through naval co-operation.

With Japan, India has concluded a Joint Declaration on Security Co-operation and an action plan to take this forward, including through an unprecedented 2+2 dialogue. During his visit to Japan on May 28-29, 2013, Prime Minister Singh signalled an updated India-Japan strategic partnership:

“India’s relations with Japan are important not only for our economic development, but also because we see Japan as a natural and indispensable partner in our quest for stability and peace in the vast region in Asia that is washed by the Pacific and Indian Oceans.”¹¹

Japan’s US-2 Amphibious Aircraft



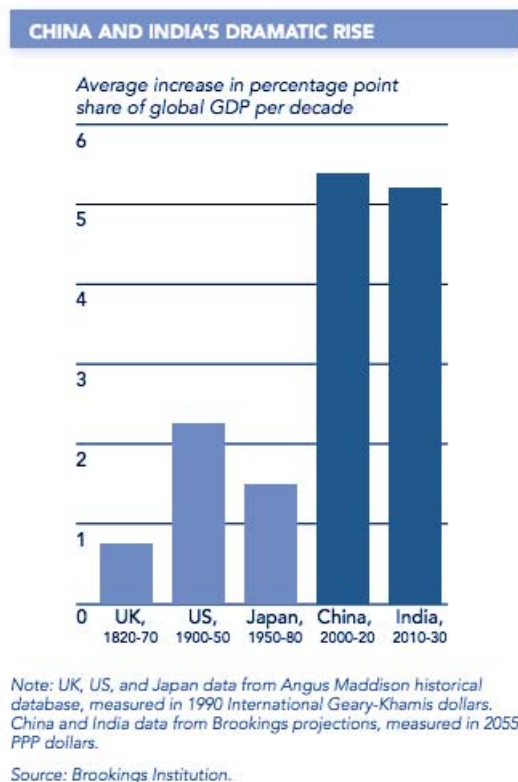
Source: Japan Ministry of Defence

India, Japan and the United States regularly conduct a trilateral dialogue on East Asian security issues.

With the United States, India now enjoys a multi-sectoral strategic partnership and a comprehensive range of high-level dialogue mechanisms, among which the India-US dialogue on East Asia has been markedly successful in building convergences. The two hold more regular bilateral military exercises than they do with any other country. A defence technology initiative is under active discussion, intended to go beyond a promising defence trade relationship to technology transfer and joint production of military hardware. Both countries would gain from a new comprehensive security compact, incorporating components of existing India-Japan security ties, when their current defence co-operation framework expires in 2015.

11 Manmohan Singh, “Prime Minister’s Address to the Japan-India Association, Japan-India Parliamentary Friendship League, and International Friendship Exchange Council” *Press Information Bureau*, May 28, 2013, available at <http://pib.nic.in/newsite/erelease.aspx?relid=96257>

Chart I: Average Increase in Percentage Point Share of Global GDP Per Decade



Source: US National Intelligence Council, “Global Trends 2030: Alternative Worlds”*

India has also moved forward on a maritime dialogue with China and India-China defence exchanges and exercises. While these overtures play an important role, they are also circumscribed by the periodic escalation of the long-standing India-China boundary dispute and China’s uncompromising assertion of its “core interests.” As recent events have indicated, China’s rhetoric about its “peaceful development” and bilateral commitments to resolve the boundary issue do not match its provocative actions, which undermine mutual trust and confidence.

In coming years, India will need to deal with the impact of China’s military modernisation and deployment not only across their shared Himalayan borders but also in the vast maritime domain of the Indian Ocean.¹² China is building a powerful blue water navy, including aircraft carriers and the capacity for long-range strategic projection at a faster pace than India or any other Asian power. From Kyaukphyu in Myanmar to Hambantota in Sri Lanka and Gwadar in Pakistan, China already has access to port facilities in the Indian Ocean. Its 8th Defence White Paper issued in April 2013 emphasises the role of China’s maritime power in “protecting overseas interests” involving energy and resources, strategic sea lines

of communication and the welfare of Chinese nationals overseas.¹³ With growing economic stakes, it is only a matter of time before the Chinese Navy will be a major maritime power in the Indian Ocean with the ability to project expeditionary force to “effectively conduct military operations other than war”¹⁴ in distant areas.

Recognising the strategic importance of Southeast Asia’s chokepoints – the Malacca, Sunda and Lombok Straits – Beijing has offered to develop Indonesia’s capacity in maritime surveillance, naval hardware and oceanography.¹⁵

12 C. Raja Mohan, “Bengal’s Waters,” *The Indian Express*, March 13, 2013, available at <http://www.indianexpress.com/news/bengals-waters/1087084/>.

13 “Full Text: The Diversified Employment of China’s Armed Forces,” *People’s Daily Online*, April 16, 2013, available at <http://english.peopledaily.com.cn/90786/8209362.html>.

14 Ibid.

15 “Indonesia’s Naval Development and Maritime Security Initiative,” *Report of S. Rajaratnam School of International Studies*, July 5, 2012, available at http://www.rsis.edu.sg/publications/policy_report/Indonesia_Naval_Development_Maritime_Cooperation_5_July_2012.pdf.

* available at http://www.dni.gov/files/documents/GlobalTrends_2030.pdf.

India on its part had initiated naval co-operation with Indonesia (as also with Thailand) almost a decade ago, including joint co-ordinated patrolling in the Malacca Straits starting from 2003.¹⁶ It enjoys naval access to ports in Singapore and Vietnam. However, India's maritime security interests demand that it pursue much more ambitious defence co-operation agreements with its Southeast Asian neighbours, which go beyond case-by-case or sporadic co-operation to establishing permanent hubs for inter-operability training and logistical support.

To take full advantage of India's geographical location, this approach must eventually extend across the wider Indian Ocean region. Japan and the United States are indispensable maritime security partners for the Indian Navy in the IOR.

India's reluctance to conclude logistical support agreements ("ACSA" in American terminology) needs to be revisited in the light of the growing importance of maritime domain access. Even Japan, a country with severe constitutional constraints to military deployment, has moved to set up its first overseas base in Djibouti to support the MSDF's anti-piracy deployment in the Horn of Africa.¹⁷

Finally, the Bay of Bengal is on the cusp of renewed geo-economic importance as a strategic waterway. To optimise the use of its territorial assets in the Andaman Sea, India would do well to consider the potential role of Port Blair as a regional hub for India-ASEAN co-operation on maritime security, transnational maritime issues and HA/DR.

IV. Challenges of Connectivity and Economic Integration

The US National Intelligence Council's 2012 assessment of future trends predicts that by 2030, the era of hegemonic power will end and the ongoing diffusion of power will restore Asia's weight in the global economy to a level not seen since 1750.¹⁸ This forecast essentially confirms the Asian Development Bank's projections made in 2011 that seven East Asian economies, including India, will be the main engines of global economic growth through 2050.¹⁹

As East Asia's economic integration accelerates the expansion of its emerging economies, India's most promising economic opportunity, not least at a time of decelerating growth, lies in this

16 "Joint Patrolling by India, Indonesia Navies", *Times of India*, Sept. 4, 2002, available at <http://hindu.com/2002/09/05/stories/2002090502641200.htm>.

17 Alex Martin, "First Overseas Base Since WWII to Open in Djibouti", *The Japan Times*, July 2, 2011, available at <http://www.japantimes.co.jp/news/2011/07/02/national/first-overseas-military-base-since-wwii-to-open-in-djibouti/>.

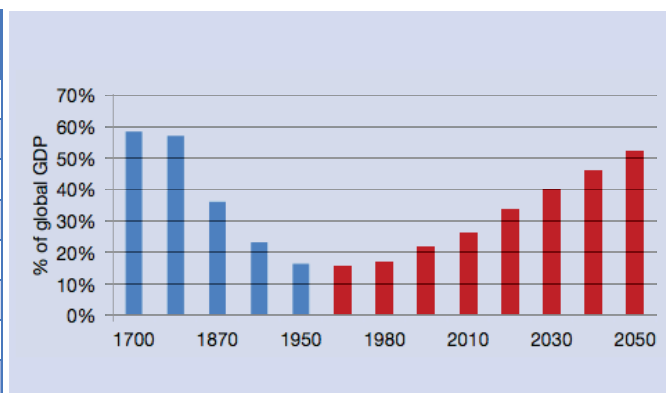
18 "NIC: Global Trends 2030: Alternative Worlds," National Intelligence Council, *Council on Foreign Relations*, December 10, 2012, available at <http://globaltrends2030.files.wordpress.com/2012/11/global-trends-2030-november2012.pdf>.

19 "Asia 2050: Realizing the Asian Century," *Asian Development Bank*, 2011, available at http://www.unido.org/fileadmin/user_media/UNIDO_Worldwide/Asia_and_Pacific_Programme/Documents/AsianDevelopmentBankreport_asia-2050.pdf.

Table 1: GDP Projections of Seven Leading Asian Economies

	2010 GDP (MER trillions)	2050 GDP (MER trillions)
PRC	5.7	62.9
India	1.4	40.4
Indonesia	.7	11.4
Japan	5.4	8.2
Republic of Korea	1.0	3.7
Thailand	.3	3.2
Malaysia	.2	2.6
Total Asia - 7	14.8	132.4

Chart 2: Asia's Share of Global GDP, 1700-2050



Economic Projections of the Asian Development Bank.

Source: Asian Development Bank, "Asia 250: Realizing the Asian Century"*

region. Already, one-third of India's trade is with East Asia. In 2012 alone, India-ASEAN trade grew by 41 per cent to reach \$79.4 billion.²⁰

India's proximity and large domestic market makes it an attractive partner for ASEAN countries as well, apart from counterbalancing what has been described as their "asymmetric interdependence" with China, which Beijing has not hesitated to leverage in the frictions that marked ASEAN and EAS Summits in 2012.

Economic experts have concluded that enhancing physical connectivity through the land bridge of Myanmar, taking advantage of the liberalisation of services and investment with ASEAN, and increasing participation in the world's most advanced regional production networks in East Asia must be India's foremost external economic priority over the next decade.²¹

This will require a much more proactive and result-oriented approach on India's part to build physical connectivity through Myanmar; create improved infrastructure for cross-border trade; mobilise the Indian private sector to increase its presence across Southeast Asia; and invest in the woefully inadequate gateway infrastructure of ports along India's eastern seaboard. The credibility of India's LEP rests largely with the fast-tracked implementation of its connectivity projects underway in Myanmar.

If India is to participate effectively in East Asia's production networks (which comprise 50 per cent of global chains), it will also need to undertake extensive economic reforms, improve

20 Manmohan Singh, "Opening Statement by Prime Minister at Plenary Session of India-ASEAN Commemorative Summit" (speech, New Delhi, December 20, 2012), available at <http://mea.gov.in/in-focus-article.htm?20981/Opening+Statement+by+Prime+Minister+at+Plenary+Session+of+IndiaASEAN+Commemorative+Summit>.

21 Vikram Nehru, "The Rebalance to Asia: Why South Asia Matters," Testimony Before the House Committee on Foreign Affairs, Subcommittee on Asia and the Pacific, *US House of Representatives*, March 13, 2013, available at <http://docs.house.gov/meetings/FA/FA05/20130313/100446/HHRG-113-FA05-Wstate-NehruV-20130313.pdf>.

* available at <http://globaltrends2030.files.wordpress.com/2012/11/global-trends-2030-november2012.pdf>

logistics infrastructure and develop supply chain management.²² ERIA can play a critical role in this regard through the proposed Mekong-India Economic Corridor (MIEC).

India's strategically located Andaman and Nicobar Islands have remained an economically unproductive backwater. Enhancing maritime infrastructure, tourism, fisheries and trade to integrate the Andamans economically with contiguous ASEAN neighbours will pay dividends.

With trade liberalisation increasingly taking place through regional trade agreements, the focus in coming years will be on the Regional Comprehensive Economic Partnership (RCEP), promoted by ASEAN, and the Trans-Pacific Partnership (TPP), anchored by the United States. India must participate actively in framing the rules of RCEP, from which it is projected to derive welfare gains of up to 3.4 per cent of GDP.²³

The RCEP model prioritises trade and investment liberalisation, economic development and regional infrastructure building. TPP, on the other hand, includes trade commitments that drive "behind the border" economic reform. Both RCEP and TPP will be high standard and pose liberalisation challenges for India, ranging from China's dominance of RCEP to the WTO-plus elements of TPP. India must significantly raise its stakes in these regional initiatives well beyond the levels of ambition it has thus far displayed in its ASEAN FTA and other bilateral CEPAs in East Asia if it is to derive the full benefits of regional trade agreements.

Table 2: RCEP and TPP Member Countries

S. No.	RCEP Countries	TPP Countries
1	Australia	Australia
2	Brunei	Brunei
3	Japan	Japan
4	Malaysia	Malaysia
5	Singapore	Singapore
6	Vietnam	Vietnam
7	New Zealand	New Zealand
8	Cambodia	Mexico
9	China	Chile
10	India	Peru
11	Indonesia	USA
12	South Korea	Canada
13	Laos	
14	Myanmar	
15	Philippines	
16	Thailand	

22 Arvind Subramanian, "Testimony Before the Ways and Means Committee of the United States Congress, Hearing on 'US-India Trade Relations,'" *US House of Representatives*, March 13, 2013, available at http://waysandmeans.house.gov/uploadedfiles/subramanian_testimony31313.pdf.

23 Shujiro Urata, *Regional Economic Integration in Asia: Challenges and Roles for Japan and India*, *ICRIER Database*, December 17, 2012.

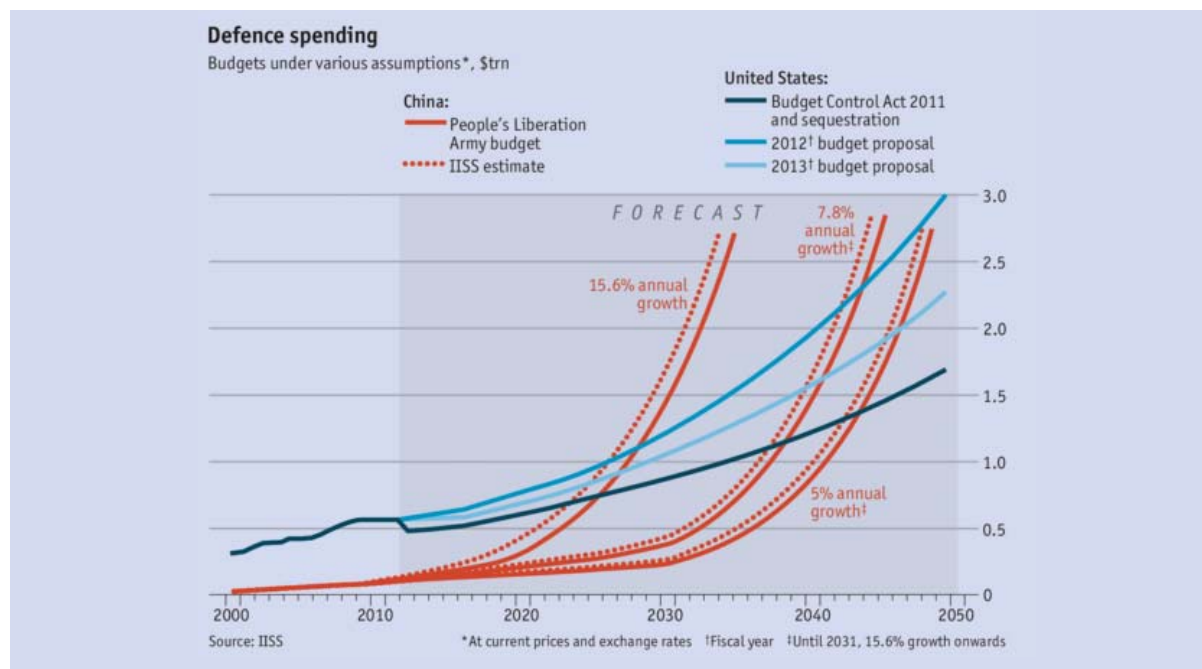
V. Security Issues

Since 2010, China's rising power and influence in East Asia, which has been accompanied by its growing assertiveness over "core interests", have raised alarm bells among its Asian neighbours from Japan to Southeast Asia. As a result, the US "pivot" or "rebalance" towards the Asia-Pacific has been largely welcomed across the region, except of course by China, which sees this as an attempt to contain China's rise.

The escalation of tensions over maritime territorial disputes in the South China Sea witnessed the collapse of ASEAN cohesion in 2012, raising the possibility of wider strategic destabilisation. The prized notion of "ASEAN centrality" in maintaining regional security was severely jolted, helping China to stall multilateral initiatives.

The 22nd ASEAN Summit chaired by Brunei on April 24-25, 2013, has allowed ASEAN to regroup behind a decision to "work actively with China on the way forward for the early conclusion of a Code of Conduct in the South China Sea on the basis of consensus."²⁴ Historically uncomfortable with great power rivalry, ASEAN would prefer to sustain its centrality and unity while benefiting from both the reassurance of the US military presence and economic interdependence with China. However, ASEAN's cohesion is bound to be tested through 2013, and with it, the prospects for its central role in regional architecture building.

Chart 3: Defence Spending Budgets Under Various Assumptions



Source: The Economist, "Military Might," April 15, 2013*

24 "Chairman's Statement of the 22nd ASEAN Summit, 'Our People, Our Future Together,'" ASEAN Secretariat, April 25, 2013, available at <http://www.asean.org/news/asean-statement-communications/item/chairmans-statement-of-the-22nd-asean-summit-our-people-our-future-together>.

* available at <http://www.economist.com/blogs/graphicdetail/2013/04/daily-chart-9>

Indonesia, the largest and most powerful ASEAN state, has strongly championed a “dynamic equilibrium” in which all EAS countries have an equal stake in building regional trust and norms through overlapping institutions like the EAS, the ADMM+8 dialogue and the expanded ASEAN Maritime Forum (AMF). Jakarta has also propagated a new EAS-wide set of legally binding principles to manage regional tensions based on the Treaty of Amity and Co-operation (TAC) and the Bali Principles adopted during the Indonesian presidency of ASEAN in 2011. Holding China to the process of the 2002 Declaration on Conduct in the South China Sea by concluding a binding Code of Conduct is seen by Indonesia as a central element of its ASEAN policy.²⁵

This brings us to China’s impact on regional security. As Asia’s most consequential power, China is today increasingly self-confident and assertive as it looks to shape the regional and international order to serve its interests. After two decades of double-digit growth in defence spending, well ahead of its high GDP growth rates, former Chinese President Hu Jintao declared to the CPC Congress on November 8, 2012, that China would resolutely build “strong national defence and powerful armed forces that are commensurate with China’s international standing.”²⁶ He also signalled a shift in focus towards asserting “core national interests” across the maritime domain, from naval power to economic rights and territorial claims.²⁷

China’s new President, Xi Jinping, has enunciated the “dream of a strong nation and a strong military” by 2049.²⁸ He has also signalled a “core interests”-based foreign policy on which there could be no compromise: “We will stick to the road of peaceful development, but absolutely will not abandon our legitimate rights and interests, and absolutely cannot sacrifice core national interests.”²⁹ This has implications not only for territorial disputes in the East China Sea and the South China Sea, but also for India’s own boundary dispute with China, which Xi has candidly admitted will not be easy to solve.

On the one hand, China is seeking to redefine its relationship with the United States as one between equal “great powers” (or a “new type of great power relationship”³⁰), to the exclusion of other regional powers; on the other, it discourages countries with territorial disputes with China from drawing strength from their US alliances or the US presence in Asia as a resident

25 Gregory Poling, “Dynamic Equilibrium: Indonesia’s Blueprint for a 21st Century Asia-Pacific,” *Center for Strategic and International Studies*, March 8, 2013, available at <http://csis.org/publication/dynamic-equilibrium-indonesias-blueprint-21st-century-asia-pacific>.

26 Edward Wong, “China’s Communist Party Chief Acts to Bolster Military,” *The New York Times*, December 14, 2012, available at http://www.nytimes.com/2012/12/15/world/asia/chinas-xi-jinping-acts-to-bolster-military.html?_r=0. Also see Kathrin Hille, “Hu calls for China to be ‘Maritime Power’” *The Financial Times*, 08 November 8, 2012, available at <http://www.ft.com/intl/cms/s/0/ebd9b4ae-296f-11e2-a604-00144feabdc0.html#axzz2Kezpv9C2>.

27 Ibid.

28 Jeremy Page, “For Xi, a ‘China Dream’ of Military Power,” *The Wall Street Journal*, March 13, 2013, available at <http://online.wsj.com/article/SB10001424127887324128504578348774040546346.html>.

29 Ibid.

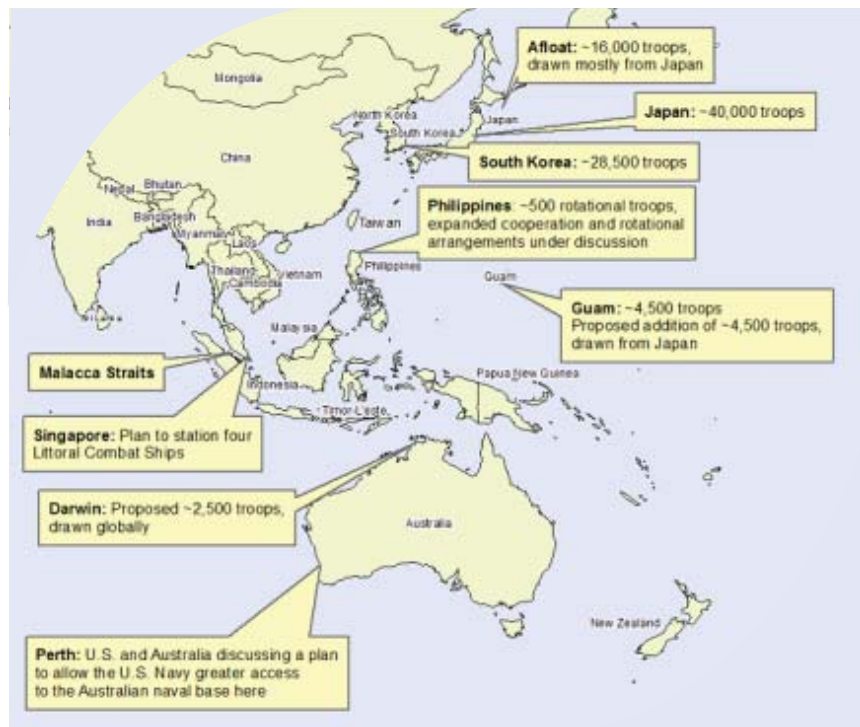
30 Jane Perlez, “Chinese President to Seek New Relationship With US in Talks,” *The New York Times*, May 28, 2013, available at <http://www.nytimes.com/2013/05/29/world/asia/china-to-seek-more-equal-footing-with-us-in-talks.html?pagewanted=all>.

power. It also holds that within Asia, “issues should be discussed and dealt with by the countries of the region themselves.”³¹

From all indications, China appears to be seeking a hierarchical redistribution of power in Asia, not multipolarity. For countries like Japan, India and ASEAN, this necessitates reading the signals emanating from an increasingly powerful China and crafting an appropriate response. It should come as no surprise, therefore, that convergences are growing among China’s neighbours, which share a common desire for institutional architecture of open multilateralism in the Indo-Pacific, and concerns about their unresolved territorial disputes because of growing asymmetries vis-à-vis China.

This logically leads to an examination of the US role to which China’s latest Defence White Paper, issued in April 2013, obliquely refers in the following terms: “Some country has strengthened its Asia-Pacific alliances, expanded its military presence in the region, and frequently makes the situation there tenser”, leaving China with the “arduous task to safeguard its national unification, territorial integrity and development interests.”³²

Map 3: Troop Movements Associated with the US “Pivot”



Driven by both economic priorities and national security considerations, the US “pivot” or rebalancing towards the Asia-Pacific continues to evolve. In April 2013, US Deputy Secretary of Defence Ashton Carter affirmed that “our rebalance to Asia is mostly a political and economic concept, not a military one.”³³ At the same time, he reassured US allies and partners in the region that the US defence rebalance to the Asia-Pacific will continue to back up its enduring political and economic interests in the region through gradual force structure upgrades by 2020.

Source: Congressional Research Service, “Pivot to the Pacific? The Obama Administration’s “Rebalancing” Toward Asia,” by Mark E. Manyin, Stephen Daggett and Ben Dolven (et.al), March 28, 2012*

31 China’s Foreign Minister, Yang Jiechi, as cited in Jane Perlez, “China Names New Team to Secure Its Place in Asia and Face US Competition,” *The New York Times*, March 16, 2013, available at <http://www.nytimes.com/2013/03/17/world/asia/china-names-its-new-foreign-policy-team.html?pagewanted=all>.

32 “Full Text: The Diversified Employment of China’s Armed Forces”, *People’s Daily Online*

33 Ashton B. Carter, “The U.S. Defense Rebalance to Asia” (speech, Washington, DC, April 8, 2013), *US Department of Defense*, available at <http://www.defense.gov/speeches/speech.aspx?speechid=1765>.

* available at <http://www.fas.org/sgp/crs/natsec/R42448.pdf>

In various high-level statements, US leaders have outlined policies to preserve peace, prosperity and security in the Asia-Pacific: free and open commerce; a just international order and fidelity to the rule of law; open access for all to the shared domains of sea, air, space and cyber space; and the peaceful resolution of territorial claims without resort to the use of force, consistent with international law.

Other newly enunciated elements of US rebalancing include support for ASEAN's "indispensable role"³⁴ in maintaining regional stability and dispute resolution through diplomacy; backing for ASEAN unity and its efforts to develop a binding Code of Conduct for the South China Sea; and a commitment to participate in future EAS Summits consistent with the US goal to elevate the EAS as the premier forum for dealing with political and security issues in Asia. The US has elevated its relations with ASEAN to the level of a strategic partnership and announced an Expanded Economic Engagement (E3) initiative with ASEAN.³⁵ The US has thus made it clear that it is not only rebalancing to the Asia-Pacific, it is also rebalancing within Asia to recognise the growing importance of Southeast Asia.

As for India, statements made by National Security Adviser Tom Donilon in March 2013, and by Deputy Secretary of Defence Ashton Carter in April 2013, explicitly support "India's rise" and recognise the "peaceful convergence" of US and Indian interests in the Asia-Pacific, ranging from maritime security to aspects of India's LEP such as an emerging "Indo-Pacific Economic Corridor".³⁶ On June 23, 2013, Secretary of State John Kerry reaffirmed that "India is a key part of the US rebalance in Asia."³⁷

The US posture of supporting a stable security environment, economic openness, and the peaceful resolution of disputes has been well received in Asia. There remains, however, an element of concern about US inconstancy on China, or a reversion to the "G-2" US-China condominium attempted by Obama in 2009-10. With a change in incumbency at the Department of State and the transition to a new team under John Kerry, some policy changes are inevitable. There are also concerns that US retrenchment towards nation building at home can weaken its role in the world as well as the "pivot". Clearly, the US can provide strategic reassurance as a resident balancing power in Asia only through the continuity of the "pivot", which it has progressed since 2011.

34 Hillary Clinton, "Remarks at the US-ASEAN Ministerial Meeting" (speech, Phnom Penh, July 11, 2012), *US Department of State*, available at <http://www.state.gov/secretary/rm/2012/07/194843.htm>.

35 "Overview of US-ASEAN Dialogue Relations," *ASEAN Secretariat*, June 2013, available at <http://www.asean.org/asean/external-relations/united-states/item/overview-of-asean-us-dialogue-relations>. See also: "Fact Sheet: The US-ASEAN Expanded Economic Engagement (E3) Initiative," *The White House*, November 19, 2012, available at <http://www.whitehouse.gov/the-press-office/2012/11/19/fact-sheet-us-asean-expanded-economic-engagement-e3-initiative>.

36 Tom Donilon, "The United States and the Asia-Pacific in 2013" (speech, New York, NY, March 11, 2013), *The White House*, available at <http://www.whitehouse.gov/the-press-office/2013/03/11/remarks-tom-donilon-national-security-advisory-president-united-states-a>. See also: Ashton B. Carter, "The U.S. Defense Rebalance to Asia" (speech, Washington, DC, April 8, 2013), *US Department of Defense*, available at <http://www.defense.gov/speeches/speech.aspx?speechid=1765>.

37 John Kerry, "Remarks on the US-India Strategic Partnership" (speech, New Delhi, June 23, 2013), *US Department of State*, available at <http://www.state.gov/secretary/remarks/2013/06/211013.htm>.

Secretary Kerry's visit to China and East Asian capitals in April 2013 has evoked concerns. While in Beijing, he spoke about a "model partnership" and a "special relationship" with China, mutual stakes of the US and China in each other's success, and emphasised US-China agreement on handling North Korea's nuclear threat.³⁸ His remarks on avoiding provocations on the East China Sea and South China Sea territorial issues appeared equally aimed at China, Japan and ASEAN. Kerry was also somewhat hasty in suggesting that the US might stand down recent defensive measures triggered by North Korean threats if the latter responded appropriately to US demands.

In his policy speech on a "21st Century Pacific Partnership", delivered in Tokyo on April 15, 2013, Kerry defined a vision for the Asia-Pacific in the most general of terms, saying that the US is "committed to co-operating with all nations in meeting our common concerns."³⁹ His speech again stressed China's role as a critical partner and a stake in China's success.

The US "pivot" does not appear to carry the same meaning for Kerry as it did for his predecessor. While he made it a point to affirm its continued salience at the ASEAN Regional Forum meeting in Brunei on July 2, 2013,⁴⁰ he also skipped planned visits to Indonesia and Vietnam prior to the ARF to focus on the Middle East.

For the credibility of its long-term commitment to Asia-Pacific security, the US would also do well to erase a persisting element of strategic ambiguity on security threats faced by its allies like Japan and strategic partners in ASEAN.

Amid signs that the Asia-Pacific will recede in the list of Kerry's diplomatic priorities, trends in US policy towards Asia are likely to be followed closely in coming months. In the absence of a continued articulation of policy continuity on the part of the United States, strategic competition in Asia may escalate, undermining prospects of rule-based regional security architecture.

Finally, it is important to bear in mind that growing India-US convergences in East Asia will be difficult to sustain without US attention to India's security concerns emanating from Afghanistan and Pakistan, ranging from the continuing threat of terrorism to nuclear escalation.

The US has been strongly promoting a "New Silk Road" vision, which economically integrates South and Central Asia through trade flows and energy pipelines. This is all the more reason that India's security concerns in its immediate neighbourhood need to be kept in mind in US interactions with Pakistan, especially with the Pakistani military. US security or economic assistance to Pakistan requires to be similarly conditioned. Otherwise, the broader promise of India's LEP connecting strategically with the US rebalance to the Asia-Pacific may well go unfulfilled.

38 John Kerry, "Solo Press Availability in Beijing, China" (speech, Beijing, April 13, 2013), *US Department of State*, available at <http://www.state.gov/secretary/remarks/2013/04/207469.htm>.

39 John Kerry, "Remarks on a 21st Century Pacific Partnership" (speech, Tokyo, April 15, 2013), *US Department of State*, available at <http://www.state.gov/secretary/remarks/2013/04/207487.htm>.

40 John Kerry, "Press Availability in Bandar Seri Begawan, Brunei" (speech, Bandar Seri Begawan, July 1, 2013), *US Department of State*, available at <http://www.state.gov/secretary/remarks/2013/07/211397.htm>

India, on its part, must avoid the mistake of assuming that it is somehow immune to what transpires in the maritime territorial disputes of the East and South China Seas. As ASEAN has already recognised, pushing disputes down the road carries the risk of confronting an even more uncompromising China. The urgency of establishing regional rules of the road that contain the risk of miscalculation or accidental conflict cannot be overstated.

VI. Regional Architecture

It has become axiomatic to recognise that to achieve its potential as the world's economic powerhouse, Asia's leading challenge today is to create regional institutions that address insecurity, reduce prospects of conflict and promote collective action on non-traditional security issues.⁴¹

China's long-standing preference has been to regard ASEAN-plus-three co-operation as the core building block of East Asian architecture. The expansion of the inaugural EAS to ASEAN-plus-six (2005) and subsequently to ASEAN-plus-eight (2011) has gone beyond China's comfort zone of building regional bodies it can dominate, like it does the Shanghai Co-operation Organisation (SCO).

However, the EAS is still relatively weak and its future centrality in regional security architecture undecided. It has remained limited to discussion of soft security issues (environment, health and natural disaster mitigation), and is also largely unsupported by institutionalised mechanisms for follow-up. EAS-led institutions are overshadowed by the multiplicity of ASEAN-plus-three (APT) co-operation fora. Much work lies ahead in developing the EAS into the premier institution for political and security co-operation in Asia.

In the chapter on "The Evolution of the East Asia Summit" included in this report, Sanjay Pulipaka examines the gradual evolution of regional architecture over the past two decades leading to the launch of the East Asia Summit in 2005. He also establishes the potential of the EAS in meeting the demand for regional security architecture given its balanced composition.

Since APEC's inception, the United States has backed this body's role as the premier Asia-Pacific economic forum. In the 1990s, the US was strongly critical of efforts to create an East Asia Economic Caucus declaring that it would oppose any plan that "drew a line down the middle of the Pacific and placed the United States on the other side of that line."⁴² It is not surprising, therefore, that the US initially stayed away from the East Asia Summit process. It was only in 2012, a year after the US joined the EAS, that it described this forum as a "premier

41 G. John Ikenberry, "A New East Asian Security Architecture: A Note From Our Guest," *Global Asia*, March, 2010, available at http://globalasia.org/V5N1_Spring_2010/G_John_Ikenberry.html.

42 US Secretary of State James Baker's statement, as cited in Claude Barfield, "The United States and East Asian Regionalism: Competing Paths to Integration," *International Journal of Korean Studies*, 2012, Fall, Vol. XVI, No. 2, p. 158 available at http://www.aei.org/files/2013/01/08/-the-united-states-and-east-asian-regionalism-competing-paths-to-integration_145424278672.pdf

institution for political and strategic issues, the capstone of an increasingly mature and effective regional architecture.”⁴³

The US insistence on dealing with regional issues in East Asia on an Asia-Pacific basis has had an adverse impact on regional community building. The impression that with its TPP focus, the United States is dividing Asia and going against basic regional economic integration impulses is unlikely to serve either regional or US interests. Ideally, the answer is for the US to draw closer to both the EAS and RCEP processes led by ASEAN.

Unfortunately, this line of thinking has little traction among high-level policymakers in Washington, even though it is amply recognised that Asia’s success and America’s future are linked. This has adverse repercussions for India. On the one hand, the US “goal is to help tie Asia-Pacific nations together – from India to the Americas – through strong alliances, institutions and partnerships.”⁴⁴ On the other, India is still left out of discussions about the Asia-Pacific under APEC. This restricts the congruence of Indian and US policies to Southeast Asia, where India’s ‘Look East Policy’ and the US ‘rebalance’ meet.

In the broader context of building India-US convergences across the Asia-Pacific region, the United States should actively promote India’s membership of APEC and its eventual participation in TPP.



43 Hillary Rodham Clinton, “Intervention at East Asia Summit,” Remarks by Secretary of State, *Department of State*, United States of America, Phnom Penh, Cambodia, July 12, 2012, available at <http://www.state.gov/secretary/rm/2012/07/194988.htm>

44 Joe Biden, “Remarks by Vice President Joe Biden on Asia-Pacific Policy,” address at the George Washington University, Washington D.C., *The White House*, July 18, 2013, available at <http://www.whitehouse.gov/the-press-office/2013/07/18/remarks-vice-president-joe-biden-asia-pacific-policy>



INDIA AND ASEAN: TOWARDS MARITIME SECURITY COOPERATION

C. Raja Mohan

Introduction

That India's Look East Policy has been one of the more successful foreign policy initiatives of Delhi is not in doubt. The success of the policy is rooted in the transformation of India's economy that began in the early 1990s and the consistent support from the Association of Southeast Asian Nations that welcomed to India into its fold. Despite widespread scepticism at that time on the prospects of long overdue reforms in India, ASEAN leaders kept faith with the proposition that Delhi will increasingly matter to economic growth, political stability and regional security in the East Asian region. This bet has paid off with India emerging as an important economic, political and security partner for the ASEAN. While many would like to see a faster pace of progress, there is no denying what has been achieved in the last two decades. India is now a full partner in all ASEAN institutions. It has a free trade agreement with the ASEAN and is committed to negotiating a more comprehensive regional economic partnership agreement with the ASEAN and six of its leading trade partners. India and the ASEAN elevated the level of their relations to that of a 'strategic partnership' at the commemorative summit in Delhi in December 2012 that marked twenty years of India's engagement with Southeast Asia.¹ It marked India's increasing weight in Southeast Asia as well as growing expectations in the ASEAN for a pro-active political role in stabilising the region at a moment of profound political turbulence in East Asia. The new emphasis on a strategic partnership underscored ASEAN's interest in security co-operation with India. The security dimension, which was always latent in India's Look East policy, has now become explicit. This essay begins with a brief review of the context in which India's Look East Policy was announced at the turn of the 1990s and the legacy of India's security role in Southeast Asia. In the second section, we assess the impact of India's emergence on the geopolitics of the region and the consequent changes on our mental maps about Asia and its waters. The final part of the paper makes the case for stronger security co-operation between India and the ASEAN, especially in the maritime domain.

1 See, "Vision Statement: ASEAN-India Commemorative Summit", issued at New Delhi, December 20, 2012, available at <<http://www.mea.gov.in/bilateral-documents.htm?dtl/20982/Vision+StatementASEANIndia+Commemorative+Summit>>

Reconnecting to Southeast Asia

The connections between India and Southeast Asia are deep-rooted. The two civilizations co-evolved through exchanges of people, ideas and goods over the millennia. In the modern era, the links between the two regions were revived and shaped by European colonial powers, which came into the Indian Ocean from the West, established their presence in India, conquered the regions to the east of India, and reconnected the economies of the subcontinent and Southeast Asia. After England prevailed over its European rivals, the British Raj became the principal provider of security and order in the Indian Ocean and its abutting regions. While the Raj reconnected the regions to each other and drew them into the globalising economy in the colonial age, the discovery of Indian civilisational influences in Southeast Asia provided a big boost to the rise of Indian nationalism and facilitated the emergence of ideas of Asian unity. But the British led order was shattered in Asia with the rise of Japan and its rapid occupation of China and Southeast Asia in the 1930s and the early 1940s. Repulsing the Japanese aggression needed the full mobilisation of the Indian subcontinent's resources. Nearly 750,000 Indian troops under Lord Mountbatten's Southeast Asia command delivered a hard fought victory in what is often called the 'forgotten war'.² British India and the United States also played a key role in assisting the nationalist government in China's fight against the Japanese occupation

[Gurkha Rifles crossing the Irrawaddy River on January 27, 1945.](#)



Source: Wikimedia Commons*

² Christopher Bayly and Tim Harper, *Forgotten Wars: The End of Britain's Asian Empire* (London: Allen Lane, 2007).

* available at http://en.wikipedia.org/wiki/File:Royal_Indian_Army.jpg.

by opening supply routes through Burma. As India's massive contribution began to alter the course of the Second World War in Asia, it was not difficult to visualise a critical role for Delhi in shaping the post war-order in Asia. K.M. Panikkar, one of the early Indian strategists, for example, argued that "A free and stable government in India conscious of its responsibilities and capable of playing its part in Southeast Asia, is the essential pre-requisite" for the success of such a collective security system. "In the absence of such a government in India", Panikkar went on, Southeast Asia "will remain the cockpit of colonial ambitions, incapable of defending itself, and a prey to the predatory urge of any power which is strong enough to attack it."³

What Panikkar did not see in 1943 was the Partition of India that radically altered the role of the subcontinent as the traditional geopolitical anchor for the stability of Southeast Asia. Through the 19th and the first half of the 20th century, military power radiated out of the subcontinent into all corners of the Indian Ocean and its abutting regions. Since the Partition, the military energies of the subcontinent turned inward as the bitter legacy of Partition endured. On top of it, China's entry into Tibet further focused India's military energies northward. India's centrality in Southeast Asian security rapidly declined. More broadly, the breakup of the subcontinent created a security vacuum in Southeast Asia that has not been easy to fill. American alliances like the South East Asia Treaty Organization did not survive for long given the reluctance of key countries of the region to support them. It was the emergence of the ASEAN, not initially conceived as a security organisation, which promoted regional co-operation, mitigated some of the local conflicts and steadily generated greater economic prosperity that produced a measure of stability. But India found itself increasingly isolated from the ASEAN.

Although Partition severely weakened Delhi, there was no diminishing of independent India's aspirations to lead Asia. If the British Raj underlined the primacy of the subcontinent in securing Southeast Asia, India's nationalist movement was driven by a different set of impulses in pursuit of the idea of Asian unity.⁴ As Asia captured the political imagination of an emerging India, it was no surprise, then, that the first diplomatic act of India, months before it became free, was to convene the Asian Relations Conference. Nehru later joined the Indonesian leader Sukarno in sponsoring a more structured Asian-African conference at Bandung, Indonesia, in 1955. Despite the current romanticisation of the 'Nehruvian' foreign policy and the tendency to over-interpret some of Nehru's diplomatic initiatives, the Asian gatherings in Delhi (1947) and Bandung (1955) underlined the profound differences among the newly emerging nations.⁵ These included divergent assessments of the contemporary international situation, deep suspicion of Western capitalism, and contrary attitudes to the East-West divide at the global level. The impact of the Cold War on the region and India's own conflict with China undermined the hopes for Asian unity.

As the core concepts of India's Asian project were shattered by the early 1960s, India had no option but to discard, in operational terms, any ambitions to lead the Asian project. As East and Southeast Asia began to turn away from India, New Delhi focused less on Asia and more on the

3 K.M. Panikkar, *The Future of South-East Asia: An Indian View* (New York: Macmillan, 1943), pp. 11-12.

4 See Christophe Jaffrelot, "India's Look East Policy: An Asianist Strategy in Perspective", *India Review*, Vol. 2, No. 2, April 2003, pp. 35-68.

5 For recent scholarship on the issue, see, See Seng Tan and Amitav Acharya eds., *Bandung Revisited: The Legacy of the 1955 Asian-African Conference for International Order* (Singapore: NUS Press, 2008).

global Cold War issues. When the ASEAN was formed in the late 1960s, India entertained many doubts about the organisation and was not interested in what it saw as a probable re-birth of the discredited SEATO. In the early 1980s, the attempt at a renewed dialogue between India and the ASEAN collapsed amidst New Delhi's decision to support Vietnamese military intervention in Cambodia.⁶ By the late 1980s, the distance between India and East Asia seemed vast and unbridgeable. Adding to the separation was India's own inward-looking economic policies that steadily severed the historic commercial links between India and Southeast Asia. While the region viewed Soviet Russia with great suspicion, Moscow was Delhi's most important strategic partner.

When India did return to Southeast Asia with its Look East policy in the early 1990s, India faced a very different dynamic with the region. New Delhi now had to cope with the changed balance between India and Southeast Asia. The ASEAN nations had made considerable progress in the intervening decades, and India was now looking to the region to catch up with its economic dynamism. If Asia had looked up to India during the middle of the 20th century, it was India's turn now to be inspired by East Asia's rapid economic growth in the 1970s and 1980s. The ASEAN and its economic policies became benchmarks in India's own tortuous debates on economic reforms. That India and the ASEAN had traded places was reflected also in the fact that not all members of the regional organisation were enthusiastic about bringing New Delhi into the regional institutions. India's friends in the region advised Delhi to discard its traditional high decibel diplomacy. They wanted India to avoid the habit of posturing on big global issues and focus on practical questions of regional co-operation. Determined to become a part of the region's institutions, New Delhi was quite happy to heed Deng Xiaoping's advice to the Chinese leaders, "keep a low profile, and never take the lead". That deliberate decision in Delhi has now come to haunt the ASEAN and limit the possibilities for India's role in Southeast Asia.

A modest approach did indeed seem to serve the objectives of India's Look East policy in the early years of engagement with the ASEAN. From the mid-1990s, when India became a special dialogue partner of the ASEAN, India today is part of all major institutions created by the ASEAN, including the ASEAN Regional Forum, the East Asia Summit, and the ADMM plus (the ASEAN Defence Ministers Meeting that also includes the members of the EAS). After arguing for years that India had no place in Southeast Asia, let alone the larger framework of East Asia, the region now began to acknowledge India's relevance to the regional order and invite Delhi to shape it. As India gets drawn into Asia, the case for a modest regional strategy in Delhi has begun to unravel. The stronger the Indian economy and the higher its international profile, the greater have been the ASEAN's expectations of Delhi. But India's continuing caution has left a big question mark on whether India is willing to bridge the gap between its potential security role and its current performance. Disclaiming leadership of Asia does not necessarily mean India has not done anything at all to raise its security engagement with the region. While there is no articulation of a grand Asian schema by New Delhi, it is quite easy to identify the elements of India's East Asian policy—multi-directional engagement with the great powers of Asia, integration with the regional institutions, expansion of India's security co-operation with key actors in the region and working for a relative improvement in India's geopolitical standing in Asia. While India has moved in all these directions, Delhi's slow pace and seeming

6 For a succinct historical analysis, see, Kripa Sridharan, *The ASEAN Region in India's Foreign Policy* (Aldershot, Dartmouth publishers, 1996).

Indian Defence Minister, A.K. Antony receiving Guard of Honour during his visit Vietnam to attend the ASEAN Defence Ministers' Meeting Plus (ADMM-Plus), on October 13, 2010, at the Headquarters of the Ministry of Defence, Vietnam.



Source: ASEAN Defence-Military Meetings Website, October 14, 2010, "Enhancing Vietnam-India to Higher Level"*

lack of purposefulness have generated considerable disappointment in the region. Many in the ASEAN see India as unwilling or unable to deploy its growing power resources in promoting regional security and public goods in Southeast Asia. Some have argued that the problem appears to be India's lack of self-consciousness of its own strength and the absence of a strategic culture.⁷ Whatever the merits of that argument, there is growing pressure on Delhi to respond to the mounting expectations in Southeast Asia for a vigorous Indian role. Much of this is a consequence of India's own successful integration with the ASEAN.

Southeast Asian Hinge: the Maritime Core of the Indo-Pacific

India's inward orientation from the 1960s resulted in the steady dissipation of its commercial, political and security links with Southeast Asia. Foreign offices around the world and the international relations community began to treat South and Southeast Asia as very different regions that had little to do with each other. This inevitably had to change once India began to look east and the ASEAN bet on the possibilities of India's growth. India's integration into the ASEAN was not just about getting membership of the regional institutions; it was about long overdue integration with Asia. The process of reconnecting Asia with itself began with the formation of the ASEAN in the late 1960s and its eventual expansion to cover the entire region of Southeast Asia, and proceeded with its deeper engagement with Japan and later with China. Bringing India in was pulling in the last big economy into the framework of regional

⁷ "India as a Great Power: Know your own strength", *The Economist*, March 30, 2013.

* available at <http://admm.org.vn/sites/eng/Pages/enhancingvietnam-indiatohigherlevel-nd-14728.html?cid=229>

co-operation. Although the pace of India's integration has been slow, it has slowly but certainly begun to change the geopolitical conceptions of Asia and erase the differences between East Asia and South Asia. Intensifying this process was the rapid economic growth of China. The development of China's eastern seaboard in the early years of reform saw the integration of the Chinese economy with that of East Asia. When China launched its West Region Development Strategy in 2000, it focused on connecting its underdeveloped regions in the far west and south west with Southeast Asia, South Asia and Central Asia. The more recent opening of Myanmar, the last major economy in Southeast Asia to globalise, will make sure that the geographic distinctions between different parts of Asia will increasingly break down.

The growing economic integration of Asia with itself is not limited to land territories. It has also brought forth a strategic perspective that sees the Pacific and Indian Oceans as a single continuum. East Asia's early industrialisers, Japan and Korea, have long been dependent on the energy resources of the Gulf. China's economic modernisation has made that interdependence much stronger. China has not only become one of the biggest importers of oil from the Gulf, it has also increasingly focused on Africa for energy and mineral resources. Unlike many East Asian countries that have been content to rely on the United States for the maintenance of order in Asia's high seas, China is clearly focused on building independent blue water naval capabilities to secure its expanding interests in the Indian Ocean. It is also actively constructing strategic maritime infrastructure in the Indian Ocean that will facilitate the pursuit of its growing maritime interests in the Indian Ocean. Meanwhile, India's trade and economic relations with East Asia are acquiring greater weight, with more than fifty per cent of its trade flows now heading east. India's stake in the political stability and security of the Western Pacific has also steadily risen. New Delhi's 'Look East' policy has acquired a distinct naval dimension over the last decade. Since the beginning of the 2000s, the Indian Navy has made continuous forays into the Western Pacific. The traditional clear distinctions, then, between the Indian Ocean and the Pacific are beginning to erode. The economic transformation of China and India has begun to bend the spaces around them and produce new geographic constructions. The economic growth in East Asia in the 1980s generated the concept of the 'Pacific Rim'. The expansion of this growth to Southeast Asia led to the construction of the term Asia-Pacific. China's increasing reliance on the Indian Ocean and the acceleration of India's economic growth and strategic interests in the Pacific has now led the increasing use of the term, 'Indo-Pacific'. The intersection of the maritime interests of a rising China and an emerging India with those of the United States that has long provided security in the two oceans has begun to give the 'Indo-Pacific' a distinctive geopolitical character.⁸

The idea of Indo-Pacific, which has gained some traction in recent years, is not entirely new. The German geopolitical thinker Karl Haushofer had expanded upon the idea of "Indopazifischen Raum" or the 'Indo-Pacific space' in the 1920s. Before him, Mahan saw Asia and its waters as a single space. The Second World War, as we noted earlier, saw the two theatres as a single military zone. And the British imperial defence system stretched from the eastern Mediterranean to the South China Sea and was centred on India. What is new and more current has been the tendency to see Asia as consisting of separate zones and dividing its littoral into the Indian and

8 For a discussion of the emergence of the concept see, David Scott, "The Indo-Pacific: New Regional Formulations and New Maritime Frameworks for U.S.-India Strategic Convergence", *Asia-Pacific Review*, Vol. 19, No. 2, November 2012, pp. 85-109.

Pacific. The integration of Asia with itself and the expanding global interests of China and India are what make the Indo-Pacific. The concept of the Indo-Pacific has gained policy attention in recent years, especially since the U.S. Secretary of State Hillary Clinton talked about the interconnections between the two oceans and outlined the framework of Washington's pivot to Asia at the end of 2011. The notion has been embraced eagerly in Australia, which faces both the Indian and Pacific Oceans. In India, the term has gained salience as Delhi begins to appreciate the importance of its economic and strategic interests in the Western Pacific. Well before the strategic communities and policy makers in these three countries began to embrace the notion of the Indo-Pacific, a section of the Japanese leadership began to recognise the strategic significance of the Indian Ocean for its security. During his visit to India in his first and brief tenure as Prime Minister of Japan, Shinzo Abe talked about the 'confluence between the two oceans'. There have also been suspicions about the concept and if it was not an effort to build a countervailing coalition to China.⁹ Others have argued that the concept encompasses too vast a region—from the east coast of Africa to the Western Pacific—and is not a very useful concept in promoting practical economic and security regionalism. After all, the Indo-Pacific has a variety of sub-regions, each substantially different from the other. For us, the concept has relevance underlining the geopolitical transformation of Asia's waters amidst China's growing interest in the Indian Ocean and India's rising profile in the Western Pacific.

Remarks by Hillary Rodham Clinton, Secretary of State, East-West Center, Honolulu, November 10, 2011



Source: Embassy of the United States, Seoul, South Korea

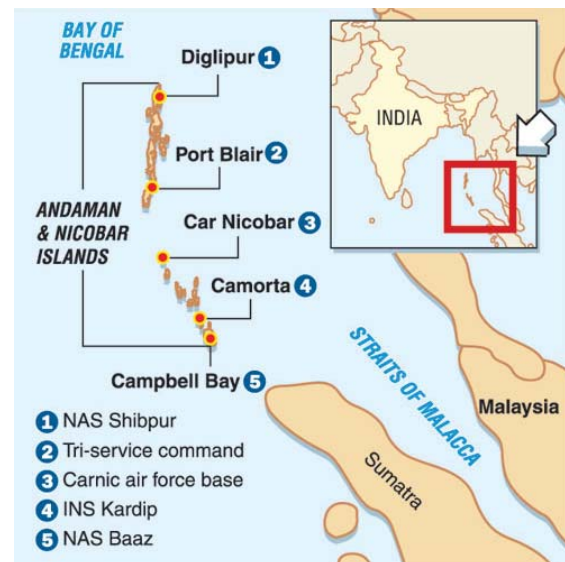
9 Nick Bisley and Andrew Phillips, 'The Indo-Pacific: What does it actually mean?', *East Asia Forum*, 6 October 2012, available at <<http://www.eastasiaforum.org/2012/10/06/the-indo-pacific-what-does-it-actually-mean/>>

* available at http://seoul.usembassy.gov/p_gov_11102011.html

While the theoretical debate on the Indo-Pacific and its meaning has just begun, it is not an abstract notion for Southeast Asia. For the region is at the very intersection of the Indian and Pacific Oceans and links the subcontinent and East Asia. As we reconceptualise the mental maps of Asia and its waters amidst the region's integration with itself, "Southeast Asia becomes not an appendage to either East or South Asia but a hinge linking both together."¹⁰ Many of the new geopolitical trends we discussed above find their fullest expression in the littorals of the Bay of Bengal, the Andaman Sea and the South China Sea and demand greater attention to the waters that connect the two oceans.¹¹ China's vital SLOCs pass through the Malacca Straits and other passages in archipelagic Southeast Asia. India's own east bound trade travels in the other direction through the Malacca Straits. To address the challenges from the so-called 'Malacca Dilemma', Beijing has begun building transport corridors and oil pipelines from the Indian Ocean to Western and South-western China that avoid the passage through Malacca Straits. One of the most intensive Chinese efforts in this direction is in Myanmar, where China is building a dual pipeline system from the Southwestern province of Yunnan and Myanmar's Rakhine coast in the Bay of Bengal. China is developing port and hydrocarbon infrastructure on Kyaukphyu Island where the pipeline system connects with the Bay of Bengal. Meanwhile India is strengthening its joint military command at the Andaman and Nicobar Islands, whose southern tip is at the mouth of the Malacca Straits.

If Delhi worries about the security implications of China's strategic investments in Myanmar and the Bay of Bengal, Beijing is concerned about the Indian ability to interdict its SLOCs in the Andaman Sea and the growing naval collaboration between Delhi and Washington. If the Bay of Bengal and the Andaman Sea have acquired a new geopolitical salience in the Eastern Indian Ocean, the deepening conflict in the South China Sea between China and its neighbours has pushed the littoral to the centre of regional power play. Much like India, which is concerned about the rising Chinese naval profile in the Indian Ocean, Beijing is warily watching India's growing diplomatic and strategic interest in the South China Sea. A deepening security dilemma between China and India in the Bay of Bengal, Andaman Sea and the South China Sea has begun to intersect with the increasingly uncertain dynamic between China and the United States in the Western Pacific. The intensifying territorial disputes between China and Japan in the East China Sea naturally spill over into the South China Sea. The current churn

Map 4: Indian Military Presence in Andaman & Nicobar Islands



Source: The Telegraph, "Hawk eye on Malacca strait," by Sujan Dutta, July 10, 2012*

10 Bronson Percival, "U.S.-India: Parallel Links along China's Southern Periphery", *Asia Pacific Bulletin*, No. 114 (Honolulu: East-West Center, June 1, 2011), p. 2.

11 Shaun Lin and Carl Grundy-Warr, "ASEAN and interconnecting regional spheres: lessons for the Indian Ocean Region", *Journal of the Indian Ocean Region*, Vol. 8, No. 1, pp. 54-70.

* available at http://www.telegraphindia.com/1120710/jsp/frontpage/story_15711340.jsp

in the waters to the east and west of the Malacca Straits has set an entirely different context for political and security co-operation between India and the ASEAN, especially in the maritime domain.

Deepening Maritime Security Co-operation

A central theme of India's Look East policy has been a conscious deference to the leadership of the ASEAN in the building of an East Asian order. Through the last two decades, India has repeatedly underlined ASEAN centrality in shaping the future of East Asia.¹² There was more than prudence dictating this policy posture. It is rooted in the recognition that ASEAN's coherence is in India's vital national interest. India is aware that a weak ASEAN might allow a great power to pry away its member states into special relationships and introduce rivalry with other powers, including China. For India, a strong ASEAN that can insulate Southeast Asia from great power rivalry is preferable to a weak regional institution that becomes vulnerable to external intervention. India recognises the significance of the ASEAN in transforming a region that was once known as 'Asia's Balkans' into the principal agency promoting regional integration. Yet, India will increasingly have to confront the fact that the new political dynamic in the region is testing ASEAN's coherence and its ability to act as a moderating force in the region. Until recently, it seemed that the ASEAN was quite capable of managing structural changes in the East Asian system through multidirectional engagement and by finding a way to draw in most major powers into the regional process.¹³ Although the ASEAN has offered the broadest possible platform for Asian regionalism in recent decades, its ability to do so in the future is being threatened by rapid changes in the distribution of power and intensifying territorial conflicts between some of its members and China. During 2010-12, as China's maritime territorial conflicts with Vietnam and the Philippines intensified, it has not been clear that the ASEAN as a whole is willing to lend strong support to their member states against Beijing. China's refusal to engage the ASEAN collectively on the South China Sea issue and its growing ability to wean away individual members of the organisation underlines the dangers of the new dynamic in the ASEAN.¹⁴ As internal political fissures within the ASEAN come to the fore amidst the changing regional balance of power, India cannot assume that repeating the slogan of 'ASEAN centrality' is enough of a strategy.¹⁵ It will need to do a lot more to ensure that the ASEAN stays a strong and coherent organisation. This, in turn, demands a more activist Indian engagement with the ASEAN collectively and individually in the political and security domains.

12 See for example Prime Minister Manmohan Singh's statement at the Tenth India-Asean Summit, Phnom Penh, November 2012: "We believe that ASEAN centrality is essential in the evolving regional architecture for peace, stability, development and prosperity"; available at <<http://www.mea.gov.in/Speeches-Statements.htm?dtl/20825/Opening+Remarks+by+Prime+Minister+at+10th+IndiaASEAN+Summit>>

13 Evelyn Goh, "Great Powers and Hierarchical Order in Southeast Asia: Analyzing Regional Security Strategies", *International Security*, Vol. 32, No. 3, Winter 2007/08, pp. 113-57.

14 "ASEAN in Crisis: Divided We Stagger", *The Economist*, August 18, 2012, available at <<http://www.economist.com/node/21560585>>

15 For the unfolding debate within the Asean on its central role, see Benjamin Ho, "Asean's Centrality in a rising Asia", RSIS Working Paper, No.249, September 2012.

Naval ships from India, Australia, Japan, Singapore, and the United States steam in formation in the Bay of Bengal during Exercise Malabar, September 2007. The formation included USS Kitty Hawk, USS Nimitz, INS Viraat, JS Yuudachi, JS Ohnami, RSS Formidable, HMAS Adelaide, INS Ranvijay, INS Brahmaputra, INS Ranjit, USS Chicago and USS Higgins.



Source: Wikimedia Commons, photo by Mass Communication Specialist Seaman Stephen W. Rowe

To be sure, security co-operation with the ASEAN, largely absent in the early years of India's Look East policy, has now acquired a new importance over the last decade.¹⁶ In the early 1990s, when India opened up to the world, the Indian Navy reached out to its maritime neighbours in Southeast Asia. In the 1980s, the region was concerned about India's growing naval might and its security partnership with the Soviet Union. The multilateral 'Milan' exercises launched in the early 1990s sought to dispel the fears of the region, generate transparency for India's naval plans and lay the foundation for long-term maritime engagement with Southeast Asian nations.¹⁷ At the end of 2004, the Indian Navy was quick to respond, on its own, to the tsunami disaster and later joined the navies of the US, Japan and Australia to provide relief in Southeast Asia. In 2005, the Indian Aircraft carrier, INS Viraat, arrived for the first time in the ports of Southeast Asia – Singapore, Jakarta in Indonesia and Klang in Malaysia. In the Spring/Summer of 2007, the Indian Navy sailed all the way up to Vladivostok and conducted a series of bilateral and multilateral exercises with a number of nations that included major powers like the US, Japan,

16 For a former Indian official's perspective on the security dimensions of India's Look East policy, see, Sudhir Devare, *India and Southeast Asia: Towards Security Convergence* (Singapore: Institute for Southeast Asian Studies, 2006)

17 See, Udai Bhanu Singh, "India and Southeast Asia: Enhanced Defense and Strategic Ties", in N.S. Sisodia and Sreeradha Datta, Eds., *Changing Security Dynamics in Southeast Asia* (New Delhi: Magnum, 2008), pp.329-45; see also David Brewster,

* available at https://en.wikipedia.org/wiki/File:Malabar_07-2_exercise.jpg

Russia and China as well as regional actors like Singapore, Vietnam and the Philippines. India also began to conduct co-ordinated maritime patrols of the Malacca Straits with the littoral states since piracy in the region seemed to threaten the security of the SLOCs. The Indian Navy also took the initiative to convene an Indian Ocean Naval Symposium in February 2008.¹⁸ Since then, the biennial IONS has become a forum for the discussion of regional naval co-operation and confidence building among the chiefs of littoral navies in the Indian Ocean. In 2010, when the ASEAN expanded the forum for its defence ministers (ADMM), India was invited to join in. As the disputes in the South China Sea escalated, India lent its diplomatic voice in favour of a peaceful resolution of disputes in accordance with the United Nations Convention on the Law of the Sea. Delhi also joined the United States and other powers in emphasising the importance of protecting the right to freedom of navigation in the South China Sea. Since 2011, India also has sought to revive the Indian Ocean Rim Association for Regional Co-operation and inject some security content into its deliberations.¹⁹ Beyond the expanded reach and scope of its multilateral military engagement, India has stepped up its bilateral security co-operation across the region. During the last few years, India has signed security co-operation agreements with a number of Southeast Asian countries, including Singapore, Indonesia, Malaysia, Vietnam and Thailand.²⁰ These involve Indian assistance in port calls, joint exercises, military training, servicing of military equipment and dialogues between the defence establishments.

This vigorous Indian military diplomacy in Southeast Asia is a significant departure from India's recent tradition of military isolationism. After a century and a half of dominating the regional security environment, India's armed forces withdrew into a shell in the post-Nehru years. India's first prime minister had actively pursued defence co-operation with key partners in Asia, for example with Indonesia and Burma in Southeast Asia. After him, military disengagement became synonymous with non-alignment. From being a lone ranger, India has now begun to emphasise the virtues of security partnerships—of working with other great powers, co-operating with regional actors, and contributing to multilateral security forums. While this shift is real, many of India's military partnerships remain subcritical. ASEAN leaders want more, not less, security co-operation with India both at the bilateral and multilateral level. While they are impressed with the professionalism of the Indian armed forces and value co-operation with them, they are frustrated at the slow and tentative responses of the civilian bureaucratic leadership in the Indian Ministry of Defence. The ASEAN also wants more active participation of the Indian defence establishment in the deliberations of the ADMM Plus, hoping that India will propose pragmatic steps to promote regional security and exercise leadership.

As the waters of Southeast Asia become 'securitised', the ASEAN is seeking more intensive maritime security co-operation with India. The vision statement issued at the end of the 2012 commemorative summit in Delhi declared that the two sides "are committed to strengthening co-operation to ensure maritime security and freedom of navigation, and safety of sea lanes

18 See Gurpreet Khurana, "Indian Ocean Naval Symposium: Where From...Whither Bound?", *IDSA Strategic Comments*, February 22, 2008; available at <<http://www.idsa.in/publications/stratcomments/gurpreetkhurana220208.htm>>

19 See for example, Vijay Sakhuja, ed., *Reinvigorating IOR-ARC* (New Delhi: Pentagon Press, 2012).

20 For a broad discussion India's security politics in East and Southeast Asia, see, David Scott, "Strategic Imperatives of India as an Emerging Player in Pacific Asia", *International Studies*, Vol. 44, No. 2, April/June 2007, pp. 121-40; See also, Harsh Pant, "India in the Asia-Pacific: Rising Ambitions with an Eye on Rising China", *Asia Pacific Review*, Vol. 14, No. 1, 2007, pp. 54-71.

of communication for unfettered movement of trade in accordance with international law, including UNCLOS.” India and the ASEAN also agreed to “promote maritime cooperation, including through engagement in the ASEAN Maritime Forum (AMF) and its expanded format, to address common challenges on maritime issues, including sea piracy, search and rescue at sea, maritime environment, maritime security, maritime connectivity, freedom of navigation, fisheries, and other areas of cooperation.”²¹ The pace and intensity of this co-operation now largely rests on Delhi, which must bring into synergy its real and existing naval capabilities with the growing maritime security needs of the region. To contribute effectively to ASEAN’s maritime security, India needs to change the core political assumption on which it launched its Look East Policy at the turn of the 1990s. As India returned to the region, Delhi chose to defer to the regional leadership, underline the centrality of the ASEAN, maintain a low profile and avoid interjecting itself into the regional disputes. The last few years have seen a dramatic transformation of that political context. The region is seeking effective contributions from India in helping stabilise the region and demonstrating leadership on maritime security issues at a time when the Southeast Asian seas are becoming the locus of regional conflict and great power confrontation.

21 See, “Vision Statement: ASEAN-India Commemorative Summit”, issued at New Delhi, December 20, 2012, available at <<http://www.mea.gov.in/bilateral-documents.htm?dtl/20982/Vision+StatementASEANIndia+Commemorative+Summit>>

IV

REGIONAL DIMENSIONS OF SOUTH CHINA SEA ISSUES

H.K. Singh

Although world attention has lately been focused on North Korea's nuclear bluster and China's attempts to coerce Japan over the Senkaku Islands (called Diaoyu by China), the South China Sea is in many ways central to the regional geo-politics of the Indo-Pacific. South China Sea-related issues reflect China's growing power and a new pattern of Chinese behaviour, increasingly evident since 2009. The US has responded by "rebalancing" within Asia to pay greater attention to Southeast Asia. And a host of regional powers from Japan to Indonesia, Vietnam to the Philippines and India, have stepped up support for rule-based architecture that can sustain a more stable regional order.

The South China Sea is indisputably a critical waterway. It is located immediately beyond the choke points in the eastern reaches of the Indian Ocean and the Indonesian archipelago. More than half of China's sea-lanes (21 out of 39) traverse the South China Sea, accounting for an estimated 60 per cent of its trade.¹ So does an estimated one-third of the world's trade with the most dynamic emerging economies as well as much of the energy and commodity supplies on which they are dependent.² The criticality of the waterway would not have generated regional tensions but for the fact that the tiny islands that dot the

Map 5: South China Sea - China's Claimed Territorial Waters



Source: BBC, 22 January 2013, "Philippines to take South China Sea Row to Court"*

1 Prof. Srikanth Kondapalli, "Conflicts in the South China Sea," Paper presented at the National Maritime Foundation Conference on "Maritime Developments to India's East," October 08, 2012

2 Banyan, "Not littorally Shangri-La," *The Economist*, June 09, 2011, available at <http://www.economist.com/node/18806217>.

* available at <http://www.bbc.co.uk/news/world-asia-21137144> <http://www.bbc.co.uk/news/world-asia-21137144>

South China Sea are the subject of maritime territorial disputes involving China, Vietnam, Philippines, Malaysia and Brunei. Not least, these tensions are also driven by the perception of the South China Sea's bountiful resources, from hydrocarbons to fishing.

Asia's emergence as the world's economic powerhouse is most likely but not inevitable. The South China Sea exposes Asia's leading challenge: the creation of regional institutions that address insecurity, reduce prospects of conflict, promote collective action on non-traditional security issues and provide the basis for a peaceful resolution of disputes under international law.³ No such overarching architecture currently exists. The East Asia Summit has potential but is still weak and its future role in regional security undecided. Not only is the EAS limited to discussion of soft security issues, it also lacks institutionalised mechanisms for follow-up. China cannot assert domination over the ASEAN-led EAS given its balanced, region-wide composition – hence its reluctance to accord a more vital role to this forum.

So, why exactly does the South China Sea come to occupy such an important role in regional geopolitics? To arrive at a reasoned conclusion, it is important to borrow the Han expression popularised by Deng Xiaoping: "Seek truth from facts". Perhaps no reason is more significant than the remarkable erosion of another Deng dictum: "Hide your strength and bide your time". Since 2009, the world has witnessed a new dimension of what was once known as China's "peaceful rise" or "peaceful development". Snowballing assertions of China's "core interests", which are now buttressed by a "China dream" based on the growing military power of an authoritarian state, have become a source of instability in Asia.

Back in the "peaceful rise" days of 2002, China had been willing to sit down at the table with the ASEAN states to conclude a "Declaration on the Conduct of Parties in the South China Sea", including respect for freedom of navigation in accord with universally recognised principles of international law, and an undertaking to resolve territorial and jurisdictional disputes by peaceful means, without resorting to the threat or use of force.⁴ The Declaration set out the hope that it would lead to the adoption of a Code of Conduct in the South China Sea, which would further promote peace and stability in the region.⁵ It is another matter that this hope has yet to be fulfilled, while territorial disputes have progressively escalated. An increasingly powerful China has become even more intransigent and difficult to bring to the negotiating table.

The global financial crisis originating on Wall Street in 2008 was followed shortly thereafter by the advent of the Obama Presidency, which came to power pledging America's withdrawal from foreign entanglements. Obama's initial attempt at a "G-2" US-China condominium may have been short-lived, but was exploited by China as signalling the inevitability of US decline in Asia and to announce its own rise. The US has been reacting ever since to this ongoing power shift through its "pivot" or "rebalance" towards the Asia-Pacific, asserting its will to remain the region's predominant power.

3 G. John Ikenberry, "A New East Asian Security Architecture: A Note From Our Guest," *Global Asia*, March, 2010, available at http://globalasia.org/V5N1_Spring_2010/G_John_Ikenberry.html.

4 "Declaration on the Conduct of Parties in the South China Sea," *ASEAN*, November 04, 2002, available at <http://www.asean.org/asean/external-relations/china/item/declaration-on-the-conduct-of-parties-in-the-south-china-sea>.

5 Ibid

There was another related opportunity in the region waiting to be exploited by China: the decline of an ageing, economically weakening Japan. The Democratic Party of Japan (DPJ) came to power in Japan in 2009 projecting its desire to pivot towards a Sino-centric Asia and going so far as to suggest that Japan's security could be equally underpinned by its long-time ally the United States and a rising China next door. The result was Japan's humiliation in an opportunistic standoff over the Senkaku Islands in 2010. Coercive economic sanctions against Japan and the harassment of its businesses operating in China followed, and have continued ever since in different forms.

This brings us back to the core of China's new foreign policy template: diplomatic and military assertion of ever expanding "core interests."⁶ Until 2009, Taiwan, Tibet and Xinjiang had been pronounced as China's core interests. That year, these were enlarged to include other domestic goals, in particular, the maintenance of the power of the Communist Party (CPC) in China's political system.⁷

"Core interests" have been in an expansionist mode ever since. In 2010, coverage was extended to China's sovereignty over much of the South China Sea. In 2012, the Japan-administered Senkaku Islands were added to the list.⁸ It would have been one matter if these assertions had been limited to diplomatic discourse and pronouncements. But it soon became clear that they had a military edge as well. In November 2012, China's outgoing President Hu Jintao pledged to "resolutely safeguard China's maritime rights and interests, and build China into a maritime power."⁹ His successor Xi Jinping has enunciated the "dream of a strong nation and a strong military" by 2049.¹⁰ He has also signalled a "core interests"-based policy on which there can be no compromise: "We will stick to the road of peaceful development but absolutely will not abandon our legitimate rights and interests, and absolutely cannot sacrifice core national interests."¹¹

Unsurprisingly, the Pentagon's latest assessment is that China is pursuing long-term comprehensive military modernisation designed to "fight and win short duration, high intensity regional military conflicts."¹²

Experts tell us that Beijing usually does what it says it is going to do, capitalising on opportunities such as signs of weakness among potential adversaries.¹³ Seen in this light, China's dream and

6 Nayan Chanda, "China's Expanding Core Interests," *Times of India*, May 11, 2013, available at <http://timesofindia.indiatimes.com/home/opinion/edit-page/Chinas-expanding-core-interests/articleshow/19992246.cms>.

7 Ibid.

8 Alexander Martin, "Japan Study Sees Increasing Assertive China," *The Wall Street Journal*, March 29, 2013, available at <http://online.wsj.com/article/SB10001424127887324685104578390183980352300.html?cb=logged0.3650898209307343>

9 Kathrin Hille, "Hu calls for China to be 'maritime power,'" *Financial Times*, November 08, 2012, available at <http://www.ft.com/intl/cms/s/0/ebd9b4ae-296f-11e2-a604-00144feabdc0.html>

10 Nayan Chanda, "China's Expanding Core Interests," *Times of India*, May 11, 2013, available at <http://timesofindia.indiatimes.com/home/opinion/edit-page/Chinas-expanding-core-interests/articleshow/19992246.cms>.

11 Jeremy Page, "For Xi, a 'China Dream' of Military Power," *The Wall Street Journal*, March 13, 2013, available at <http://online.wsj.com/article/SB10001424127887324128504578348774040546346.html>.

12 Rajat Pandit, "China's Military Might on Upward Trajectory: Pentagon," *Times of India*, March 09, 2013, available at <http://timesofindia.indiatimes.com/india/Chinas-military-might-on-upward-trajectory-Pentagon/articleshow/19961971.cms?inttarget=no>.

13 "China's Territorial Ambition," *The Wall Street Journal*, May 02, 2013, available at http://online.wsj.com/article/SB10001424127887323528404578454341420089874.html?mod=googlenews_wsj.



Source: Wikimedia Commons*

new core interest is to become a power at sea befitting its status as a major power. In the East China Sea, it aspires to extend its sea power to the first and second island chains, but finds its path blocked by the formidable presence of the US Navy and the Japan Maritime Self Defense Force (MSDF). The South China Sea, on the other hand, presents a perfect opportunity, with relatively weak states divided by competing claims. Lying beyond the straits of the Indonesian archipelago, its waters are both a strategic waterway and a soft underbelly for China. It is here that Chinese sea power assertions will be focused in coming years.

Asia's regional security outlook has deteriorated steadily since China's 2009 promulgation of its so-called "Nine-dash line", covering 90 per cent of the South China Sea.¹⁴ This claim is based purely on China's interpretation of history and unrelated to any UNCLOS-based continental shelf or other maritime jurisdictional claims.

The pattern of China's "core interests" driven assertions is not limited to the South China Sea. It is remarkably similar to what has transpired in the East China Sea. In April 2013, China repeatedly sent maritime patrol ships into the territorial waters of the Senkaku Islands. Capt. James Fanell of the US Navy has described China Marine Surveillance as "a full time maritime sovereignty harassment organisation."¹⁵ Meanwhile, in March 2013, a Chinese Navy task force travelled to James Shoal, an outcrop claimed by Malaysia barely off its coast at the southern end

14 David Lague, "China's nine-dashed line in S. China Sea," *Reuters*, May 25, 2012, available at <http://in.reuters.com/article/2012/05/25/china-sea-boundary-idINDEE84O02B20120525>.

15 Nayan Chanda, "China's Expanding Core Interests," *Times of India*, May 11, 2013, available at <http://timesofindia.indiatimes.com/home/opinion/edit-page/Chinas-expanding-core-interests/articleshow/19992246.cms>.

* available at http://commons.wikimedia/wiki/File:Chinese_aircraft_carrier_liaoning_2.jpg

The China Marine Surveillance cutter “Haijian 66” and the Japan Coast Guard cutter “Kiso” confront each other near the Senkaki/Diaoyu Islands



Source: Wikimedia Commons, September 24, 2012*

of the South China Sea.¹⁶ Chinese “tourists” have cruised among the Paracel Islands claimed by Vietnam in another show of “sovereignty rights protection.”¹⁷

By its vigorous territorial assertions and coercive actions over the past four years, China has virtually ensured that the South China Sea is in effect a multilateralised concern. First, there are competing claims by several countries, limiting prospects for purely bilateral discussions. Second, asymmetries of power have led the ASEAN states to insist on multilateral approaches, including a Code of Conduct. Third, China has done little to assure the international community that while its claim of historic rights is subject to negotiation, this claim is distinct from the concept of historic waters or inland seas, and China will not impede the freedom of navigation for commercial and normal peaceful purposes. Nor has it provided reassurances over exploitation of resources by suggesting interim arrangements for joint development of the kind that Japan and China unsuccessfully attempted in the East China Sea until 2008.

ASEAN has suffered the greatest collateral damage in the course of attempting to engage China within multilateral frameworks to resolve the South China Sea disputes. ASEAN cohesion collapsed under China’s pressure in July 2012, just as China was closing off access of the Philippines to the disputed Scarborough Shoal. In November 2012, ASEAN Summit host Cambodia issued a statement claiming agreement among ASEAN leaders not to “internationalise” the South

16 “Chinese Navy Exercises ‘Surprise’ Neighbours,” *Aljazeera*, March 27, 2013, available at <http://www.aljazeera.com/news/asia-pacific/2013/03/201332762124185963.html>.

17 “Chinese Tourists Sail to Paracels Islands Despite Vietnam Protest,” *Than Nien News*, April 27, 2013, available at <http://www.thanhniennews.com/index/pages/20130427-vietnam-philippines-china-east-sea-lawsuit.aspx>.

* available at [http://en.wikipedia.org/wiki/File:China_%26_Japan_in_Diaoyu_Islands_\(2012-9-24\).jpg](http://en.wikipedia.org/wiki/File:China_%26_Japan_in_Diaoyu_Islands_(2012-9-24).jpg)

China Sea issue, only to be publicly contradicted by the Philippines.¹⁸ In April 2013, ASEAN leaders have reiterated their desire to engage China in talks to resolve maritime tensions and to reach common ground on disputed areas of the South China Sea ahead of planned discussions on a Code of Conduct.¹⁹ However, prospects seem remote. China has indicated that it will progress the Code of Conduct only when “the time is ripe”.

If ASEAN cohesion remains under threat, it is inevitable that countries bearing the brunt of Chinese pressure such as Vietnam and the Philippines will actively look for greater American reassurance and the support of other regional powers. This implies that China’s approach of weakening ASEAN will eventually result in a greater presence of “extra-regional powers”, which it stoutly opposes. It will have no one but itself to blame. Already, efforts are under way to shore up ASEAN unity.

China’s complaint that the US pivot has exacerbated regional tensions does not square up with the self-defeating consequences of its own coercive behaviour. It has been pointed out that while China’s April 2013 defence white paper denounces “increasing hegemonism, power politics and neo-interventionism,”²⁰ these words can also be used to describe China’s approach to Southeast Asia over the last two years. The only way for China to reverse this adverse cycle is to meaningfully engage ASEAN on a mutually acceptable Code of Conduct that binds all parties under established norms, pending the resolution of territorial disputes.²¹ At the ASEAN Regional Forum (ARF) meeting held in Brunei on July 2, 2013, China’s new Foreign Minister Wang Yi has finally called for a formal dialogue with ASEAN on a Code of Conduct for the South China Sea. However, the Philippines has remained unconvinced, denouncing China for militarising the South China Sea and renegeing on past commitments to ASEAN.

The China-ASEAN standoff over the South China Sea has led to a recalibration of American diplomacy. While maintaining its consistent position since 2010 on the freedom of navigation, unimpeded lawful commerce and respect for international law, the US now also emphasises ASEAN’s “indispensable” role in maintaining regional stability. It has expressed strong support for ASEAN unity and has backed ASEAN’s efforts to create a rules-based framework for the South China Sea.²² The US has also prioritised economic ties with ASEAN, even as it pursues the TPP, which includes several ASEAN states. In allowing ASEAN to set policy direction, the US is “leading from behind”.

This modulation of the US approach blunts criticism that the US “pivot” is exacerbating regional tensions. As Deputy Secretary of Defence Ashton Carter pointed out in his speech at CSIS in April 2013, the US “rebalance to Asia is mostly a political and economic concept, not a military

18 Ben Bland, “Regional Tensions Flare at Asean summit,” *Financial Times*, November 19, 2012, available at <http://www.ft.com/intl/cms/s/0/e87b2b74-3240-11e2-916a-00144feabdc0.html#axzz2SnRkPrm5>.

19 “Southeast Asia to Reach out to China on Sea Disputes,” *Reuters*, April 25, 2013, available at <http://www.reuters.com/article/2013/04/25/us-asean-china-idUSBRE93O08P20130425>.

20 Ely Ratner, “China’s Victim Complex,” *Foreign Policy*, April 19, 2013, available at http://www.foreignpolicy.com/articles/2013/04/19/china_s_victim_complex.

21 Ibid.

22 See “Joint Statement of the 4th ASEAN-U.S. Leaders’ Meeting,” *ASEAN*, November 20, 2012, available at <http://www.asean.org/news/asean-statement-communiques/item/joint-statement-of-the-4th-asean-us-leaders-meeting>.

one.”²³ The “concept” is reinforced by the “four pillars of rebalancing”: partnerships, presence, power projection and principles of the freedom of the seas. However, with its long-standing foundational presence in the Asia-Pacific, the accretion of US military power will be gradual.²⁴ US Navy deployments will rise from 52 warships at present to 62 by 2020.²⁵

Of course, the US “pivot” is facing an uncertain future of its own with signals of weakening resolve and a desire to seek accommodation with China, which can largely be on the latter’s terms. With budgetary stress and a withdrawal syndrome prevailing in Washington, the “pivot” may well decline or even fade away in coming months. The interests of regional stability can be served only if the US stands firm behind what is aptly described as its most consequential strategic choice of the day: to maintain strong security commitments in the Asia-Pacific.²⁶

India has traditionally been cautious about forays into regional geo-politics, but that reticence is gradually disappearing. The South China Sea issue has directly facilitated this change.

India’s mercantile trade has grown to 41 per cent of GDP (2011).²⁷ In 2012, almost one-third of India’s trade was with economies in East Asia and more than half of India’s trade (55 per cent) with the Asia-Pacific is conducted through the South China Sea.²⁸ In 2011, China warned India’s ONGC that its offshore exploration activities in Vietnam were illegal and violated China’s sovereignty.²⁹ That was also the year when India and Vietnam signed a three-year deal covering investment and co-operation in energy exploration, production and refining. ONGC has been working in the region for the past 30 years,³⁰ and India’s response was to stand its ground.

As the China-Philippines confrontation over the Scarborough Shoal grew in 2012, the Indian Foreign Office spokesman took the unusual step of stating that the “maintenance of peace and security in the region is of vital interest to the international community. India urges both countries to exercise restraint and resolve the issue diplomatically according to principles of international law.”³¹ At ASEAN/EAS summits, India joined others in demanding freedom of

23 “The U.S. Defense Rebalance to Asia,” As Prepared for Delivery by Deputy Secretary of Defense Ashton B. Carter, *Center for Strategic and International Studies*, Washington, D.C., Monday, April 08, 2013.

24 Ibid.

25 Banyan, “Pivotal concerns,” *The Economist*, May 11, 2013, available at <http://www.economist.com/news/asia/21577369-call-it-pivot-or-rebalancing-americas-pacific-policy-looks-little-wobbly-pivotal-concerns>.

26 Stephen G. Brooks, G. John Ikenberry, and William C. Wohlforth, “Don’t Come Home, America: The Case against Retrenchment,” *International Security*, Vol. 37, No. 3 (Winter 2012/13).

27 Nirupama Rao, “Maritime Dimensions of India’s Foreign Policy,” *National Maritime Foundation*, July 28, 2011, available at <http://meaindia.nic.in/myprint.php?id=190017885&d=27&sz=c&m=&y=&pg=&flg=&searchdata1=>.

28 Amit Singh, “South China Sea Dispute and India,” *SAEA Group Research*, September 25, 2011, available at <http://saeagroup.com/articles/2011/sept/south-china-sea-dispute-and-india.html>.

29 Rakesh Sharma, “ONGC to Continue Exploration in South China Sea,” *The Wall Street Journal*, July 19, 2012, available at <http://online.wsj.com/article/SB10000872396390444464304577536182763155666.html>.

30 Gireesh Chandra Prasad, “Angry China can’t stop ONGC’s Vietnam hunt,” *The Financial Express*, November 07, 2011, available at <http://www.financialexpress.com/news/angry-china-cant-stop-ongcs-vietnam-hunt/871919>.

31 “India steps into Philippines-China Spat over South China Sea,” *Times of India*, May 11, 2012, available at http://articles.timesofindia.indiatimes.com/2012-05-11/india/31668747_1_chinese-fishing-vessels-south-china-sea-china-s-territory.

Philippine Navy flag officer-in-command Vice Admiral Alexander Pama presents to the media an undated file photo of a Chinese surveillance ship which blocked a Philippine Navy Ship from arresting Chinese fisherman in Scarborough Shoal during a news conference at the Department of Foreign Affairs in Manila on April 11, 2012.



Source: Reuters, April 11, 2012, “Manila summons China’s envoy over South China Sea standoff” by Manuel Mongato*

navigation and maritime access in the South China Sea in accordance with international law. In response to questions about the South China Sea, the Indian Navy Chief, Admiral D.K. Joshi, clarified on December 3, 2012, that India’s primary concern was the “freedom of navigation in international waters”. However, he went on to add, “Not that we expect to be in those waters very frequently, but when the requirement is there for situations where the country’s interests are involved, for example ONGC Videsh, we will be required to go there and we are prepared for that.”³² His matter-of-fact observation raised political hackles but reflected the reality.

Since 2006, when no less than the Chinese Ambassador to India claimed that “the whole of the (Indian) state of Arunachal Pradesh is Chinese territory”, India has faced escalating provocations by China over their unresolved territorial dispute. The list is long but these transgressions continue unabated. Maps contained on China’s passports issued in 2012 showed parts of Indian territory, as well as most of the South China Sea, as part of Chinese territory.

The April 2013 incursion by Chinese PLA troops 19 kilometres deep into Indian territory in the Depsang region of Ladakh has shaken India’s complacency about China’s intentions. While the matter was eventually resolved after a 20-day standoff with the Chinese withdrawing, experts are still perplexed. Minxin Pei, citing Henry Kissinger’s insights on China, has suggested that this seemingly irrational behaviour could be part of a “strategy of offensive deterrence.”³³ Despite

32 Cited in Sandeep Unnithan, “Indian Navy Prepared to Defend its Interest in South China Sea, says Admiral DK Joshi,” *Mail Today*, December 03, 2012, available at <http://indiatoday.intoday.in/story/india-prepared-to-intervene-in-south-china-sea-navy-chief/1/235881.html>.

33 Minxin Pei, “Read between the LAC,” *Indian Express*, May 11, 2013, available at <http://www.indianexpress.com/story-print/1114303/> “PM sends tough signal on Ladakh incursion to Li,” *Times of India*, May 21, 2013, available at http://articles.timesofindia.indiatimes.com/2013-05-21/india/39418226_1_depsang-border-mechanism-incursion.

* available at <http://www.reuters.com/article/2012/04/us-philippines-china-sea-idUSRE83A02G20120411>

agreements to maintain peace and tranquility along the disputed border signed in 1993 and 1996 as well as a 2005 protocol on military CBMs, China's behaviour has not been constrained.³⁴ It is now apparently demanding further accords on military CBMs and, rather disingenuously, has suggested that China wishes to speed up the resolution of the boundary dispute. It can hardly promote prospects for that by surreptitious encroachment into Indian territories.

India has so far insulated deeper engagement with China in various spheres from the boundary dispute. This benign and trusting approach is now in question, given the outcry in the Indian public and media against the Chinese incursion. During the visit of China's new Prime Minister Li Keqiang to New Delhi on May 20, 2013, his Indian counterpart Manmohan Singh made it clear that "the basis for continued growth and expansion of our ties is peace and tranquility on our borders."³⁵ Going forward, it will be difficult for New Delhi to countenance further provocations or attempts to alter the status quo by China without adverse repercussions on its wider relations with China. It may also reorient approaches towards boundary settlement negotiations by demanding the "clarification" of the Line of Actual Control (LAC) and seek greater transparency on China's plans to build a series of dams on the Brahmaputra River.

India has stepped up its strategic partnership with ASEAN in recent months. India and ASEAN have committed to "work together more purposefully for the evolution of an open, balanced, inclusive and transparent regional architecture."³⁶ India has also pledged to intensify its engagement with ASEAN "for maritime security and safety, for freedom of navigation and for peaceful settlement of maritime disputes in accordance with international law."³⁷

Further strengthening of maritime security ties between India and Japan is likely to be another consequence of China's regional assertiveness. And India may also move on strengthening its defence co-operation framework with the US and lift its current restraint on multilateral security activities/exercises in the Indo-Pacific region.

Signalling this new trend, Indian Prime Minister Manmohan Singh outlined India's approach to maritime security issues in the Asia-Pacific and co-operation between India and Japan on May 24, 2013, in the following terms:

"Both India and Japan are important maritime nations. Therefore, safety and security of the sea lanes of communication, especially in the Indian and Pacific oceans, is vital for both countries. India supports freedom of navigation and un-impeded lawful commerce in international waters, and the right of passage in accordance with accepted principles of international law. We believe that where disputes exist, these should be peacefully resolved by concerned parties through negotiations. This is essential for peace and stability in our region."³⁸

34 Indrani Bagchi, "Chinese Incursion Violates 2005 Pact," *Times of India*, May 03, 2013, available at http://articles.timesofindia.indiatimes.com/2013-05-03/india/39008379_1_two-sides-protocol-border-personnel.

35 "PM sends tough signal on Ladakh incursion to Li," *Times of India*, May 21, 2013, available at http://articles.timesofindia.indiatimes.com/2013-05-21/india/39418226_1_depsang-border-mechanism-incursion.

36 "India expands strategic ties with Asean," *Times of India*, December 21, 2012, available at http://articles.timesofindia.indiatimes.com/2012-12-21/india/35952491_1_india-asean-relationship-india-and-asean-nations-asean-community.

37 Ibid.

38 Dr. Manmohan Singh, "PM's Interview with the Japanese Media," *Prime Minister's Office, Government of India*, May 26, 2013, available at <http://pminindia.gov.in/press-details.php?nodeid=1623>.



Source: Reuters, May 29, 2013 *

“India has vital stakes in security, stability and prosperity in the Asia Pacific region. Our shared values (with Japan), our convergent interests and the potential of our economic partnership, anchor our strategic and global partnership. This partnership is indispensable for promoting deeper economic integration, cooperation and connectivity, maritime security and the emergence of a rule based open and balanced regional architecture.”³⁹

During his visit to Japan on May 28-29, 2013, Prime Minister Singh described Japan as a “natural and indispensable” partner in the “quest for stability and peace in the vast region in Asia that is washed by the Pacific and Indian Oceans.”⁴⁰ He also announced an updated version of India’s Look East Policy that is more “strategic” in content,⁴¹ based on three pillars: strengthening regional mechanisms for co-operation and evolving commonly accepted principles for managing differences; promoting wider economic integration and enhanced regional connectivity; and ensuring maritime security across the Indo-Pacific by upholding the principles of freedom of navigation and unimpeded lawful commerce in accordance with international law.⁴²

On its part, Japan has revived its “value-based” diplomacy with ASEAN, harking back to the “arc of freedom and prosperity” approach, which it had followed in 2006-2007 during Prime Minister Shinzo Abe’s earlier term in office. Japan is providing security assistance to the

39 Dr. Manmohan Singh, “PM’s Interview with the Japanese Media,” *Prime Minister’s Office, Government of India*, May 26, 2013, available at <http://pmindia.gov.in/press-details.php?nodeid=1623>.

40 “PM’s statement to the media after meeting the Prime Minister of Japan,” *Prime Minister’s Office, Government of India*, May 29, 2013, Tokyo, Japan, available at <http://pmindia.nic.in/speech-details.php?nodeid=1320>.

41 “PM’s address to Japan-India Association, Japan-India Parliamentary Friendship League and International Friendship Exchange Council,” *Prime Minister’s Office, Government of India*, May 28, 2013, Tokyo, Japan, available at <http://pmindia.nic.in/speech-details.php?nodeid=1319>.

42 “Joint Statement on Prime Minister’s visit to Japan: Strengthening the Strategic and Global Partnership between India and Japan beyond the 60th Anniversary of Diplomatic Relations,” *Prime Minister’s Office, Government of India*, May 29, 2013, Tokyo, Japan, available at <http://pmindia.nic.in/press-details.php?nodeid=1628>.

* available at: <http://in.reuters.com/article/2013/05/29/india-japan-manmohansingh-idINDEE94S08A20130529>

Philippines, Vietnam and Indonesia⁴³ and has made rapid inroads in Myanmar. It is expanding defence and security ties with India, particularly bilateral naval exercises and maritime security co-operation. Abe's concept of a "broader Asia", which integrates India, is coming to fruition.

Indonesia, the largest and most influential ASEAN state, has strongly championed a "dynamic equilibrium" in which all EAS countries have an equal stake in building regional trust and norms through overlapping institutions like the EAS, the ADMM+8 dialogue and the expanded ASEAN Maritime Forum (AMF).⁴⁴ Jakarta has also propagated a new EAS-wide set of legally binding principles to manage regional tensions based on the Treaty of Amity and Cooperation (TAC) and the Bali Principles adopted during the Indonesian presidency of ASEAN in 2011. Holding China to the process of the 2002 Declaration on Conduct in the South China Sea by concluding a binding Code of Conduct is seen by Indonesia as a central element of its ASEAN policy.

A mention must also be made of the role of Australia. Michael Green of CSIS has pointed out that Australia's 2013 defence white paper, which incidentally has been welcomed by China, places emphasis on preventing hostile powers from using coercion in the Indo-Pacific, but surprisingly represents a partial "retreat from attempting to maintain a favourable strategic equilibrium as Chinese power rises."⁴⁵ He goes on to add that "if the Indo-Pacific strategic space is so important and the objective of Australian strategy is to impair hostile coercion strategies in that space, why not explain how Australia will work with other like-minded maritime states facing the exact same challenge? It seems to me that countries like Japan and India merit a more ambitious vision for strategic levels of cooperation, but perhaps this is a case where good manners (not upsetting Beijing) prevented explicit discussion of what should be an obvious dimension of an effective Indo-Pacific strategy."⁴⁶

The lesson one can draw from this ambivalent Australian posture is the importance of not only diagnosing the reasons behind China's aggressive foreign policy and regional assertiveness, but also applying the correct remedies, which lie in bolstering Asian multi-polarity. This process must involve all emerging regional powers, and not be limited to the US and China alone determining regional architecture, as Australia's incumbent Prime Minister Kevin Rudd seems to suggest.⁴⁷

No country can single-handedly shape and sustain the security architecture in Asia. China should join hands with the US, India, Japan and ASEAN to reinvigorate efforts to advance rule-based and balanced multilateral security architecture through the EAS process.

43 Martin Fackler, "Japan Is Flexing Its Military Muscle to Counter a Rising China," *The New York Times*, November 26, 2012, available at <http://www.nytimes.com/2012/11/27/world/asia/japan-expands-its-regional-military-role.html?pagewanted=all>.

44 Gregory Poling, "Dynamic Equilibrium: Indonesia's Blueprint for a 21st Century Asia Pacific," *Center for Strategic and International Studies*, March 08, 2013, available at <http://csis.org/publication/dynamic-equilibrium-indonesias-blueprint-21st-century-asia-pacific>

45 Michael J. Green, "Defense White Paper: One American's View," *Center for Strategic and International Studies*, May 09, 2013, available at <http://csis.org/publication/defense-white-paper-one-americans-view>.

46 *Ibid.*

47 Kevin Rudd, "Beyond the Pivot: A New Road Map for U.S.-Chinese Relations," *Foreign Affairs*, March/April 2013, available at <http://www.foreignaffairs.com/articles/138843/kevin-rudd/beyond-the-pivot>.

Whatever the domestic motivations of China's "core interests"-based territorial assertions across Asia, they appeared to be designed to create new facts on the ground and subvert the status quo through both furtive and overt means. The question is how should we judge China: by its actions or by its rhetoric of "peaceful development"? It strains credulity that China's push on multiple fronts constitutes isolated incidents, which are not part of a concerted strategy sanctioned by the leadership.⁴⁸ In playing up history and China's "victim complex,"⁴⁹ what Chinese leaders conveniently gloss over is the fact that China is hardly alone in having a past where it was exploited and humiliated. If domestic priorities drive China's projection of nationalist power abroad, it may find itself increasingly isolated.⁵⁰

So, we can legitimately raise a "history issue" with China: is it headed towards the resurrection of its past imperial hegemony in East Asia? If so, China's self-created challenges will rise, and hopes of an Asian century marked by widespread regional prosperity will recede.

Along with the need for a Code of Conduct in the South China Sea to prevent irrational or accidental conflict and establish norms based on international law, it is also important to bolster regional power balances. Even if a Code of Conduct is agreed to eventually between China and ASEAN, its efficacy will be contingent on the presence of a "suitable eco-system" under the EAS umbrella.

To paraphrase US historian Walter Russell Mead's preferred prescription, while there can be no containment of China, there can be no hegemonic domination of Asia by China either.⁵¹ China must recognise the inevitability of Asian multi-polarity.

Much depends on US resolve to sustain the "pivot". The US will need to check a growing tendency in Washington to revert to a China-centred Asia policy and to recognise the intrinsic importance of its key regional partners like India and Japan.⁵² Proponents of America's withdrawal from the world should understand that a robust US "pivot" will reduce the growing tendency towards a competitive arms build-up and the likelihood of further nuclearisation of the region. Above all, it will ensure extensive economic benefits to the US from its continued investment in Asia-Pacific security.⁵³ The fundamental logic of the "pivot", as pointed out repeatedly by US leaders, is recognition that America's prosperity and security in the 21st century is heavily dependent on the Asia-Pacific region.

Meanwhile, China would do well to reconsider its strategic choices in the South China Sea and the adverse impact of its intimidation based on self-proclaimed territorial "core interests" that endangers regional stability and security across the Indo-Pacific. The problem is that a China

48 Brahma Chellaney, "Asia Needs a Plan for Checking Beijing's Military Expansion," *The Washington Times*, May 06, 2013.

49 Ely Ratner, "China's Victim Complex," *Foreign Policy*, April 19, 2013, available at http://www.foreignpolicy.com/articles/2013/04/19/china_s_victim_complex.

50 *Ibid.*

51 Nirupama Subramanian, Arvind Sivaramakrishnan and Raghuvir Srinivasan Interview Walter Russell Mead, "Nobody shares Pakistan's vision for Afghanistan," *The Hindu*, August 24, 2012, available at <http://www.thehindu.com/opinion/interview/nobody-shares-pakistans-vision-for-afghanistan/article3813090.ece>.

52 Ernest Bower, "Getting Asia Right: Forget the 'Pivot'," *CSIS Southeast Asia Sit Rep*, May 10, 2013.

53 Stephen G. Brooks, G. John Ikenberry, and William C. Wohlforth, "Don't Come Home, America: The Case against Retrenchment," *International Security*, Vol. 37, No. 3 (Winter 2012/13)



Source: The White house November 17, 2011 (Official White House photo by Pete Souza)*

that is determined to become a power at sea will continue to regard its dominance over the South China Sea as critical.

Intensive diplomacy will be required to secure the elusive Code of Conduct between ASEAN and China. Rebalancing efforts of all EAS countries in that direction is more than a necessity, it is a regional imperative.

Finally, India's emergence as a pan-Asian power, as evidenced by its newly announced willingness to be a net provider of security in its immediate region and beyond,⁵⁴ will have a profound impact on the evolving architecture of security co-operation in Asia, bolstering strategic stability in the emerging geo-political axis of the Indo-Pacific. The deployment of Indian Navy ships in May-June 2013 on visits to Malaysia, Vietnam and the Philippines, described as "constructive engagement" to enhance regional security, is perhaps an indicator of future trends. It remains to be seen if India is prepared to walk the new talk.

54 "PM's Speech at the Foundation Stone Laying Ceremony for the Indian National Defence University at Gurgaon," *Prime Minister's Office, Government of India*, May 23, 2013, available at <http://pmindia.nic.in/speech-details.php?nodeid=1316>.

* available at http://www.whitehouse.gov/sites/default/files/imagecache/gallery_img_full/image/image_file/p111711ps-1072.jpg

IV. i

EAST ASIA SUMMIT MEMBER STATES: MILITARY BALANCE

Graham Palmer

The data presented here is intended to show the military context in which the maneuvering and negotiations over the South China Sea are unfolding. Although all-out war is of course unlikely, the hard power that underpins the behavior of each nation is still important to consider when analysing recent developments and the likely course of events to come. In terms of total military manpower, China has substantially more personnel at its disposal than any other country, fielding 854,550 more men than even India, the next largest military of the East Asia Summit member states. When only ASEAN + 3 (the ASEAN countries plus China, South Korea, and Japan) countries are considered, China has fully 44 per cent of the total military manpower. No other ASEAN+3 country except South Korea has a military that is even a quarter of the size of China's, and South Korean forces, of course, are focused on the North Korean threat.

An important caveat to this data is that it focuses on quantity without regard to the quality of forces. Japan's forces, for instance, are well equipped to secure the Japanese homeland, even though they may be numerically smaller than South Korea's forces. Furthermore, it is important to remember that although "ASEAN + 3" is a common moniker for this group of countries, ASEAN does not have a unified military policy, nor is ASEAN military unity by any means guaranteed, as ASEAN's failure to issue a joint statement after its 2012 Summit clearly illustrated. This reality makes China's military advantage even more relevant. Taken together, the ASEAN countries are militarily weaker than China, but considered separately, the disparity is much more dramatic.

China's preponderance of strength among the "ASEAN + 3" nations is borne out among each branch of military power as well: China's army personnel, total ships, total submarines, and total aircraft number twice those of any other ASEAN+3 nation. China is also the only ASEAN+3 nation with an aircraft carrier besides Thailand, and the Thai aircraft carrier HTMS Chakri Naruebet is used mainly for carrying the Thai royal family rather than for military missions.¹ China's aircraft carrier, the *Liaoning*, was commissioned in September 2012. Although it

1 Walter Hickey and Robert Johnson, "These Are the 20 Aircraft Carriers in Service Today," *Business Insider*, August 9, 2012, available at <http://www.businessinsider.com/the-20-in-service-aircraft-carriers-patrolling-the-world-today-2012-8?op=1>.

is not expected to carry an operational air wing until approximately 2015, China's ongoing development of carrier capabilities is a sign of the country's growing interest in the ability to project maritime power effectively.² Given this state of affairs, China's recent moves to claim the South China Sea as a "core interest" are hardly surprising, nor is its preference for regional architecture structured around the ASEAN + 3 powers.

When the militaries of the East Asia Summit (EAS) member states are considered, China's military preponderance markedly decreases. Overall, China's share of total military manpower falls from 44 per cent to 30 per cent. This difference is even more apparent when the separate branches of the military are compared.

In terms of total ships, China has 32 per cent of the total for ASEAN+3, and only 26 per cent of the total for the EAS nations. Numerically, this is not a huge difference, and China still has more than double the total number of ships of any EAS member nation. In the most prominent indicators of naval force projection ability, however, China is nowhere near as preponderant. Although China has more submarines than any other power, the difference is not dramatic: China has 71 submarines, USPACOM has 40, and Russia has 59. In addition, only nine of China's submarines are nuclear powered as compared to 40 for USPACOM and 39 for Russia. Of course, this information must be processed while keeping in mind that Russia's current strategic interests may align more closely with China than with those of other EAS member states. Most strikingly, China has only one aircraft carrier while USPACOM has five and India and Russia each have one (while Russia once had several aircraft carriers, many have been decommissioned and sold to other countries, including the former *Gorshkov* which will become India's *INS Vikramaditya*).³ There is a coinciding disparity in naval aviation capability, as USPACOM has 2,000 naval aviation aircraft, almost four times as many as any other EAS member nation (China has 527). When looking at naval aviation data, however, it is important to keep in mind that some countries, such as Myanmar, have no naval aviation aircraft but do operate substantial numbers of Air Force aircraft.⁴

Even so, China's regional preponderance is most dramatically affected in terms of Air Force capability when EAS member states are considered as opposed to ASEAN+3 nations. China has 40 per cent of the aircraft of ASEAN+3 Air Forces, but only 22 per cent of the EAS member states total Air Force aircraft. Out of the EAS member states, China's Air Force has less aircraft than Russia's, and India's Air Force is over half the size of China's. In contrast, China's Air Force is over three times larger than that of the next largest in ASEAN + 3, the Japan Air Self Defence Force.

2 Ronald O'Rourke, "China Naval Modernization: Implications for US Navy Capabilities – Background and Issues for Congress," *Congressional Research Service*, July 5, 2013, available at <http://www.fas.org/sgp/crs/row/RL33153.pdf>.

3 Manu Pubby, "Russian-Built Aircraft Carrier INS Vikramaditya Ready to Sail, Finally," *Indian Express*, July 12, 2013, available at <http://www.indianexpress.com/news/russianbuilt-aircraft-carrier-ins-vikramaditya-ready-to-sail-finally/1140744/>.

4 In these graphs, "naval aviation aircraft" refers to aircraft under the operation of the country's Navy. In the case of New Zealand, the Defence White Paper lists five helicopters as under the maintenance of the Air Force but the operation of the Navy. They have been listed here as naval aviation aircraft. Similarly, aircraft under the command of the US Pacific Fleet are listed as naval aviation aircraft, although some may be maintained by the US Air Force.

Crucially, the numbers incorporated into these graphs for the US, Russia, Japan, and India are based on the total assets of the entire US Pacific Command and the entire Russian, Japanese, and Indian militaries. These militaries can only influence the situation to the extent that they have the capacity to project force into the region. In response to India's strategic situation, most of India's forces are deployed in the Bay of Bengal, the Arabian Sea, and the Indian subcontinent. Japan, constrained by historical factors, must keep nearly all of its forces deployed in a self-defence posture, and has limited ability to project force beyond Japan. Russia must split its forces between East Asia and other interests in Central Asia and Eastern Europe, and, as noted previously, Russia's interests, to some extent, may coincide with China's. USPACOM is dedicated to the Pacific region, but many of its forces are deployed closer to American territories. For example, although USPACOM encompasses five aircraft carriers, only one is forward deployed to Asia, the USS George Washington with the Seventh Fleet in Japan.⁵ In light of these constraints, EAS member states will need to credibly signal that they are willing to project force into the area if they hope to influence China's calculations in the South China Sea.

As Amb. H.K. Singh has concluded in his preceding paper on South China Sea issues, "no one country can single-handedly shape and sustain the security architecture in Asia." The data presented here provides a military context for that statement. If China does not have to account for the strength of the EAS member states, especially the US, India, and Russia, it has an overwhelming military preponderance in the region. China thus has few consequences to fear from asserting its interests in the South China Sea, provided China distrusts the commitment of other EAS member states to the region. If the US can demonstrate the strength of its "pivot" and India can follow through on its recently stated willingness to become a net security provider for the region, however, the military backdrop changes. China's military dominance within the member states of the EAS is not nearly as pronounced, and in the context of fully engaged EAS member states, it may be more willing to negotiate a Code of Conduct and follow rules-based architecture for the South China Sea.

It is, therefore, essential that all of the EAS members demonstrate commitment to the region in order to provide the strategic context within which a "rule-based open and balanced regional architecture"⁶ can develop in Asia.

5 "United States Navy Fact File: Aircraft Carriers – CVN," *United States Navy*, October 23, 2012, available at http://www.navy.mil/navydata/fact_display.asp?cid=4200&tid=200&ct=4.

6 Dr. Manmohan Singh, "PM's Interview with the Japanese Media," Prime Minister's Office, Government of India, May 26, 2013, available at <http://pmindia.gov.in/press-details.php?nodeid=1623>.

Chart 4: Total Active Military Strength

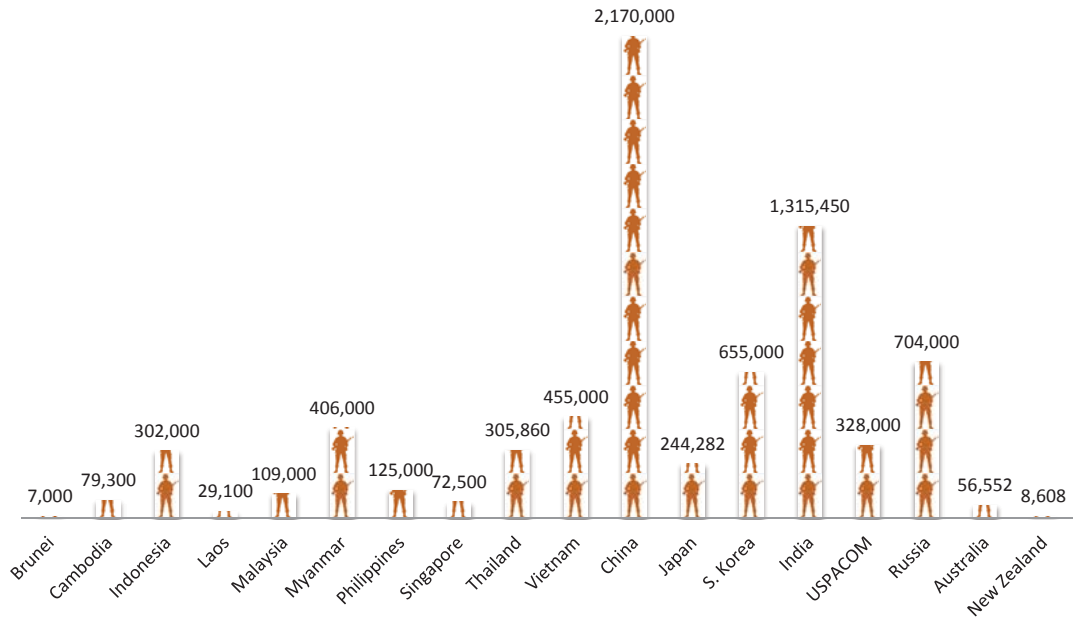


Chart 5: Army Strength (Active Personnel)

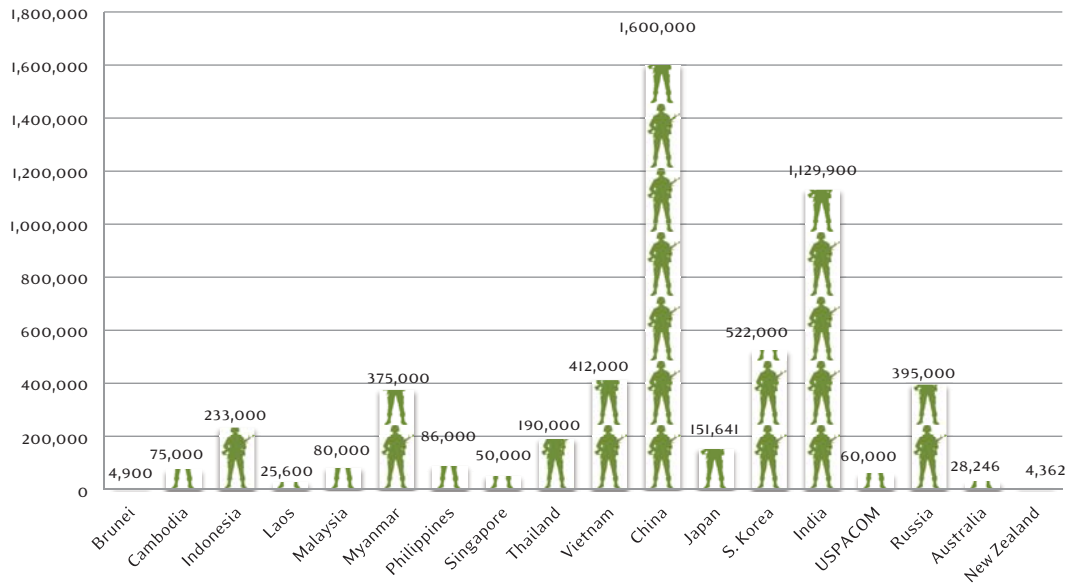


Chart 6: East Asian Summit Member States Total Ships

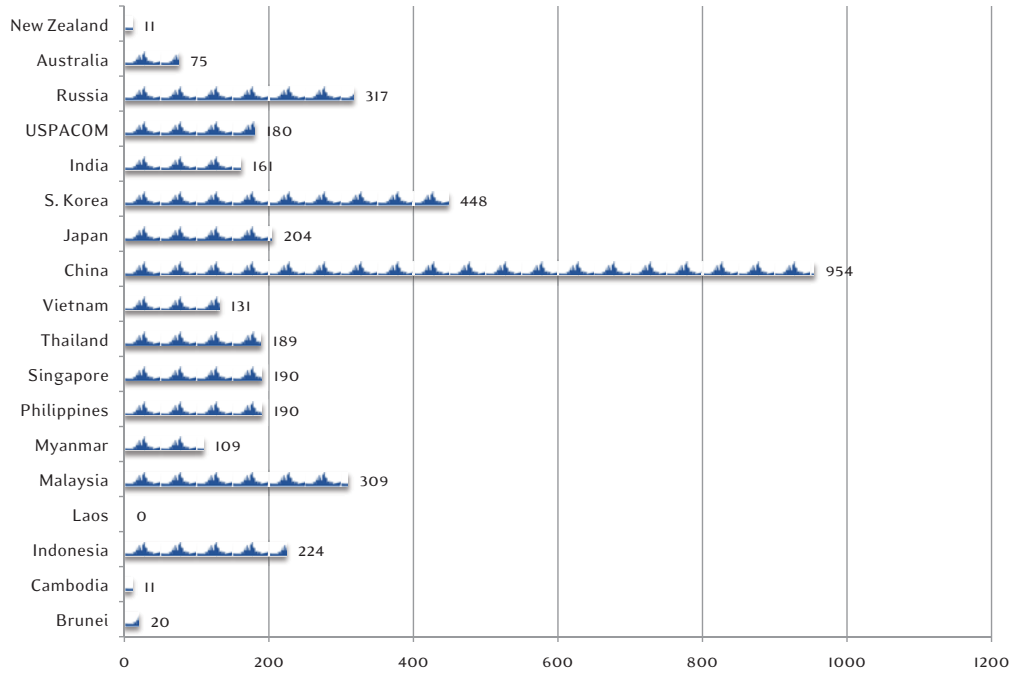


Chart 7: Submarines

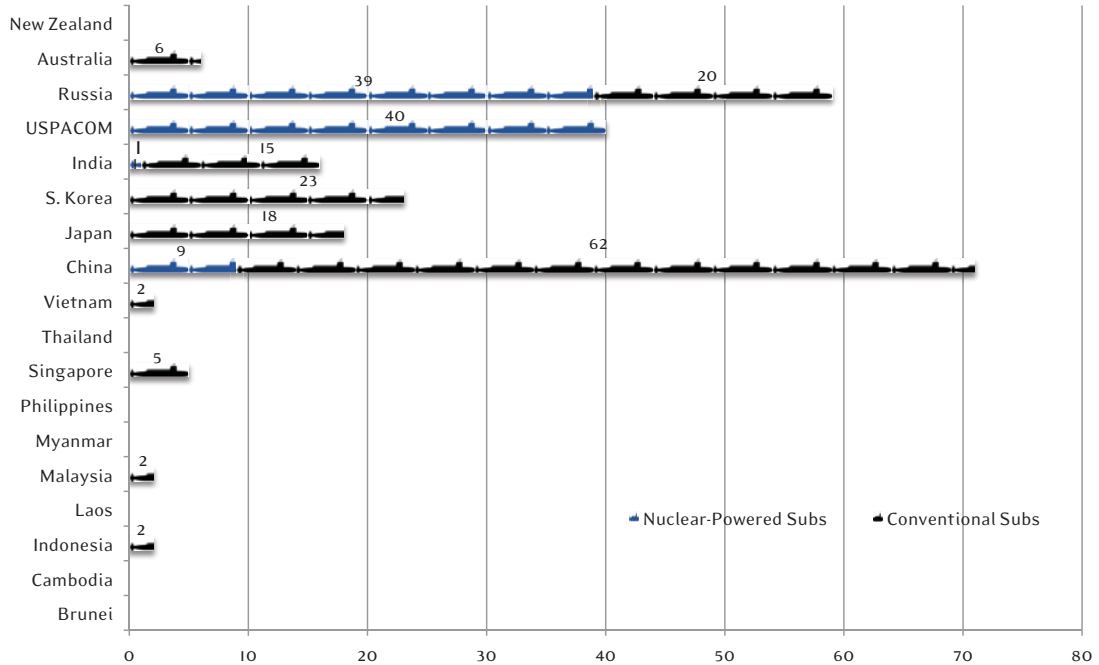


Chart 8: Aircraft Carriers

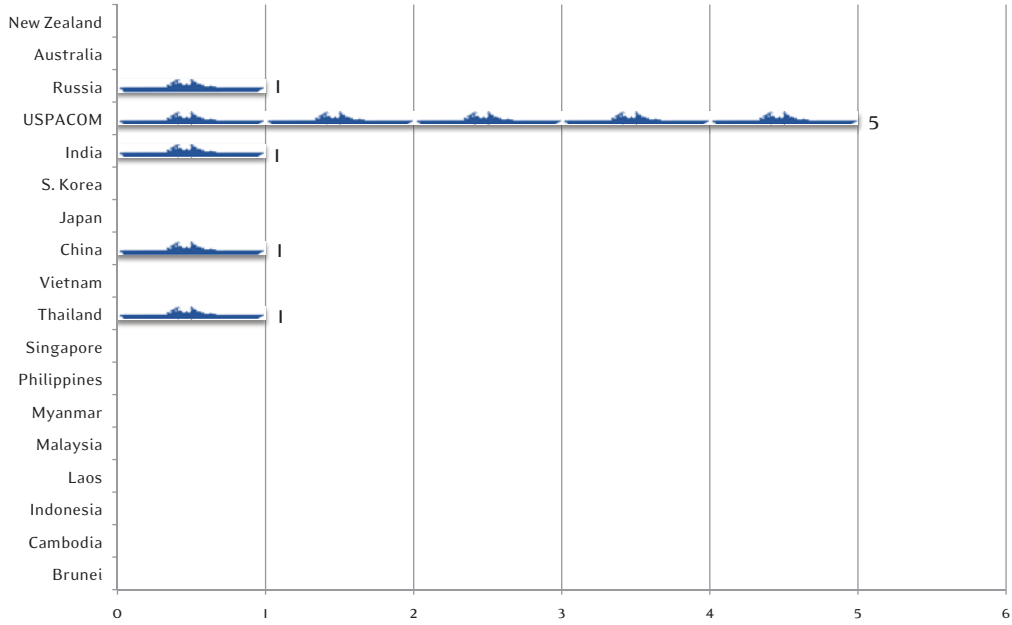


Chart 9: Naval Aviation Aircraft (Including Helicopters)

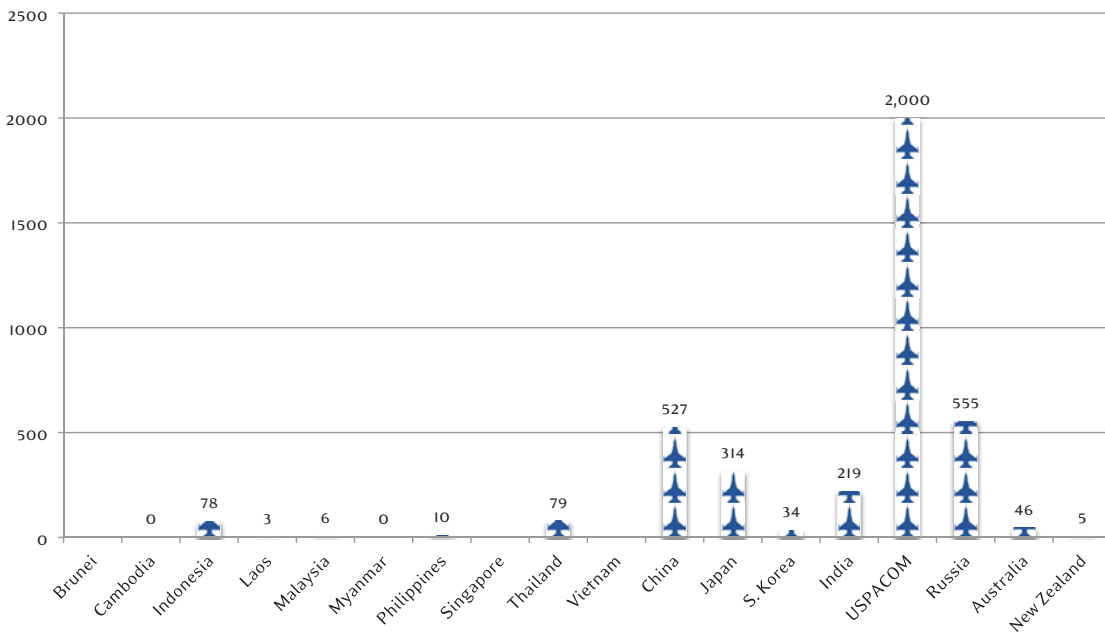
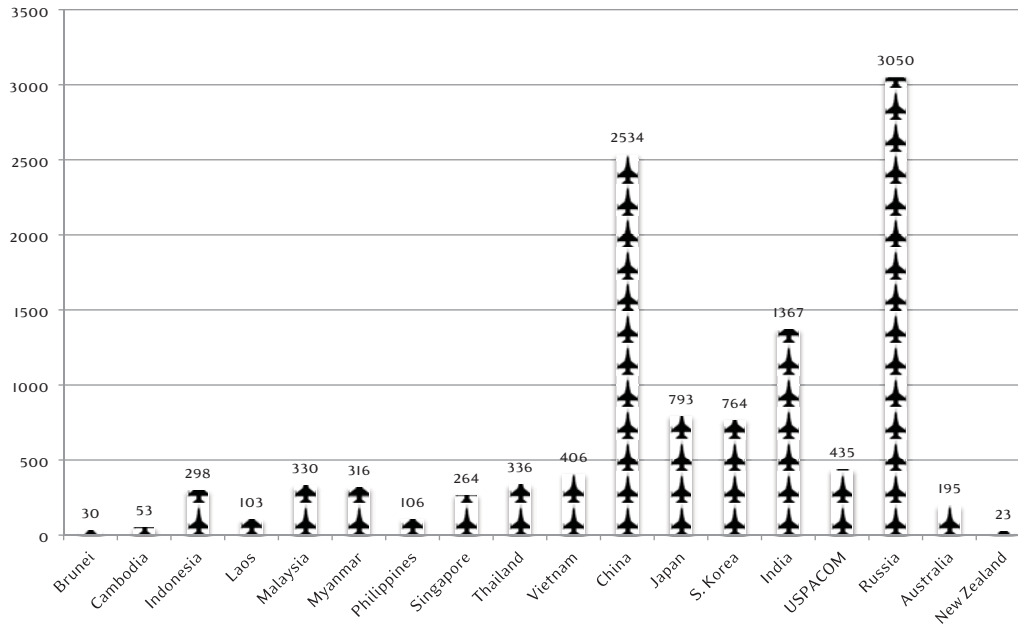


Chart 10: Air Force Aircraft (Including Helicopters)



Information in these charts and analysis is drawn primarily from “The Military Balance in Asia: 1990-2011, A Quantitative Analysis” by Anthony Cordesman and Robert Hammond, Center for Strategic and International Studies, May 16, 2011, available at http://csis.org/files/publication/110516_South_Asia-AsiaMilitaryBalance2011.pdf.

Information on Brunei forces is drawn from “The Military Balance 2010,” International Institute for Strategic Studies, 2010.

Information on US Pacific Command (referred to in these charts as USPACOM) is drawn from “USPACOM facts,” US Pacific Command, 2013, available at <http://www.pacom.mil/about-uspacom/facts.shtml>. Note that this includes US forces stationed in Hawaii, Australia, and most US forces in Alaska and the US West Coast (assigned to USPACOM). USPACOM provides estimates only, and the numbers may include some civilian personnel assigned to USPACOM.

Information on US submarines is drawn from basing data in “The Submarine,” United States Navy, 2013, available at <http://www.navy.mil/navydata/ships/subs/subs.asp>.

Information on New Zealand forces is drawn from “2013 Executive Overview of the New Zealand Defence Force,” New Zealand Defence Force, February 2013, available at <http://www.nzdf.mil.nz/downloads/pdf/public-docs/2013/executive-overview-of-the-defence-force.pdf>.



THE EVOLUTION OF THE EAST ASIA SUMMIT: COMPETING INTERESTS AND MULTIPLE APPROACHES

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ASEAN was formed on August 08, 1967, and by 1999, its membership expanded to include all the 10 countries in Southeast Asia.¹ While ASEAN evolved into a vibrant regional organisation in Southeast Asia, growing interdependence prompted the need for a wider regional community for East Asia. It was this need that spawned various frameworks such as ASEAN+3, East Asia Summit and so on. These have been initiated at different points of time with varying agendas, and gradually have acquired a trajectory of their own. Many of these frameworks, if not all, were also guided by the hope that they would lead to a vibrant regional organisation that would address peace, security and prosperity in East Asia. These multiple conceptualisations were the product of a complex interaction between national interests, growing interdependence, the need to address power-imbalances and visionary leadership. An examination of various initiatives for regional community building shows a constant tussle between those that call for open-regionalism and those that advocate the need for closed-regionalism. This paper seeks to map the evolution of the idea of the East Asian community, culminating in the East Asia Summit. In the process, the paper also demonstrates that anxieties about power-imbalances played a significant role in determining the trajectory of such concepts.

APEC and the East Asian Economic Group

Asia Pacific Economic Co-operation (APEC) is one of the oldest frameworks that seek to facilitate co-operation across the Asia-Pacific region. The idea of APEC was first mooted in January 1989 by the then Australian Prime Minister Mr. Bob Hawke. The first APEC Summit was organised in Canberra, Australia during the same year. While APEC does indeed talk about non-traditional security issues, it is essentially a body that focuses on economic co-operation. As the APEC Mission Statement notes, “APEC is the premier Asia-Pacific economic forum.

1 “History,” *ASEAN Secretariat*, 2012, available at <http://www.asean.org/asean/about-asean/history>.

Map 6: APEC Member Economies



Source: Asia-Pacific Economic Cooperation, Wikimedia Commons *

Table 3: APEC Member Economies

APEC MEMBER ECONOMIES	
Australia	Mexico
Brunei Darussalam	New Zealand
Canada	Papua New Guinea
Chile	Peru
People's Republic of China	The Philippines
Hong Kong, China	Russia
Indonesia	Singapore
Japan	Chinese Taipei
Republic of Korea	Thailand
Malaysia	The United States
	Vietnam

Our primary goal is to support sustainable economic growth and prosperity in the Asia-Pacific region.”² It is also interesting that APEC notes that it has 21 “member economies,” and “the word ‘economies’ is used to describe APEC members. This is because the APEC co-operative process is predominantly concerned with trade and economic issues, and members engage with one another primarily as “economic entities.”³

Given its emphasis on economic issues, the possibility of APEC turning into a full-fledged regional community is limited. Moreover, the possibility of APEC evolving into a genuinely effective organisation for East Asia tends to be constrained by its eclectic membership base (with countries such as Mexico, Chile and Peru), which makes it more of a trans-Pacific rather than an inter-Asian process.⁴

APEC, an Australian idea, received significant support from Washington. This created apprehensions in Southeast Asia that APEC might usurp ASEAN’s role in regional economic co-operation, exposing ASEAN member states to the domination of states outside the region.⁵ Such concerns naturally spurred the leadership in the Southeast Asian region to look for an alternative, expansive and locally rooted concept of regional co-operation.

Malaysian Prime Minister Mahathir Mohamad was one of the first advocates of the need for a regional institutional framework that would encompass the whole of East Asia. Interestingly,

2 “Mission Statement,” *Asia Pacific Economic Cooperation*, available at <http://www.apec.org/About-Us/About-APEC/Mission-Statement.aspx>

3 “Member Economies,” *Asia Pacific Economic Cooperation*, available at <http://www.apec.org/About-Us/About-APEC/Member-Economies.aspx>.

4 Shulong Chu, “The East Asia Summit: Looking for an Identity,” *Brookings Northeast Asia Commentary*, February 2007, Number 6 of 65.

5 Yoji Akashi, “An ASEAN Perspective on APEC,” *Kellogg Institute Working Paper*, No. 240 – August 1997, p.3, available at <http://kellogg.nd.edu/publications/workingpapers/WPS/240.pdf>.

* available at http://en.wikipedia.org/wiki/File:Asia-Pacific_Economic_Cooperation_nations.svg

Dr. Mahathir first proposed the need for an East Asian Economic Group (EAEG) at a banquet hosted in honour of Chinese Prime Minister Li Peng in December 1990.⁶ Mahathir's EAEG was to include all the ten countries of ASEAN plus China, Japan and Korea. The purpose of the grouping was to bolster the voice of ASEAN countries in the light of the emergence of regional trading blocs in North America and Europe. He argued: "We felt such an East Asian group was necessary because the smaller countries of Southeast Asia, even when we acted as the ASEAN Group, were no match for the European Union and the countries of the North American Free Trade Agreement (NAFTA) when negotiating trade and other economic matters. Together with the three northeast Asian countries, however, the small economies of Southeast Asia would have sufficient clout to get a fair deal from Europe and North America."⁷ The idea of the East Asian Economic Group was later rechristened as the East Asian Economic Caucus at the ASEAN economic ministers meeting in October 1991 and was discussed at the ASEAN Summit in Singapore in 1992. As the Summit statement notes:

"ASEAN recognizes the importance of strengthening and/or establishing cooperation with other countries, regional/multilateral economic organizations, as well as Asia-Pacific Economic Cooperation (APEC) and an East Asian Economic Caucus (EAEC). With regard to APEC, Asean attaches importance to APEC's fundamental objective of sustaining growth and dynamism in the Asia-Pacific region. With respect to the EAEC, Asean recognizes that consultations on issues of common concern among East Asian economies, as and when the need arises, could contribute to the expanding cooperation among the region's economies, and the promotion of an open and free global trading system."⁸

It is interesting that the above statement notes that the EAEC requires further consultations and is referred to in the context of APEC. This was a consequence of growing criticism of the EAEC as a concept that would undermine APEC by dividing the Asia-Pacific region. The United States responded sharply by stating that it would oppose any plan that "drew a line down the middle of the Pacific and placed the United States on the other side of that line."⁹ The Australians also noted that the EAEC would divide the "region into two camps – Asia and rest of the Asia-Pacific region."¹⁰ There was an opinion that Mahathir Mohamad's idea of an East Asian Economic Caucus was to be a Caucus without the Caucasians (United States, Australia and New Zealand).¹¹ Given the response of the US, an ally and significant trade

6 Li Xiaokun, "China open to Unified East Asia Proposal," *China Daily*, September 29, 2009, available at http://www.chinadaily.com.cn/china/2009-09/29/content_8749060.htm.

7 Dr. Mahathir Mohamad, "Let Asians Build Their Own Future Regionalism," *Global Asia*, Vol.1, No.1, available at http://globalasia.org/pdf/issue1/Mahathir_GA11.pdf.

8 Dr. Stephen Leong, "The Road to East Asian Community," The 14th Osaka City University (OCU) International Academic Symposium Co-organised by the Delegation of the European Commission to Japan, October 27-29, 2006, available at http://www.isis.org.my/attachments/378_The_Road_to_East_Asian_Community.pdf.

9 As cited in Claude Barfield, "The United States and East Asian Regionalism: Competing Paths to Integration," *International Journal of Korean Studies*, 2012, Fall, Vol. XVI, No. 2, p. 158, available at http://www.aei.org/files/2013/01/08/-the-united-states-and-east-asian-regionalism-competing-paths-to-integration_145424278672.pdf.

10 "Standing Up for Australia," *Asia Week*, November 30, 2000, available at <http://www.cgi.cnn.com/ASIANOW/asiaweek/96/0809/nat4.html>.

11 Graeme Dobell, "Mahathir Agrees he was a 'recalcitrant,'" *The Interpreter*, October 21, 2011, available at <http://www.lowyinterpreter.org/post/2011/10/21/Mahathir-agrees-I-am-a-recalcitrant.aspx>

partner, Japan and Korea responded coldly to the EAEC idea. China was also apprehensive about the EAEC as it was worried that Taiwan and Hong Kong would be admitted into the Caucus.¹² Even within ASEAN, countries such as Indonesia were not comfortable with the idea of the EAEC. While Indonesia did not prevent ASEAN from endorsing the EAEC, it reportedly conveyed its discomfort “with Malaysia’s springing the proposal by surprise in late 1990, then bulldozing it through ASEAN meetings to be accepted as a regional plan.”¹³ More importantly, Malaysia’s proposal went against Indonesia’s and Japan’s regional approach, as both these countries were keen on bringing the US into regional frameworks for security and economic gains.¹⁴ On the other hand, Mahathir’s EAEC was aimed at keeping the United States out of East Asian regional frameworks. In order to overcome growing resistance and apprehensions, the ASEAN Ministerial Meeting in Singapore noted, “Foreign Ministers consider that the ASEAN Economic Ministers Meeting (AEM) would be the appropriate body to provide support and direction for the EAEC, taking into account that the prospective members of EAEC are also members of APEC. Pursuant to this, the Foreign Ministers agreed that the EAEC is a caucus within APEC.”¹⁵ By making it a forum for discussion within APEC, ASEAN all but performed the last rites of the EAEC.

The articulation of the EAEG/EAEC indicated the end of Cold War concepts and the need to have a trade bloc in East Asia that would measure up to trade blocs elsewhere in the world. It was an indication of the need to shift from containment postures to fostering growth through trade blocs. However, creating and sustaining a trade bloc also involves factoring in regional and global power dynamics and the EAEG/EAEC articulation failed in responding to such requirements. The EAEC, which sought to evolve into a counter-weight against APEC, morphed into a mere forum in the APEC framework. The burial of the EAEC revealed the necessary conditions for a future arrangement. It also showed that there were countries within ASEAN and in the Pacific that were keen on having inclusive regional frameworks, but objected to frameworks that drew rigid boundaries and kept important players out of the process.

ARF: Size, Diversity and Issues of Sovereignty

A significant framework that had a wider membership base was the ASEAN Regional Forum (ARF) initiated in 1994. Prior to the ARF, there was no region-wide forum to discuss security matters in East Asia, and with 27 member countries, the ARF provides a multi-track platform that facilitates greater interactions between officials, the academic community and civil society.¹⁶ The ARF sought to address the political and security issues in the region through a three-stage

12 Michael Richardson, “Japan Straddles Fence on Issue of East Asia Caucus,” *The New York Times*, July 26, 1994, available at <http://www.nytimes.com/1994/07/26/business/worldbusiness/26iht-caucus.html>.

13 “Indonesian Softens EAEC Plan,” Excerpt from material received by Task Force Indonesia, January 16, 1992, available at <http://www.library.ohiou.edu/indopubs/1992/01/16/0006.html>.

14 Kai He, *Institutional Balancing in the Asia Pacific: Economic interdependence and China’s Rise*, (New York: Routledge, 2009), p. 141.

15 “Joint Communique of the Twenty-Sixth ASEAN Ministerial Meeting Singapore,” ASEAN, July 23-24, 1993, available at <http://www.asean.org/communities/asean-political-security-community/item/joint-communique-of-the-twenty-sixth-asean-ministerial-meeting-singapore-23-24-july-1993>.

16 Dominik Heller, “The Relevance of the ASEAN Regional Forum (ARF) for Regional Security in the Asia-Pacific,” *Contemporary Southeast Asia*, Vol. 27, No. 1 (April 2005), p.135

process: first, promotion of confidence-building measures; second, development of preventive diplomacy mechanisms; and third, development of conflict-resolution mechanisms.¹⁷ Such clear articulation of a multi-stage process generated anticipation that the ARF would play a significant role in addressing traditional and non-traditional security issues through preventive diplomacy (PD). ARF did make some progress in confidence building measures such as the publication of an Annual Security Outlook. However, the size and the diversity in membership was a significant obstacle in generating consensus on preventive diplomacy mechanisms. This was further compounded by an emphasis within the ARF on “decision-making by consensus, non-interference, incremental progress and moving at a pace comfortable to all.”¹⁸ The issue of sovereignty and its possible compromise acted as a constraint on the development of effective PD mechanisms. While countries such as Japan argued for identifying PD measures (such as an enhanced role for the ARF chair in responding to various crises), China and other ASEAN countries were reportedly in favour of clearly defining the principles and concept of PD.¹⁹ The size and diversity of membership and the conflicting notions of sovereignty that marked the interactions of ARF states effectively scuttled the emergence of preventive diplomacy and prompted the need to look for a new security architecture in East Asia. The ARF demonstrated the challenges that face an organisation that insists on taking decisions in a consensual manner but encompasses a wide membership.

Table 4: ARF Member State

ARF Member States	
1	Australia
2	Bangladesh
3	Brunei Darussalam
4	Cambodia
5	Canada
6	China
7	Democratic People’s Republic of Korea (North Korea)
8	European Union
9	India
10	Indonesia
11	Japan
12	Lao PDR
13	Malaysia
14	Mongolia
15	Myanmar
16	New Zealand
17	Pakistan
18	Papua New Guinea
19	Philippines
20	Republic of Korea (South Korea)
21	Russian Federation
22	Singapore
23	Sri Lanka
24	Thailand
25	Timor-Leste
26	United States
27	Vietnam

ASEAN + 3: Regional Co-operation and Regional Competition

While the ARF focused on non-traditional security issues and had a wide membership base, ASEAN + 3 (APT) sought to focus on economic issues with a narrower membership strictly confined to ASEAN + 3 (China, Japan, and South Korea). It should be noted that the Asia-Europe Meeting (ASEM) partnership was initiated in 1996 by ASEAN, China, Japan and S.

17 “Chairman’s Statement of the 1st Meeting of the ASEAN Regional Forum,” ASEAN, July 25, 1994, available at <http://aseanregionalforum.asean.org/library/arf-chairmans-statements-and-reports/132.html>.

18 “Chairman’s Statement of the 10th Meeting of the ASEAN Regional Forum,” ASEAN Regional Forum, Phnom Penh, June 18, 2003, available at <http://aseanregionalforum.asean.org/library/arf-chairmans-statements-and-reports/173.html>.

19 For a detailed discussion on these issue, please see Takeshi Yuzawa, “The Evolution of Preventive Diplomacy in the ASEAN Regional Forum: Problems and Prospects,” *Asian Survey*, Vol. 46, No. 5, September/October 2006.

Korea were invited to be part of the ASEM partnership, which indicated the probable emergence of ASEAN + 3 based regional frameworks. However, it was the Asian Financial Crisis (AFC), in 1997, which had a profound impact on thinking pertaining to East Asian Regionalism. The rapid spread of the financial crisis demonstrated to the East Asian countries the scale of interdependence amongst their ranks and the need for collaborative action. There was a strong opinion among them that the IMF and the US exacerbated the crisis, misdiagnosing its causes and offering inappropriate solutions.²⁰ For instance, IMF conditions such as spending cuts, tax increases, bank closures and tight monetary policy in return for a loan of \$10 billion to Indonesia resulted in the contraction of the Southeast Asian economy by 13 per cent in 1998.²¹ As a consequence, the Asian Financial Crisis generated deep suspicion of global institutions such as the IMF and the role of the US in East Asia came under greater critical scrutiny.

In this context, there were apprehensions that China would devalue its currency, resulting in Chinese exports becoming cheaper in international markets, thus prompting further currency devaluation across East Asia and plunging the region into a deeper financial crisis.²² Instead, China refrained from devaluing its currency and instead mobilised its foreign currency reserves to assist countries in the region, thereby facilitating the stabilisation of regional economies.²³ These actions were appreciated by Southeast Asian countries. It was this dual dynamic – the demonstration of intense interdependence by the AFC and the failure of international institutions to respond effectively – that prompted the countries in East Asia to look at ASEAN + 3 frameworks even more closely.

It was in December 1997 that the first ASEAN + 3 Summit was held in Kuala Lumpur, Malaysia, and the areas of APT co-operation have since expanded and deepened over the years to include food security, energy security, the environment and sustainable development.²⁴ However, the core of ASEAN + 3 has been financial co-operation.

On May 06, 2000, the finance ministers of the ASEAN + 3 came together in Chiang Mai, Thailand, to explore possibilities of greater financial consolidation. The ministers stated their intention to co-operate on monitoring capital flows, to establish a regional financing arrangement to supplement existing international facilities, and to establish a network of research and training institutions.²⁵ More importantly, they announced the Chiang Mai Initiative:

20 Richard Stubbs, “ASEAN Plus Three: Emerging East Asian Regionalism?” *Asian Survey*, May/June 2002, Vol. XLII, No.3.

21 Analysis: Aid Recipients Welcome IMF’s Shift on Austerity,” *Reuters*, October 14, 2012, available at <http://www.reuters.com/article/2012/10/14/us-imf-aid-admission-idUSBRE89D0GQ20121014>.

22 Wayne M. Morrison, “China’s Response to the Global Financial Crisis: Implications for U.S. Economic Interests,” *CRS Report for Congress*, ... available at <http://congressionalresearch.com/98-220/document.php?study=CHINAS+RESPONSE+TO+THE+ASIAN+FINANCIAL+CRISIS+IMPLICATIONS+FOR+U.S.+ECONOMIC+INTERESTS>.

23 Ming Xia, ““China Threat” or a “Peaceful Rise of China”?” *The New York Times*, available at <http://www.nytimes.com/ref/college/coll-china-politics-007.html>.

24 “Overview: ASEAN Plus Three Cooperation,” ASEAN, October 23, 2012, available at <http://www.asean.org/asean/external-relations/asean-3/item/asean-plus-three-cooperation>.

25 “The Joint Ministerial Statement of the ASEAN + 3 Finance Ministers Meeting, May 6, 2000, Chiang Mai, Thailand,” *Ministry of Foreign Affairs*, Japan, available at http://www.mof.go.jp/english/international_policy/convention/asean_plus_3/20000506.htm.

“As a start, we agreed to strengthen the existing cooperative frameworks among our monetary authorities through the “Chiang Mai Initiative”. The Initiative involves an expanded ASEAN Swap Arrangement that would include ASEAN countries, and a network of bilateral swap and repurchase agreement facilities among ASEAN countries, China, Japan and the Republic of Korea.”²⁶

Leaders pose before the ASEAN Plus Three Commemorative Summit in November 2012.



Source: “Official Gazette”, Government of the Philippines *

Given the challenges of the financial crisis, the ASEAN + 3’s Chiang Mai Initiative and other measures went a long way in facilitating financial co-operation among the countries in the region. However, could ASEAN + 3 evolve as a regional community framework for East Asia? The Malaysian leadership portrayed the emergence of ASEAN + 3 as a validation of their efforts to operationalise the EAEC. For instance, Malaysia’s Foreign Minister Syed, referring to ASEAN + 3, said that the East Asia Economic Caucus had been formed and added that “it also reflects how countries in East Asia could accept the setting up of EAEC.”²⁷ From the perspective of China, the emergence of APT frameworks indicated China’s growing willingness to engage in multi-lateral frameworks. And yet, it demonstrated also China’s preference for regional frameworks where other powers such as the US or India were not present at the table.

In spite of these many successes, the prospects of ASEAN + 3 evolving into a full-fledged regional community were rather limited. Countries in the region approached the ASEAN + 3 as a mechanism through which to ‘socialise’ and prevent any one state from taking unilateral

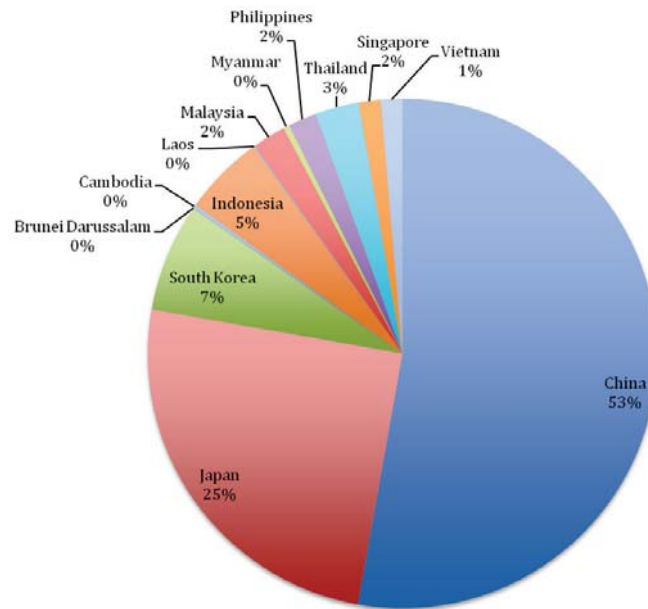
26 “The Joint Ministerial Statement of the ASEAN + 3 Finance Ministers Meeting, May 6, 2000, Chiang Mai, Thailand,” *Ministry of Foreign Affairs*, Japan, available at http://www.mof.go.jp/english/international_policy/convention/asean_plus_3/20000506.htm.

27 Santha Oorjitham, “ASEAN+3 = “EAEC”: Building Ties Across the Region,” *Asia Week*, March 15, 2000, available at <http://www.cnn.com/ASIANOW/asiaweek/foc/2000/03/15/>.

* available at <http://www.gov.ph/21st-asean-summit-and-related-summits-phnom-penh-cambodia/>

decisions that would have regional ramifications.²⁸ Instead, China was focused on China-ASEAN relations and unilaterally proposed a China-ASEAN Free Trade Agreement in 2000.²⁹ As a response, Japan and Korea also moved quickly to negotiate their own respective Free Trade Framework Agreements with ASEAN. While these independent ASEAN + 1 agreements may have contributed to increased economic engagement, it is doubtful if they have contributed to the strengthening of the ASEAN + 3 institutionalisation process.

Chart II: ASEAN+3 GDP Shares



ASEAN + 3 has been primarily an economic co-operation initiative and it has some inherent limitations. Since China and Japan are two big players within the framework (as can be seen in the accompanying chart), their bilateral relationship tends to have a significant impact on the functioning of ASEAN + 3. There were also concerns that the race for regional leadership between China and Japan would destabilise the region and hence, a need was felt to incorporate countries such as India, Australia, New Zealand and if possible the United States.³⁰ On the other hand, many ASEAN countries also had apprehensions about the ASEAN + 3 process. In their opinion, ASEAN + 3 does not provide them with the necessary mechanics to respond to China's rise and also engage and yet maintain a critical distance from it. As Sheng Lijun has noted, "ironically, the more China pushes in deepening its relations with ASEAN, the more ASEAN may feel that it needs a strong relationship with other extra-regional powers to keep the balance."³¹ This is because the enhanced economic relations with China do not seem to be

28 Alice D. Ba, "Who's Socializing Whom? Complex Engagement in Sino-ASEAN Relations," *The Pacific Review*, June 2006, Vol. 19 No. 2 pp.157-179.

29 Benny Cheng Guan Teh, "Japan-China Rivalry: What Role Does the East Asia Summit Play?" *Asia Pacific Viewpoint*, December 2011, Volume 52, Issue 3, pages 348.

30 Yang Razali Kassim, "The Rise of East Asia? ASEAN's Driver Role Key to Ties Between Japan and China," *IDSS Commentaries*, December 22, 2005, available at <http://www.rsis.edu.sg/publications/Perspective/IDSS922005.pdf>.

31 Sheng Lijun, "China and ASEAN in Asian Regional Integration," in Wang Gungwu and Zheng Yongnian eds., *China and the New International Order*, London and New York, Routledge, 2008, p. 270 as cited in Joseph Y.S. Cheng, "China's Regional Strategy and Challenges in East Asia," *China Perspectives*, 2013, No. 2

having positive political spin-offs in terms of addressing various territorial and security issues. The ASEAN countries' desire to address the power-imbalance in the region thus increasingly impacted the contours of the discussion on an East Asia Community.

Closed Regionalism versus Open Regionalism: From ASEAN + 3 to the East Asia Summit

On the suggestion of Kim Dae-jung, President of the Republic of Korea, the ASEAN + 3 in October 1999 established an East Asia Vision Group (EAVG), consisting of intellectuals, to explore the possibility of greater East Asian regional co-operation. The EAVG, submitting its report in October 2001, envisioned an “East Asia moving from a region of nations to a bona fide regional community where collective efforts are made for peace, prosperity and progress.”³² The report identified the following five goals for the formation of an East Asian Community: preventing conflict and promoting peace; closer economic co-operation; advancing human security; bolstering common prosperity; and fostering the identity of an East Asian Community.³³ The EAVG Report also suggested the evolution of the ASEAN + 3 framework into the East Asian Summit.³⁴ The East Asia Study Group (EASG) consisting of government officials, constituted in March 2001, assessed the recommendation of EAVG and the implications of the East Asia Summit. The EASG suggested 17 short-term measures and nine medium-term and long-term measures and opined that the “ASEAN+3 framework remains the only credible and realistic vehicle to advance the form and substance of regional co-operation in East Asia.”³⁵ It was at the Sixth ASEAN + 3 Summit, in November 2002, that the recommendations of the EASG were accepted. The Chairman of the Sixth ASEAN + 3 Summit in his statement noted: “We received the Final Report of the East Asia Study Group ... Leaders agreed with the Republic of Korea’s vision for ASEAN + 3 summits to evolve in the long term into East Asian summits and eventually an East Asian Free Trade Area.”³⁶

The East Asia Study Group’s proposal for the evolution of an East Asia Community based on ASEAN + 3 frameworks did capture the diverse conceptualisations of regional co-operation among various member countries of ASEAN and among the “plus three” countries. While China, Korea, Malaysia, Cambodia and Laos favoured the evolution of an EAS based on the ASEAN + 3 framework, countries such as Indonesia, Japan and Singapore favoured a more expanded and balanced regional co-operation framework. For instance, Japan’s Prime Minister Junichiro Koizumi, speaking in Singapore in January 2002, called for the establishment of an East Asian Community that “acts together and advances together,” with the “countries of ASEAN,

32 “Towards and East Asian Community: Region of Peace, Prosperity and Progress,” *East Asia Vision Group Report*, October 31, 2001, p.10, available at http://www.asean.org/images/archive/pdf/east_asia_vision.pdf.

33 *Ibid.*

34 *Ibid.*

35 “Final Report of the East Asia Study Group,” *Report to ASEAN+3 Summit*, November 04, 2002, Phnom Penh, Cambodia, available at <http://www.asean.org/images/archive/pdf/easg.pdf>.

36 “Press Statement by the Chairman of the 8th ASEAN Summit, the 6th ASEAN + 3 Summit and the ASEAN-China Summit, Phnom Penh, Cambodia,” *ASEAN*, November 4, 2002, available at <http://www.asean.org/news/item/press-statement-by-the-chairman-of-the-8th-asean-summit-the-6th-asean-3-summit-and-the-asean-china-summit-phnom-penh-cambodia-4-november-2002>.

Japan, China, the Republic of Korea, Australia and New Zealand ...[as] core members of such a community.”³⁷ Prime Minister Koizumi went on to add, “The community I am proposing should be by no means be an exclusive entity. Indeed, practical cooperation in the region would be founded on close partnership with those outside the region. In particular, the role to be played by the United States is indispensable because of its contribution to regional security and the scale of its economic interdependence with the region.... [C]ooperation with Southwest Asia, including India, is also of importance.....”³⁸

For Japan, developing non-exclusive co-operative frameworks would bring-in, in the long run, not only countries such as the United States, which is a Japanese ally, but also countries such as Australia, New Zealand and India, with which Japan has a congruence of values in terms of democracy and human rights. Therefore, it is not surprising that in the run-up to the EAS, Japan clearly articulated the need for regional co-operation based on open regionalism, functional partnerships and with respect for such universal values as democracy and human rights.³⁹ Similarly, the Philippines, Indonesia and Singapore were in favour of open regionalism with Australia, New Zealand and India as members of the proposed East Asia Summit. Such a stance was to the discomfiture of China, which reportedly dispatched diplomats to Southeast Asian capitals to lobby against the candidature of India and Australia.⁴⁰

It was at the 10th ASEAN Summit in Vientiane in November 2004 that it was decided that an East Asia Summit (EAS) would be held in Malaysia in 2005.⁴¹

The multiple conceptions of what constitutes an East Asian Community and their consequent impact on the debate pertaining to membership of the East Asia Summit were addressed at the ASEAN Foreign Ministers Meet in Cebu in April 2005. The meet generated clear criteria for membership: (a) members should be a full ASEAN dialogue partner; (b) members must have substantial relations with ASEAN and (c) members must have acceded to the Treaty of Amity and Cooperation (TAC).⁴² While what constituted a substantive relationship with ASEAN was subjective, the other two criteria clearly defined the roadmap for countries seeking EAS membership. By virtue of being a full-dialogue partner since December 1995 and having signed the TAC in October 2003, India’s credentials for entry into EAS were confirmed. On the other hand, Australia was ASEAN’s first Dialogue Partner in 1974⁴³ and yet it signed the TAC just a few days prior to the first EAS on December 10, 2005. New Zealand became ASEAN’s full-dialogue partner in 1975 and acceded to the TAC on July 28, 2005.

37 Junichiro Koizumi, “Japan and ASEAN in East Asia - A Sincere and Open Partnership,” Speech by Prime Minister of Japan Junichiro Koizumi, Singapore, *Prime Minister of Japan and His Cabinet*, January 14, 2002, available at http://www.kantei.go.jp/foreign/koizumispeech/2002/01/14speech_e.html.

38 *Ibid.*

39 “General Information on East Asia Summit (EAS),” *Ministry of Foreign Affairs of Japan*, December 2005, available at <http://www.mofa.go.jp/region/asia-paci/eas/outline.html>.

40 Mohan Malik, “The East Asia Summit,” *Australian Journal of International Affairs*, June 2006, Vol. 60, No. 2, p.208

41 “Chairman’s Statement of the 10th ASEAN Summit Vientiane,” *ASEAN*, November 29, 2004, available at <http://www.asean.org/news/item/chairman-s-statement-of-the-10th-asean-summit-vientiane-29-november-2004>.

42 “The ASEAN + 3 and East Asia Summit: A Two-Tiered Approach to Community Building,” *East Asia Insights Toward Community Building*, Japan Center for International Exchange, January 2006, available at <http://www.jcie.org/researchpdfs/EAI/1-1.pdf>.

43 “Association of Southeast Asian Nations (ASEAN),” *Department of Foreign Affairs and Trade, Australian Government*, available at <http://www.dfat.gov.au/asean/>.

Prime Minister Dr. Manmohan Singh meeting with Prime Minister of Japan, Mr. Junichiro Koizumi at Kuala Lumpur on December 13, 2005.



Source: Ministry of External Affairs, Government of India*

for East Asian Community building, the second part of the sentence indicated parity between ASEAN + 1 and ASEAN +3 processes in the community building efforts.⁴⁵ Most importantly, turning down the Chinese offer to host the second EAS, Badawi referred to “ASEAN as the driving force working in partnership with the other participants of the East Asia Summit,” and declared that the Second East Asia Summit would be held in Cebu, Philippines, on December 13, 2006.⁴⁶ This ensured that ASEAN centrality was preserved and foreclosed the possibility of non-ASEAN members’ unilaterally driving the agenda of the EAS.

The emergence of the EAS with ASEAN+3, India, New Zealand and Australia did not close the discussion pertaining to membership. China insisted that the EAS should be made up of two blocks viz., the core (ASEAN + 3) and the periphery (India, Australia and New Zealand), which generated intense debate during the summit.⁴⁴ Abdullah Ahmad Badawi, Prime Minister of Malaysia and Chairman of the first EAS, sought to address this issue by stating that efforts would be made to realise “the East Asian community through the ASEAN + 3 process. In this context we believed that the EAS together with the ASEAN + 3 and the ASEAN+1 processes could play a significant role in community building in the region.” While the first part of the sentence sought to celebrate ASEAN + 3 as the main vehicle

The East Asia Summit - Agenda

The First Summit defined the mission of the EAS as a forum “for dialogue on broad strategic, political and economic issues of common interest and concern” that would focus on promoting development, financial stability, energy security, economic integration and growth, eradicating poverty and narrowing the development gap in East Asia.⁴⁷ The Kuala Lumpur Summit also resulted in a Declaration on Avian Influenza Prevention, Control and Response, which outlined specific steps that members should take to address the pandemic.

44 Mohan Malik, “The East Asia Summit,” *Australian Journal of International Affairs*, June 2006, Vol. 60, No. 2, p.208

45 “Chairman’s Statement of the First East Asia Summit Kuala Lumpur,” *ASEAN*, December 14, 2005, <http://www.asean.org/news/item/chairman-s-statement-of-the-first-east-asia-summit-kuala-lumpur-14-december-2005-2>

46 *Ibid.*

47 “Kuala Lumpur Declaration on the East Asia Summit Kuala Lumpur,” *ASEAN*, December 14, 2005, available at <http://www.asean.org/news/item/kuala-lumpur-declaration-on-the-east-asia-summit-kuala-lumpur-14-december-2005>

* available at [http://www.mea.gov.in/photo-gallery.htm?Album_157/Visit+of+Prime+Minister+Dr+Manmohan+Singh+to+Kuala+Lumpur#prettyPhoto\[gallery2\]/9/](http://www.mea.gov.in/photo-gallery.htm?Album_157/Visit+of+Prime+Minister+Dr+Manmohan+Singh+to+Kuala+Lumpur#prettyPhoto[gallery2]/9/)

The Second East Asia Summit in Cebu, Philippines, in January 2007 adopted a declaration on energy security with the stated goals of energy efficiency and reduction of dependence on conventional energy sources. The Second EAS also witnessed discussions on “Fuelling Asia – Japan’s Cooperation Initiative for Clean Energy and Sustainable Growth.”⁴⁸ The Second Summit resulted in the establishment of an EAS Energy Co-operation Task Force. It also welcomed Japan’s proposal for an Economic Research Institute for ASEAN and East Asia (ERIA). These discussions on energy security were carried forward into the Third East Asia Summit in Singapore in November 2007, resulting in a Declaration on Climate Change, Energy and Environment, a reiteration of support for other initiatives such as the Kyoto Protocol and the exploration of the need for energy market integration. The Third Summit also reiterated that ASEAN is the driving force of the EAS process.⁴⁹ The Fourth EAS summit, in Thailand (October 25, 2009), continued its focus on non-traditional issues by releasing a statement on Disaster Management. The statement called for “integrated preparedness and disaster risk reduction capacities in the region and exploring the possibility of establishing a regional network of disaster response contact points.”⁵⁰ The Fourth Summit also issued a statement supporting the revival of the Nalanda University at the initiative of India.⁵¹

The fifth anniversary of the East Asia Summit in Ha Noi, Vietnam, on October 30, 2010, became an occasion for the EAS to reflect on regional architecture. It was at this summit that a decision was taken to invite the Russian Federation and the United States of America to join the EAS in 2011.⁵² The Sixth East Asia Summit in Bali, Indonesia, on November 19, 2011, witnessed the presence of the United States and the Russian Federation as new members. A declaration on Principles for Mutually Beneficial Relations known as “the Bali Principles” was also adopted. Given the multiple territorial disputes and the diverse political systems in the region, adopting principles that call for respect of international law, promotion of human rights and settlement of disputes by peaceful means was a significant step forward.⁵³ The Seventh East Asia Summit in Phnom Penh, Cambodia on November 20, 2012, reviewed the work in the six priority areas viz., (1) environment and energy, (2) education, (3) finance, (4) global health issues and pandemic

48 “Chairman’s Statement of the Second East Asia Summit Cebu, Philippines,” *ASEAN*, January 15, 2007, available at <http://www.asean.org/news/item/chairman-s-statement-of-the-second-east-asia-summit-cebu-philippines-15-january-2007>.

49 “Chairman’s Statement of the 3rd East Asia Summit Singapore,” *ASEAN*, November 21, 2007, available at <http://www.asean.org/news/item/chairman-s-statement-of-the-3rd-east-asia-summit-singapore-21-november-2007>.

50 “Cha-am Hua Hin Statement on East Asia Summit (EAS) Disaster Management Cha-am Hua Hin,” *ASEAN*, October 25, 2009, Thailand, available at <http://www.asean.org/news/item/cha-am-hua-hin-statement-on-east-asia-summit-eas-disaster-management-cha-am-hua-hin-thailand-25-october-2009>.

51 Joint Press Statement of the 4th East Asia Summit on the Revival of Nalanda University Cha-am Hua Hin, *ASEAN*, October 25, 2009, Thailand, available at <http://www.asean.org/news/item/joint-press-statement-of-the-4th-east-asia-summit-on-the-revival-of-nalanda-university-cha-am-hua-hin-thailand-25-october-2009>.

52 Ha Noi Declaration on the commemoration of the Fifth Anniversary of the East Asia Summit, *Department of Foreign Affairs and Trade, Government of Australia*, October 30, 2010, available at http://www.dfat.gov.au/asean/eas/ha_noi_declaration.html.

53 “Declaration on the Principles for Mutually Beneficial Relations,” *Ministry of Foreign Affairs, Government of Japan*, November 19, 2011, available at http://www.mofa.go.jp/region/asia-paci/eas/pdfs/declaration_1111_2.pdf.

diseases, (5) natural disaster mitigation and (6) ASEAN connectivity, and issued a declaration on regional responses for malaria control.

India, East Asia and the Three Pillars of Regional Architecture

While India's Look East Policy was initiated in 1992, India had strong and vibrant cultural interactions with East Asia through the ages. The spread of Buddhism, temple architecture and the presence of religious epics in varied forms in East Asia attest to the fact that India and the countries in the region have related cultures. In terms of spatial imagination, it was Rabindranath Tagore, who referred to the unity of Asian cultures.⁵⁴ In the political realm, it was India's first Prime Minister, Jawaharlal Nehru, who organized the Asian Relations Conference and sought to institutionalise the Asian Relations Organisation in 1947.⁵⁵ The conflicts on the Indian subcontinent, the 1962 War with China, and the Cold War dynamic ensured that India was mostly locked into its sub-continental space after the 1940s. The end of the Cold War, the new economic policies initiated in early 1990s and the need for a diversified trade partnership mandated that India look east. The Indian leadership was in a position to draw the intellectual resources of earlier times to push for the need to engage "the East." While it is indeed true that there are significant differences in the context and in the content of the India's LEP and the Asian Unity theme of earlier times, there is also continuity in terms of locating India as an intrinsic part of larger geographical, political and cultural constructs.

India became a sectoral-dialogue partner of ASEAN in 1992, a full-dialogue partner in 1996 and India-ASEAN Annual summits have been held since 2002. India's relations with ASEAN have spread across various sectors and India acceded to the Treaty of Amity and Co-operation (TAC) in 2003. India's participation in the East Asia Summit marked a significant success of Indian diplomacy and the Look East Policy of locating India in broader regional frameworks. India's membership of the EAS not only demonstrated India's keenness to be part of the summit process, but also clearly brought into relief the reservoir of goodwill and substantive political support that India enjoys in East Asia. When questions about India's membership in the EAS were raised, countries such as Japan, Philippines, Singapore and Indonesia lobbied for India's inclusion in the East Asia Process. For instance, the President of the Philippines, Gloria Macapagal Arroyo, said in 2004 that "there is the emerging ASEAN + 3 + India, and that will be a formidable regional grouping that can negotiate then with the European Union, the Americas, Africa and such regional economic groupings."⁵⁶ A year prior to the first East Asia Summit, Singapore's Minister Mentor Lee Kuan Yew also expressed the view that the inclusion of India would be to the advantage of ASEAN countries.⁵⁷ Probably in an attempt to squash the argument that India is not part of "geographic East Asia," Singapore's former Prime Minister noted that "a region is what we define it to be," and argued that the notion of East Asia is a

54 Giri Deshingkar, "The Construct of Asia in India," *Asian Studies Review*, June 1999, Vol.23, No.2, pp.173-180

55 *Ibid.*

56 "Regionalism with an 'Asian Face': An Agenda for the East Asia Summit," *RIS Policy Briefs*, October 2006, No.28, p.3

57 *Ibid.*

political construct.⁵⁸ Such robust defence of India's candidature for EAS membership from the countries in the region also reinforced India's role as a legitimate player in the region.

In subsequent years, India's three pillars of regional architecture – emphasising ASEAN centrality, calling for open architecture and supporting resolution of all issues in accordance with international law – were broadly in consonance with those of its friends in East Asia. For instance, Indian Prime Minister Manmohan Singh, speaking at the 6th East Asia Summit Plenary Session, noted: “The East Asia Summit is the forum for building an open, inclusive and transparent architecture of regional co-operation in the Asia-Pacific region.”⁵⁹ Prime Minister Singh, speaking at the 2011 East Asia Summit, also noted: “the resurgence of Asia is dependent on the evolution of a co-operative architecture in which all countries are equal participants. We will work with all other countries towards this end.”⁶⁰ The Vision Statement adopted at the India-ASEAN Commemorative Summit states: “We are committed to a stable and peaceful regional environment for the pursuit of sustainable development in the region. India reaffirms its continued support for ASEAN's centrality in the evolving regional architecture, including the EAS, ARF, ADMM Plus, and other regional processes.”⁶¹ Indian leaders also called for India and the ASEAN nations to work towards greater “maritime security and safety, for freedom of navigation and for peaceful settlement of maritime disputes in accordance with international law.”⁶²

In the economic realm, the free trade agreement (FTA) in goods with ASEAN, operationalised in 2011, prompted a significant growth of 41 per cent in India-ASEAN trade during the Indian fiscal year of 2011-12.⁶³ India-ASEAN trade now totals \$80 billion and is soon expected to grow to \$100 billion. The proportion of India's trade with the EAS countries (original 10+6) has grown from 19 per cent to 30 per cent of India's total trade between 1991 and 2010.⁶⁴ India has also been participating in discussions pertaining to the Regional Comprehensive Economic Programme (RCEP). While there is significant progress, there is also growing demand from Southeast Asian countries for greater Indian presence in the economic, political and security

58 Ellen L. Frost, “India's Role in East Asia: Lessons from Cultural and Historical Linkages,” *RIS Discussion Papers*, RIS-DP 147, available at http://ris.org.in/images/RIS_images/pdf/dp147_pap.pdf.

59 Manmohan Singh, “Statement by PM at the 6th East Asia Summit Plenary Session,” *Ministry of External Affairs, Government of India*, November 19, 2011, available at <http://mea.gov.in/Speeches-Statements.htm?dtl/6974/Statement+by+PM+at+the+6th+East+Asia+Summit+Plenary+Session>.

60 Archis Mohan, “Khurshid to Attend crucial ASEAN-India, ARF and East Asia Summit Meetings in Brunei,” *Ministry of External Affairs*, June 27, 2013, available at <http://www.mea.gov.in/in-focus-article.htm?21879/Khurshid+to+attend+crucial+ASEANIndia+ARF+and+East+Asia+Summit+meetings+in+Brunei>.

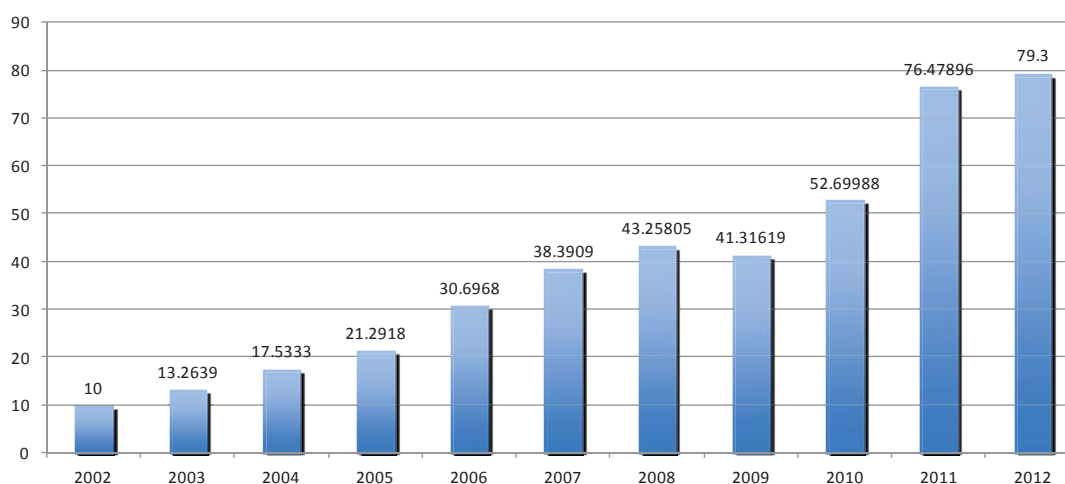
61 “Vision Statement ASEAN India Commemorative Summit,” *ASEAN*, December 21, 2012, available at <http://www.asean.org/news/asean-statement-communicues/item/vision-statement-asean-india-commemorative-summit>.

62 “India Expands Strategic Ties with Asean,” *Times of India*, December 21, 2012, available at http://articles.timesofindia.indiatimes.com/2012-12-21/india/35952491_1_india-asean-relationship-india-and-asean-nations-asean-community.

63 ASEAN India Team, “Closing Remarks by Prime Minister at India-ASEAN Commemorative Summit 2012,” December 20, 2012, available at <http://www.aseanindia.com/speeches-and-statements/2012/12/20/closing-remarks-by-prime-minister-at-india-asean-commemorative-summit-2012>.

64 Hemant Krishan Singh, “India's Future as an Asia-Pacific Power,” *India-US Insight*, October 18, 2011, available at http://icrier.org/ICRIER_Wadhvani/Index_files/ICRIER-Wadhvani%20Chair-%20India-US%20Insight-OCT%202011.pdf

Chart 12: India's Total Trade with ASEAN (in billion of US\$)



Sources: Asian Regional Integration Centre ; "India- ASEAN Relations," *Report of Ministry of External Affairs*, Government of India, April 2013 ; "Trends in India's Merchandise Trade with Asean," *Mint*, August 20, 2008.

realms. Enhanced connectivity, more partnerships in the security domain and integration with production networks in East Asia by India would act as a catalyst in the creation of an open, balanced and transparent regional architecture.

The United States: Seeking to Establish the Primacy of the EAS

It is interesting to note that the US was not a part of the East Asia Summit forum in 2005. The obvious reason was that the US did not accede to ASEAN's Treaty of Amity and Co-operation and therefore, it could not be invited to become a member of the EAS at the time. There was also a perception that the US was too pre-occupied in the affairs of the Middle East because of the wars in Afghanistan and Iraq. This notion was strengthened by the non-participation of then Secretary of State Condoleezza Rice in the ASEAN Regional Forum meetings in 2005 and 2007. In 2005, Secretary Rice stayed away from the ARF to express displeasure at the possibility of Myanmar taking over as the Chair of ASEAN in the following year, and she again skipped the ARF meeting in 2007 and instead scheduled a visit to Middle East. Not surprisingly, the absence of the US from these meetings was termed as a "dampener" and as "sending wrong signals" to the Southeast Asian countries.⁶⁵ This was also in marked contrast to the "diplomatic offensive"⁶⁶ of China in the region.

The advent of the Obama administration brought in changes in US Policy towards East Asia. Former Secretary of State Hillary Clinton, in 2011, termed the 21st Century as "America's Pacific Century" and stated that "one of the most important tasks of American statecraft over the next

65 Emma-Kate Symons, "ASEAN Anger at Snub by Rice," *The Australian*, July 26, 2007, available at <http://www.theaustralian.com.au/news/asean-anger-at-snub-by-rice/story-e6frg6t6-1111114037879>.

66 Ralph A Cossa, "Rice's Unfortunate Choice," *Asia Times*, July 28, 2005, available at http://atimes.com/atimes/Southeast_Asia/GG28Ae03.html.

decade will be to lock in a substantially increased investment – diplomatic, economic, strategic, and otherwise – in this region.”⁶⁷ The US entry into the EAS in 2011 was part of the overall US pivot towards Asia. The inclusion of the US in the EAS was a response to the growing demand from the region and was an attempt to create a stable regional architecture. Therefore, it should not come as a surprise that the US, a year after becoming a member of the EAS, termed the East Asia Summit the “premier institution for political and strategic issues, the capstone of an increasingly mature and effective regional architecture.”⁶⁸

With the US having already stated in 2010 that freedom of navigation and respect for international law in South China Sea are a “national interest,”⁶⁹ the agenda of maritime security no longer appeared as a non-traditional security item for discussion at the EAS in 2011. Senior Chinese officials categorically stated that the South China Sea would not be an issue for discussion at the East Asian Summit. However, the East Asia Summit in 2012 became the occasion for Chinese aggressive diplomatic manoeuvres on South China Sea issues.

President Barack Obama’s visit to the East Asia Summit in 2012, immediately after his re-election, the institutionalisation of the US-ASEAN Leaders Meeting as an Annual Summit, the elevation of the US-ASEAN partnership to a strategic level, and the launch of the US-ASEAN Expanded Economic Engagement (E3)⁷⁰ demonstrated a new US commitment to the region. However, in spite of the US presence, ASEAN cohesion came under severe stress at the 2012 Summit, as China pushed host Cambodia to break ranks with fellow ASEAN countries on South China Sea issues. Reportedly at the behest of China, Cambodia sought to issue a declaration that ASEAN countries had agreed not to internationalise the South China Sea maritime dispute. This naturally prompted a sharp response from some of the ASEAN countries such as Indonesia and the Philippines. The fact that China sought to arm-twist ASEAN member countries even in the presence of the leaders of the US, Australia and India prompted many to contemplate the possible consequences of a major power imbalance for the countries in the region in the absence of regional frameworks such as the East Asia Summit.⁷¹

67 Hillary Rodham Clinton, “America’s Pacific Century,” *Foreign Policy*, November 2011, available at http://www.foreignpolicy.com/articles/2011/10/11/americas_pacific_century.

68 Hillary Rodham Clinton, “Intervention at East Asia Summit,” Remarks by Secretary of State, *Department of State, United States of America*, Phnom Penh, Cambodia, July 12, 2012, available at <http://www.state.gov/secretary/rm/2012/07/194988.htm>.

69 Ben Dolven, Shirley A. Kan, Mark E. Manyin, “Maritime Territorial Disputes in East Asia: Issues for Congress,” *Congressional Research Service*, January 20, 2013, available at <https://www.fas.org/sgp/crs/row/R42930.pdf>.

70 “Fact Sheet: U.S.-ASEAN Leaders Meeting,” *The White House*, November 19, 2012, available at <http://www.whitehouse.gov/the-press-office/2012/11/19/fact-sheet-us-asean-leaders-meeting>.

71 Ernest Z. Bower, “The ASEAN and East Asia Summits: U.S. Walks Softly While China Wields a Big Stick,” *CSIS*, November 21, 2012, available at <http://csis.org/publication/asean-and-east-asia-summits-us-walks-softly-while-china-wields-big-stick>.

US President Barack Obama and Secretary of State Hillary Clinton meet with Japan's Prime Minister Yoshihiko Noda at the East Asia Summit in Phnom Penh, November 12, 2012.



Source: Jeff Mason and James Pomfret, "Obama Urges Restraint in Tense Asian Dispute," *Reuters*, November 20, 2012.*

Moving the Centre - from ASEAN to the Pacific

While the EAS is still very much a work in progress, it has not prevented the articulation of alternative concepts of regional co-operation. Three years after the formation of the East Asia Summit, in 2008, Kevin Rudd, in his first term as Prime Minister of Australia, advanced his idea of an Asia Pacific Community (APC), which would evolve into an organisational framework like that of the European Union by 2020.⁷² Mr. Rudd's Asia Pacific Community vision entailed: "A regional institution which spans the entire Asia-Pacific region – including the United States, Japan, China, India, Indonesia and the other states of the region; and a regional institution which is able to engage in the full spectrum of dialogue, cooperation and action on economic and political matters and future challenges related to security."⁷³ However, Mr. Rudd's idea of an APC came in for severe criticism for lacking detail, for the absence of consultations with countries in the region and, most importantly, because of a concern that it would undermine ASEAN centrality.⁷⁴ Further, while the APC envisages the participation of all states in the region, as Amitava Acharya points out, "concerts by definition either exclude smaller nations or reduce

72 Mathew Franklin, "Kevin Rudd to Drive Asian Union," *The Australian*, 05 June 2008, available at <http://www.theaustralian.com.au/news/rudd-to-drive-asian-union/story-e6frg6no-111116542913>.

73 "Full text of Kevin Rudd's speech to the Asia Society Australasia," *The Australian*, June 05, 2008, available at <http://www.theaustralian.com.au/politics/full-text-of-kevin-rudds-speech/story-e6frgczf-111116541962>.

74 Dr Frank Frost, "Australia's proposal for an 'Asia Pacific Community': Issues and Prospects," *Research Paper of Department of Parliamentary Services, Parliament of Australia*, December 01, 2009, available at <http://www.aph.gov.au/binaries/library/pubs/rp/2009-10/10rp13.pdf>.

* available at <http://www.reuters.com/article/2012/11/20/us-asia-summit-idUSBRE8AJ08520121120>.

them to the status of objects, rather than subjects, of a regional diplomatic system. This runs contrary to the trajectory of Asia-Pacific security cooperation, in which ASEAN countries have acted as a normative and institutional hub.”⁷⁵

More recently, Kevin Rudd has also suggested a US-China condominium as an answer to regional issues.⁷⁶ However, Asia is as unlikely to accept either China’s regional hegemony or domination by a US-China partnership. Acceptance of Asian multi-polarity offers better prospects for regional architecture building.

Conclusion

As this discussion demonstrates, there are multiple constructs for East Asian regional co-operation. Behind those constructs is the contest of two ideas: should East Asia pursue open regionalism or should it gravitate towards closed regionalism? The emergence of the East Asia Summit has provided an answer to that question. East Asia needs an open, transparent and equitable architecture, and fairly large numbers of countries in the region are leaning towards the East Asia Summit as the principal organisation to address security and political issues and to promote habits of co-operation.

The East Asia Summit is neither so unwieldy that reconciling the competing interests of its members is an impossible enterprise, nor is it a framework with a unidirectional inward gaze. Instead, the East Asia Summit is ASEAN-centred and inclusive, as all the countries that have substantive interactions and interests in the region are sitting at the table. Attempts to exclude countries such as India or the United States based on strict definitions of geographic space or creating a multi-tiered organisation would always have been resisted. Countries with legitimate interests and power projection capabilities will find ways to have their say in regional matters even if excluded from regional frameworks, so such exclusion would have had unhealthy consequences for a stable East Asian order. Hence, it is important to maintain transparency and inclusivity in regional frameworks and it is here that the East Asia Summit fits the bill.

What is the way forward? It is important for the East Asia Summit to expand its formal agenda from soft security issues to address major political and security issues in East Asia. It has already started examining issues such as nuclear proliferation and maritime security. The ASEAN Defence Ministers Meet (ADMM) Plus, the ASEAN Maritime Forum, and other ministerial bodies can be added to back up the East Asia Summit’s political and security agenda.⁷⁷

75 Amitava Acharya, “Asia-Pacific Security: Community, Concert or What?” *PacNet*, March 12, 2010, <http://csis.org/files/publication/pac1011.pdf>.

76 Kevin Rudd, “Beyond the Pivot,” *Foreign Affairs*, March/April 2003, available at <http://www.foreignaffairs.com/articles/138843/kevin-rudd/beyond-the-pivot>.

77 Ernest Z. Bower, “East Asia Summit: Next Step is Structure,” *CSIS*, November 14, 2011, available at <http://csis.org/publication/east-asia-summit-next-step-structure>; also see Rajiv Sikri, “Building an East Asian Community,” *East Asia Forum*, April 1, 2010, available at <http://www.eastasiaforum.org/2010/04/01/building-an-east-asian-community/>; also see Jusuf Wanadi, “EAS: Calling for a New East Asian Political Architecture,” *East Asia Forum*, November 18, 2011, available at <http://www.eastasiaforum.org/2011/11/18/eas-calling-for-a-new-east-asian-political-architecture/>.

Unlike Europe, the East Asian region encompasses tremendous political diversity. One of the most important differences compared to Europe is the presence of diverse political systems guided by different ideologies that impact economic processes significantly. East Asia is home to authoritarian, single-party, semi-democratic, and democratic governments. This diversity interjects greater anxiety in inter-state relations. It is precisely for this reason that institutionalising the East Asia Summit and giving it a proper structure with necessary ministerial support and capacity for follow up on decisions is an urgent necessity for ensuring stability and prosperity in the world's economically most dynamic region.

Flags of the East Asia Summit in 2010.



Photo Courtesy of nznationalparty from Flickr*

The graph pertaining to ASEAN+3 GDP was prepared by Graham Palmer, Intern Scholar, ICRIER Wadhvani Programme. Data Source: The CIA World Factbook, Central Intelligence Agency, available at <https://www.cia.gov/library/publications/the-world-factbook/>

* available at <http://www.flickr.com/photos/nznationalparty/5133955888/in/photostream/>

VI

INDIA-ASEAN CONNECTIVITY: A STRATEGIC IMPERATIVE

Sanjay Pulipaka

India's Look East Policy was initiated in 1992. The end of the Cold War enabled India to interact with a new set of actors in the international arena with greater intensity. Moreover, the Indian economy was under severe stress and the need for diversified trade was acutely felt. India looked east towards the ASEAN countries to expand its economic and political engagement.

As a part of its Look East Policy, India conceptualised numerous projects that sought to increase India's connectivity with Southeast Asian countries. Since Myanmar was the land bridge to Southeast Asia, it became a fulcrum for various connectivity projects. This paper, therefore, places significant emphasis on projects that involve Myanmar.

In the late 1980s and early 1990s, India supported the democracy movement in Myanmar; as a consequence, the relationship with the then military government was frosty. However, by the mid-1990s, India adopted a more nuanced policy and started engaging Myanmar's military regime. Gradually, the relationship acquired a certain comfort level and it became possible for India to envisage connectivity projects involving this strategically important neighbour.

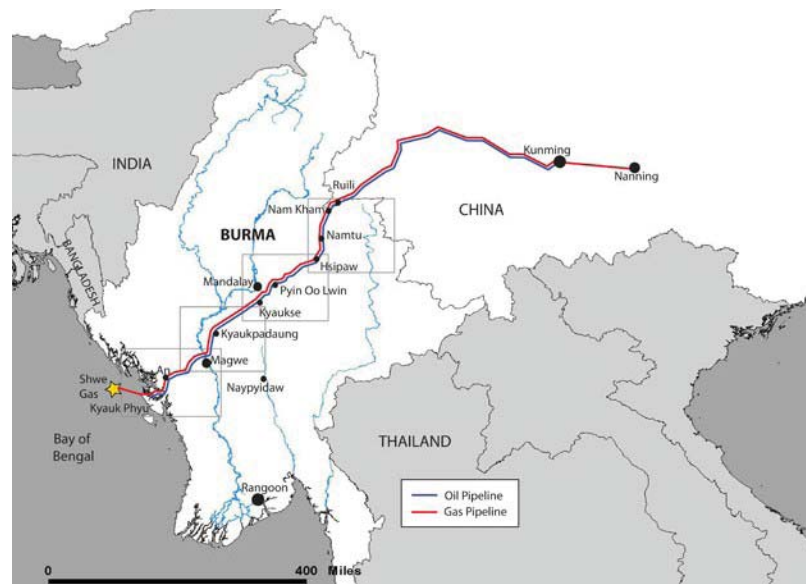
China's Growing Presence

Meanwhile, sanctions by Western countries prompted Myanmar to move closer to China for political and economic support, which seized the opportunity and made rapid in-roads in the political and economic landscape of Myanmar. China expanded its connectivity projects in Myanmar to bolster economic activity in its Yunnan province. More importantly for China, Myanmar provides access to the Bay of Bengal and the Indian Ocean for its southern hinterland. The most ambitious among the Chinese projects has been the oil and gas pipelines from Kyaukphyu in the Rakhine province of Myanmar, on the Bay of Bengal coast, to Kunming in the Yunnan province of China.

In 2008, China National Petroleum Corporation (CNPC) signed a contract to import natural gas from the Shwe gas fields in the Bay of Bengal and started construction of oil and gas pipelines in 2010. It has been reported that the natural gas pipeline, which has the capacity to carry 12 bn cubic metres of gas annually, has been operationalised recently and the crude oil pipeline will be operationalised by the next year.¹ More recently, China Railways Engineering Corporation and the Myanmar Union Ministry of Rail Transportation signed an MOU in 2011 to build a railway network from Kyaukphyu to Kunming.² China has also operationalised a host of other connectivity projects, specifically in Northern Myanmar, which are facilitating deeper economic integration of Myanmar with the bordering regions of China.

China's economic activity and connectivity networks in Myanmar have made its presence in the Bay of Bengal a growing reality, which will have strategic implications in the long run. It appears that Beijing has even more ambitious plans for the Bay of Bengal, including a special economic zone, power plants and a deep-water commercial seaport in Kyaukphyu, involving up to \$100 billion in investment in the coming years.³ Given the scope of such investments, strategist C. Raja Mohan asks, "Would it be illogical, then, for Beijing to consider securing its massive investments in Kyaukpyu with a credible naval presence in the Bay of Bengal?"⁴ It should also be noted that China already possesses significant leverage in terms of the relationship it has with some of the armed ethnic groups on Myanmar's northeastern borders.⁵

Map 7: Oil and Gas Pipelines in Myanmar



Source: Mizzima, "China Now No. 1 Investor in Burma," January 18, 2012.*

1 Kelly Olsen, "Myanmar-China Gas Pipeline Goes into Operation," *AFP*, July 29, 2013, available at <http://www.google.com/hostednews/afp/article/ALeqM5jS5y6wsQksZq2YioyqWLSOQjIClg?docId=CNG.722ed0a350f0aa7e878fb2542366a66f.241>. Also see Jamil Anderlini and Gwen Robinson, "China-Myanmar Pipeline to open in May," *Financial Times*, January 21, 2013, available at <http://www.ft.com/intl/cms/s/0/faf733ae-63b6-11e2-af8c-00144feab49a.html#axzz2Ocbo4Lt4>.

2 "China, Myanmar Sign MoU on Rail Transport Project," *Xinhua*, April 28, 2011, available at http://www.chinadaily.com.cn/bizchina/2011-04/28/content_12412367.htm.

3 C. Raja Mohan, "Bengal's Waters," *The Indian Express*, March 26, 2013, available at <http://www.indianexpress.com/news/bengals-waters/1087084/>.

4 Ibid.

5 Bertil Lintner, "Powers Seek Influence in Burma's Conflict," *YaleGlobal Online*, March 18, 2013, available at <http://yaleglobal.yale.edu/content/powers-seek-influence-burmas-conflict>.

* available at <http://www.mizzima.com/business/6436-china-now-no-1-investor-in-burma.html>

China is by far the largest investor in Myanmar. Chinese investments (including investments from Hong Kong) amounted to \$ 20 billion, which was approximately half of the total \$41 billion FDI in Myanmar during 1989-2012.⁶ China's only setback in recent years has been the suspension of the Myitsone hydropower project on the Irrawaddy River, on account of widespread popular discontent over population displacement, environmental impact and sale of the bulk of the power generated to China.

India's Initiatives

While China has made rapid economic inroads, India has largely been playing catch up in Myanmar. According to statistics compiled by the European Union, India is the third largest trading partner of Myanmar (See Table 5). A closer look at the figures reveals the absence of diversity in Myanmar's international trade and India's weak trade-links with Myanmar. China and Thailand account for 31.4 per cent and 28.8 per cent of Myanmar's international trade respectively, or more than 60 per cent together.

On the other hand, India's trade with Myanmar is a mere 7.6 per cent of the latter's overall trade. It should be noted that because of problems associated with the official exchange rates of the Myanmar Kyat, a large component of India-Myanmar trade is conducted through Singapore, which is not reflected in the official trade figures. Nonetheless, the overall trade between India and Myanmar is far below its potential. This is despite the fact that India shares approximately 1643 kms of land border with Myanmar and for India, Myanmar is a critical access route to Southeast Asia. While India imports edible vegetables, wood and wood products, it exports pharmaceutical products, electrical and electronic equipment and machinery.⁷ Significantly, India imports edible vegetables (such as pulses) from Myanmar in large quantities and such imports account for as much as 33 per cent of India's global imports of edible vegetables.⁸

In spite of geographic contiguity, India's border trade with Myanmar is insufficiently developed and imbalanced. India and Myanmar signed a border trade agreement in 1994, which mandates that trade between the two will take place through customs posts in Moreh (India) – Tamu (Myanmar) and Zowkhathar (India) – Rhi (Myanmar).⁹ With only two border trade points (Moreh-Tamu, Zokhawthar-Rhi) currently functional, it is not surprising that India's formal border trade with Myanmar is meagre, amounting to less than one per cent of the overall India-Myanmar trade.¹⁰ Informal border trade, reported to be in the region of approximately \$11

6 Li Tao, "Sino-Myanmar Trade Provides Huge Investment Chances," *China Daily*, January 16, 2013, available at http://www.chinadaily.com.cn/hkedition/2013-01/16/content_16123034.htm.

7 "India-Myanmar Relations," *Report of Ministry of External Affairs*, Government of India, May 2012, available at <http://www.mea.gov.in/Images/pdf/india-myanmar-relations-24-05-2012-press-release.pdf>.

8 "Potential For Enhancing India's Trade with Myanmar: A Brief Analysis," *Report of Export-Import Bank of India*, Working Paper no: 17, April 2012.

9 While there are border trade points such as Avakhung (in Nagaland) and Nampong (in Arunachal Pradesh), infrastructural facilities are very weak. As a consequence, Moreh witnesses relatively more intense border trade.

10 E.Bijoykumar Singh, "NER-Myanmar Border Trade: The Emerging Pattern," *India-Myanmar Border Trade Bulletin*, December 2012, vol.1, no. 1, p.17, available at <http://economics.manipuruniv.ac.in/SAP/Bulletine/bulletine.pdf>.

Table 5: Myanmar's Trade with Main Partners 2011

MYANMAR'S TRADE WITH MAIN PARTNERS 2011											
The Major Imports Partners				The Major Export Partners				The Major Trade Partners			
Rk	Partners	Mio euro	%	Rk	Partners	Mio euro	%	Rk	Partners	Mio euro	%
World (all countri)				World (all countri)				World (all countri)			
		10,215.2	100.0%			6,221.6	100.0%			16,436.9	100.0%
1	China	4,003.5	39.2%	1	Thailand	2,393.2	38.5%	1	China	5,153.8	31.4%
2	Thailand	2,335.0	22.9%	2	China	1,150.3	18.5%	2	Thailand	4,728.2	28.8%
3	Singapore	1,006.0	9.8%	3	India	862.5	13.9%	3	India	1,249.5	7.6%
4	South Korea	553.3	5.4%	4	Japan	406.3	6.5%	4	Singapore	1,064.8	6.5%
5	Malaysia	464.4	4.5%	5	South Korea	204.8	3.3%	5	Japan	827.0	5.0%
6	Japan	420.7	4.1%	6	EU27	160.9	2.6%	6	South Korea	758.1	4.6%
7	India	387.0	3.8%	7	Malaysia	160.5	2.6%	7	Malaysia	624.9	3.8%
8	Indonesia	298.3	2.9%	8	Bangladesh	106.7	1.7%	8	Indonesia	347.2	2.1%
9	Russia	189.3	1.9%	9	Singapore	58.8	0.9%	9	EU27	312.3	1.9%
10	EU27	151.3	1.5%	10	Vietnam	58.2	0.9%	10	Russia	206.2	1.3%
11	Vietnam	68.4	0.7%	11	Indonesia	48.9	0.8%	11	Vietnam	126.6	0.8%
12	Australia	59.9	0.6%	12	North Korea	47.7	0.8%	12	Bangladesh	110.9	0.7%
13	North Korea	56.3	0.6%	13	Pakistan	41.8	0.7%	13	North Korea	103.9	0.6%
14	Hong Kong	48.8	0.5%	14	Ivory Coast	40.7	0.7%	14	Hong Kong	81.4	0.5%
15	United States	40.5	0.4%	15	Hong Kong	32.5	0.5%	15	Australia	69.9	0.4%

Source: European Union, Report of DG Trade Statistics, “Myanmar: EU Bilateral Trade and Trade with the World,” November 29, 2012, p.5

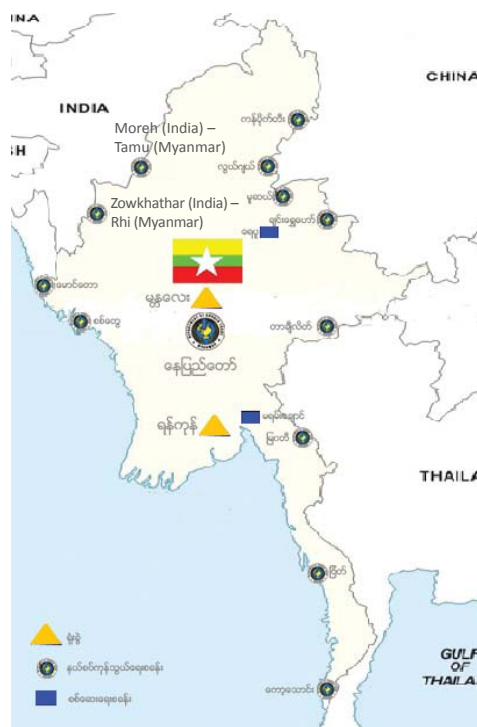
million a month, is also conducted across the porous border.¹¹ However, the prevailing security situation, informal taxes by insurgent groups,¹² and the absence of road and rail connectivity networks tend to hinder greater border trade between the two countries.

India has been working on improving its connectivity networks with Myanmar and some of the significant projects underway are described below.

Kaladan Multi-Modal Project

The Kaladan multi-modal project was designed to provide landlocked Northeast India with access to the sea. More importantly, given the past unpredictability in India's relations with Bangladesh and the problems associated with the absence of transit agreements, the Kaladan multi-modal project was meant to provide alternative transportation networks between India and its landlocked Northeast states. The Kaladan project significantly reduces the distance between major Indian cities such as Kolkata and Northeast India. The project also facilitates greater economic interaction between Northeast India, Myanmar and beyond.

Map 8: Myanmar Border Trade Points



Map Source: Ministry of Commerce, Myanmar

11 Pranjali Baruah, “Biz Booms Beyond Borders,” *Times of India*, September 10, 2012, available at http://articles.timesofindia.indiatimes.com/2012-09-10/guwahati/33736509_1_india-and-myanmar-border-trade-myanmar-traders.

12 “NSCM(I-M) Demand Hits Manipur Border Trade,” *Times of India*, May 9, 2012, available at http://articles.timesofindia.indiatimes.com/2012-05-09/india/27130814_1_vehicle-owners-border-trade-ns-cm.

* available at: <http://www.commerce.gov.mm/>

Map 9: Kaladan Multi-Modal Project



Map Source: Mizzima, Aung Marm Oo, "Indian Look East Policy and the Kaladan Project of Western Burma," January 24, 2013

The project has three components: (a) developing the Sittwe port to facilitate sea transport between Kolkata and Sittwe (539 kms); (b) developing the inland waterway transport between Sittwe and Setpyitpyin (Kaletwa), which is about 225 kms; and (c) Setpyitpyin to India-Myanmar border road transportation which is about 62 kms.¹³

In April 2008, India and Myanmar signed an agreement on the Kaladan multi-modal project. Two years later, in April 2010, Essar India Ltd was awarded the contract for port construction and for inland water works.¹⁴ The project is facing numerous challenges such as underestimation of road length and the absence of effective inter-ministerial co-ordination. The Indian Ministry of Power's proposals to construct hydroelectric projects on tributaries of the Kaladan River have raised concerns about the navigability of the river in the coming years.¹⁵ The joint statement issued during Prime Minister Manmohan Singh's visit to Myanmar in May 2012, however, "expressed satisfaction at the steady progress being made on the Kaladan Multi-modal Transit Transport Project."¹⁶ It is anticipated that the construction work pertaining to Sittwe port will be completed by 2013,¹⁷ but there is no clear timeline yet for project completion.

13 "The Kaladan Multi-Modal Transit Transport Project," available at <http://www.mdoner.gov.in/content/introduction-1>

14 *Ibid.*

15 Sandeep Dikshit, "India-Myanmar Transport Project Hits Roadblock," *The Hindu*, May 2, 2012, available at <http://www.thehindu.com/news/national/indiamyanmar-transport-project-hits-roadblock/article3377718.ece>.

16 "Joint Statement on the occasion of the visit of Prime Minister of India Dr Manmohan Singh to Myanmar," *Press Information Bureau, Government of India*, May 28, 2012, available at <http://pib.nic.in/newsite/erelease.aspx?reid=84517>.

17 Shrimati Preneet Kaur, "Lok Sabha Unstarred Question No. 4435," *Ministry of External Affairs, Government of India*, September 07, 2012, available at <http://www.mea.gov.in/loksabha.htm?dtl/20588/Q4435+Kaladan+Project>.

Trilateral Highway

A trilateral ministerial meeting on transport linkages, held in Yangon in April 2002, proposed the idea of a Trilateral Highway connecting India, Myanmar and Thailand.¹⁸ The project links Moreh (India) with Mae Sot (Thailand) through Bagan (Myanmar). In May 2002, providing details of the project, India's Minister of External Affairs stated that the trilateral highway would be completed within the timeframe of two years and that two task forces had been constituted to operationalise the project.¹⁹ More than a year later, in December 2003, the Foreign Ministers of India, Myanmar and Thailand met in New Delhi and came up with a three-phase implementation process, under which all the parties agreed to strengthen the road networks in their respective countries. As per the decisions of the meeting, India was to complete 78 kms of missing links in phase-I, explore the possibility of upgrading an additional 132 kms and prepare project reports for the construction of a bridge and causeway across the Irrawaddy River.²⁰ However, the project has continued to face innumerable delays.

During his visit to Myanmar in May 2012, Prime Minister Manmohan Singh stated that India would repair/upgrade 71 bridges on the Tamu-Kalewa friendship road and upgrade the Kalewa-Yargyi road segment to highway standard.²¹ A new deadline, of 2016 for the completion of the Trilateral Highway, and the revival of the India-Myanmar-Thailand Joint Task Force, was also announced during the visit. The Joint Task Force at its

Map 10: India-Myanmar-Thailand Trilateral Highway



Map Source: India Briefing, "India-Myanmar Sign Key Trade and Development Deals," May 29, 2012.

- 18 "India-Myanmar-Thailand Joint Task Force Meeting on the Trilateral Highway Project," *Ministry of External Affairs, Government of India*, September 11, 2012, available at <http://www.mea.gov.in/press-releases.htm?dtl/20541/IndiaMyanmarThailand+Joint+Task+Force+Meeting+on+the+Trilateral+Highway+Project>.
- 19 "Minister for External Affairs responds to Q. 0632 - Trilateral Highway Project Connecting India," *Ministry of External Affairs, Government of India*, May 09, 2002 available at <http://www.mea.gov.in/rajya-sabha.htm?dtl/9440/Q+0632++Traileteral+Highway+Project+Connecting+India>.
- 20 "Briefing Points for Ministerial Meeting on Trilateral Highway Project among India-Myanmar-Thailand," *Ministry of External Affairs, Government of India*, December 23, 2003, available at <http://www.mea.gov.in/media-briefings.htm?dtl/4904/Briefing+Points+for+Ministerial+Meeting+on+Trilateral+Highway+Project+among+IndiaMyanmarThailand>.
- 21 "Joint Statement on the occasion of the visit of Prime Minister of India Dr Manmohan Singh to Myanmar," *Press Information Bureau, Government of India* May 28, 2012, available at <http://pib.nic.in/newsite/erelease.aspx?reid=84517>.

meeting in September 2012 decided to work on issues such as the harmonisation of customs and immigration procedures at border check-posts in order to establish connectivity by 2016.²²

Stilwell Road:

The other major project pertaining to India-Myanmar connectivity is the Stilwell Road, which was constructed during the Second World War to connect Ledo in Assam with Kunming in the Yunnan province of China. Concerns have been expressed in India that the revival of this road would give an advantage to China in the event of hostilities. Moreover, there are also concerns in Myanmar that the road currently passes through territories controlled by various insurgent groups²³ and hence the revival of this road would result in increased revenues for the armed groups.

Air-Connectivity

While the demands for seamless road connectivity between India and Myanmar have to constantly negotiate concerns related to security and terrain, there are no such concerns with regard to air connectivity between the two. Yet, the airline connectivity between the two countries is minimal with the operation of only two direct flights a week from India. Proposals from private Indian carriers to start new services to Yangon are yet to materialise. Many in Myanmar complain that while they are very keen on accessing India's health care facilities, they are not able to do so due to the absence of frequent direct air-flights between the two countries. Improvement of air-connectivity remains an urgent requirement for enhancing economic ties and people-to-people contacts. The recent plans to upgrade Imphal and Agartala airports to international status, therefore, are steps in the right direction, as they also will spur commercial activity.²⁴

Rail Connectivity

At the moment, rail connectivity between India and Myanmar is completely absent. In 2005, India's RITES Ltd. conducted a feasibility study and suggested new rail links between Jiribam-Imphal-Moreh (in India) and Tamu (Moreh)-Kalay-Segyi (in Myanmar).²⁵ In October 2012, the India's Cabinet Committee on Infrastructure approved the construction of a new broad-gauge line from Imphal Road (Tupul) to Imphal at a cost of approximately \$822.96 million, to

22 "India-Myanmar-Thailand Joint Task Force Meeting on the Trilateral Highway Project," *Ministry of External Affairs, Government of India*, September 11, 2012, available at <http://www.mea.gov.in/press-releases.htm?dtl/20541/IndiaMyanmarThailand+Joint+Task+Force+Meeting+on+the+Trilateral+Highway+Project>.

23 K Anurag, "Myanmar Obstructs Historic Stilwell Road Project," *Rediff*, June 17 2009, available at <http://news.rediff.com/report/2009/jun/17/myanmar-obstructs-stilwell-road-project.htm>.

24 "Flying East," *Indian Express*, June 25, 2013, available at <http://www.indianexpress.com/news/flying-east/1133192/>.

25 "Rail link with Myanmar," *Press Information Bureau, Government of India*, December 16, 2015, available at <http://pib.nic.in/newsite/erelease.aspx?releid=14310>.

be completed in 2016.²⁶ The project is facing numerous challenges such as heavy monsoons, a fragile security situation and economic blockades. These new rail links eventually will be integrated into the proposed trans-Asian railway project, which seeks to connect Malaysia, Thailand, Vietnam, Cambodia, Myanmar, Bangladesh, India and Pakistan by rail networks.²⁷

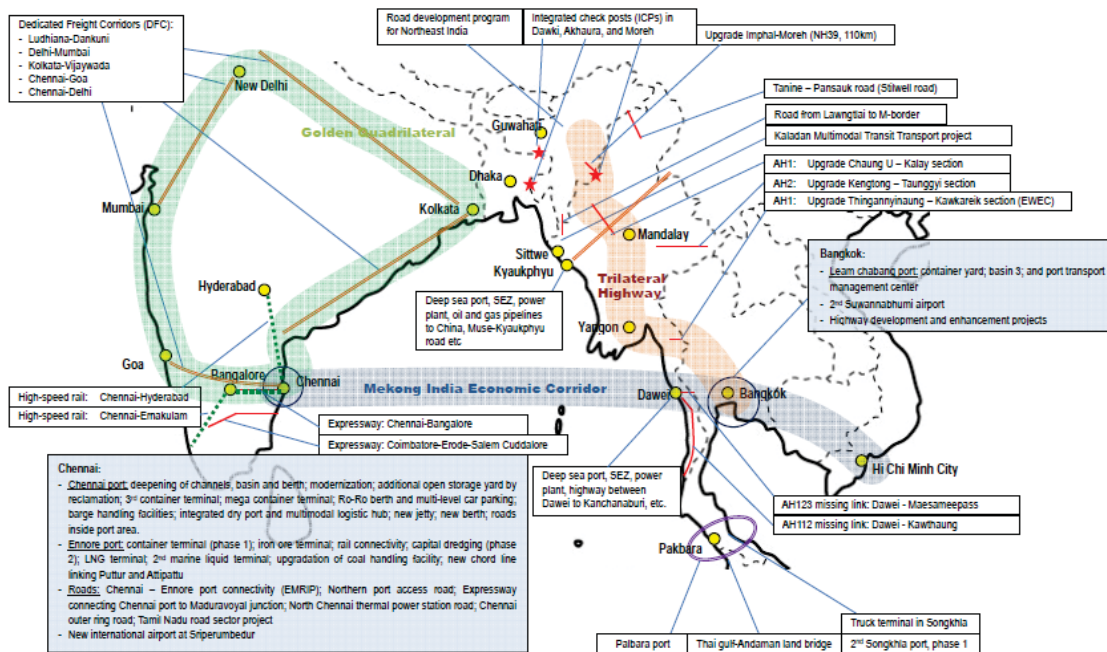
Border Areas Development

During the Indian Prime Minister's visit to Myanmar in May 2012, both sides also agreed to start a bus service between Imphal in India and Mandalay in Myanmar and to undertake joint border area development through physical and social infrastructure programmes.

Ports and Integrated Production Networks

Organisations such as the Economic Research Institute for ASEAN and East Asia (ERIA) have been advocating new connectivity networks to be put in place by operationalising deep sea ports such as Dawei in Myanmar, which would provide greater connectivity with the Chennai port in India and beyond. The extended Dawei-Chennai link, termed the Mekong-India Economic Corridor (MIEC) by ERIA, seeks to facilitate integrated production networks between India

Map II: Selected Infrastructure Projects of ASEAN - India Connectivity



Source: Fukunari Kimura and So Umezaki (Eds.), "ASEAN - India Connectivity: The Comprehensive Asia Development Plan, Phase II," ERIA Research Project Report 2010-7, December 2011, p.25

26 "Cabinet Nod for Rail Line Project to Connect Imphal," *The Hindu Business Line*, October 25, 2012. <http://www.thehindubusinessline.com/industry-and-economy/logistics/cabinet-nod-for-rail-link-project-to-connect-imphal/article4031503.ece>.

27 Sujata Dutta Sachdeva, "Delhi to Hanoi? Possible, says Railways," *Times of India*, September 21, 2003, available at http://articles.timesofindia.indiatimes.com/2003-09-21/india/27217146_1_railway-line-link-indian-railways.

and ASEAN by combining physical connectivity with industrial clusters and high-speed rail networks. It should be noted that along with Dawei, a fairly large number of ports such as Yangon, Sittwe, Kyaukphyu, Thandwe, Patheingyi, Mawlamyine, Myeik and Kawthaung are either being constructed or upgraded to handle greater volumes of traffic. It is important for India to rapidly expand its port facilities along the Eastern seaboard and establish strong linkages along the lines suggested by ERIA, starting with major upgrades of the Chennai and Ennore ports.

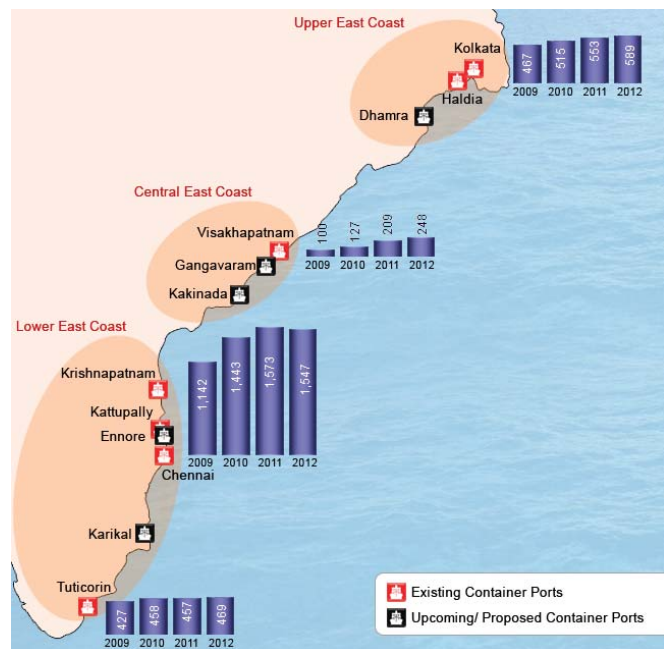
Along with land-based connectivity projects, there is an urgent need to create new ports and to expand the capacity of the existing ports on India's eastern seaboard. As India-ASEAN trade picks up momentum, a robust port network will become all the more important.

India's exports are severely constrained by congestion at various Indian ports. For instance, ships at major ports on the eastern coast such as Vishakhapatnam reported 25-day waiting periods, which had a negative impact on agricultural exports.²⁸

Moreover, only a few Indian ports have the capacity to handle mother ships (large cargo vessels) and delays at the ports have prompted these mother ships to avoid calling on Indian ports.²⁹

These structural hurdles indicate an urgent need to expand port capacity in India. At the moment, India has 12 major ports and 187 non-major ports with the capacity to handle 744.33 mt. of cargo a year, and there are plans to triple cargo handling capacity to 3.13 billion tonnes by 2020.³⁰ As part of these plans, two new deep seaports, in West Bengal and Andhra Pradesh, have been approved.³¹ However, critics point out that these proposals for new ports have been in the pipeline for a few years, and there is an urgent need to expedite their development.

Map 12: Existing and Proposed Ports on India's East Coast (throughput at existing ports in '000 teu)



Source: Container Insight, March 17, 2013, "Competition heating up on India's East Coast"

28 Naveen Thukral, "Indian Port Congestion Hits Grain Supply as Prices Spike," *Reuters*, July 20, 2012, available at <http://in.reuters.com/article/2012/07/20/india-port-congestion-idINDEE86J06P20120720>.

29 Sreeja VN, "Lack of Infrastructure and Congestion in Indian Ports Affect Exports," *International Business Times*, June 16, 2012, available at <http://www.ibtimes.com/lack-infrastructure-and-congestion-indian-ports-affect-exports-703044>.

30 P. Manoj and Utpal Bhaskar, "Two Deep Sea Port Projects on East Coast Set to Get Nod," *Live Mint*, April 11, 2013, available at <http://www.livemint.com/Politics/91O1TyesnXhajrddOc0ZgO/Two-deep-sea-port-projects-on-east-coast-set-to-get-nod.html>.

31 *Ibid.*

* available at <http://ciw.drewry.co.uk/port-developments/indias-east-coast-ports-chasing-hinterland-cargo/>

While the creation of new ports is indeed welcome, there is need to improve efficiencies in existing ports as well. However, progress in incorporating private cargo handlers in various ports has been less than satisfactory as of the 42 port projects, only 27 projects were handed over to private cargo firms by March 31, 2013.³² More importantly, there is also a need to develop appropriate connectivity linkages to production sites in the hinterland. Such absence of connectivity networks is resulting in congestion at the few ports that have better road connectivity.³³ However, in the recent past, efforts have been initiated to ensure that there is a multi-modal connectivity network involving ports and rail networks. For instance, in consonance with ERIA proposals, efforts are being made to improve rail infrastructure in the Chennai-Bangalore Industrial Corridor and the corridor has been extended to include the Krishnapatnam port in Andhra Pradesh.³⁴

India at the moment is not leveraging its large coastline (approximately 6000 km), which is also very close to major international shipping lines. The Development of ports with appropriate hinterland connectivity is critical for India's Look East Policy to gain momentum and for the development of integrated production networks with Southeast Asian Countries.

Investing in the Land-Bridge (Myanmar)

In the recent past, the Indian business community has started investing in Myanmar. In 2010, Tata Motors entered into a collaboration with Myanmar Automobile & Diesel Industries Ltd (MADI) to construct a heavy truck assembly plant in Magwe in central Myanmar.³⁵ The plant has now been operationalised and Tata Motors is expanding its footprint in Myanmar by entering into a distribution agreement with Apex Greatest Industrial Co Ltd. (AGI), Myanmar, for the distribution of commercial vehicles and passenger cars in Myanmar.³⁶

A large contingent of Indian businesspersons accompanied the Prime Minister of India to Myanmar in May 2012. During the visit, Jubilant Oil & Gas Private Limited, India, which had acquired onshore natural gas blocks in the Irrawaddy delta in 2011, entered into a production sharing contract (PSC) with Parami Energy Development Company Limited (Parami) and Myanmar Oil & Gas Enterprise (MOGE).³⁷ Since the Prime Minister's visit, Indian company JK Paper has entered into an MOU with Myanmar's state owned Thar Paung Paper and Pulp Mill to pick up equity to operate the plant and to expand and export the produce from the

32 P. Manoj, "Government Fails to Meet Fiscal 2013's Capacity Expansion Target for Ports," *Live Mint*, April 02, 2013, available at <http://www.livemint.com/Politics/9zVrkeok65eE4kkBLRcv7L/Govt-fails-to-meet-fiscal-2013s-capacity-expansion-target-f.html>.

33 Biman Mukherji and Debiprasad Nayak, "Port Congestion Slows India's Farm Exports," *Reuters*, June 13, 2012, available at <http://online.wsj.com/article/SB10001424052702303734204577463993212808880.html>.

34 N. Anand, "Chennai-Bangalore Corridor Extension to Benefit Traders," *The Hindu*, June 25, 2013, available at <http://www.thehindu.com/news/national/tamil-nadu/chennai-bangalore-corridor-extension-to-benefit-traders/article4847126.ece>.

35 "Tata Motors to Construct Heavy Truck Plant in Myanmar under Government of India's Line of Credit," *Tata*, March 22, 2010, available at <http://www.tatamotors.com/media/press-releases.php?id=541>.

36 "Tata Motors enters into Distribution Agreement in Myanmar," *Tata*, May 28, 2012, available at <http://www.tata.com/media/releases/inside.aspx?artid=t1uYOf0wd+k=>.

37 Juliet Shwe Gaung, "Govt signs PSC agreement with Jubilant and Parami," *Myanmar Times*, Volume 32, No. 629, June 4 - 10, 2012, available at <http://www.mmmtimes.com/2012/business/629/biz62904.html>

mill.³⁸ It should be noted that in the coming years, Indian companies will have to face intense competition not only from Chinese firms but also from Japanese, Korean and western firms eager to explore opportunities in the natural resource rich Myanmar economy.

Growing Engagement of Japan, Thailand and Others

In the past, Japan's trade and investment with Myanmar was constrained by economic sanctions and the autarkic economic policies of the Myanmar regime. In the past two years, Japan has been making sustained efforts to scale up its engagement. Japan's trade with Myanmar has registered a significant increase, with exports doubling to \$492 million in 2010.³⁹ There is anticipation that Japanese investments will also witness significant increases as infrastructure deficiencies are resolved. Japan has waived \$3.7 billion of \$6 billion in debt owed to it by Myanmar.⁴⁰ Further, the Japan Bank for International Co-operation has provided Myanmar with a bridging loan of \$ 900 million to pay off some of its debt to the World Bank and the Asian Development Bank.⁴¹ Japanese financial institutions, such as the Mitsubishi UFJ Financial Group Inc., will be playing an important role in disbursing Japan's financial assistance and are seeking to collaborate with local entities such as Myanmar's Co-operative Bank Ltd.⁴² Japan is also actively involved in developing urban infrastructure facilities, such as water supply and sewage systems in Yangon under Japan International Co-operation Agency (JICA) financing.⁴³

Japan's Deputy Prime Minister and Finance Minister, Taro Aso, visited Myanmar in January 2013, which was the first overseas visit by a senior cabinet minister after Shinzo Abe's Liberal Democratic Party (LDP) government took office. The visit signalled the importance of Myanmar in Japan's Southeast Asian policy. Aso visited the site of the Thilawa Special Economic Zone, reiterating Japan's commitment to large-scale industrial infrastructure projects in Myanmar. The Thilawa project has been termed as the "centre-piece of Japan's investment in Myanmar" and it comprises a 2,400-hectare special economic zone and an industrial park at an estimated cost of \$12.6 billion, which will include a 500 MW power plant at a cost of \$900 million.⁴⁴

38 M. V. Ramsurya, "JK Paper to Pick up Equity Stake in Myanmar Pulp Mill," *The Economic Times*, June 4, 2012, available at http://articles.economicstimes.indiatimes.com/2012-06-04/news/32031854_1_pulp-facility-harshpati-singhania-myanmar-government.

39 Yoree Koh, "Japan Inc. Rushes to Myanmar," *Reuters*, August 25, 2012, available at <http://online.wsj.com/article/SB10001424052702303978104577363730176850196.html>.

40 "Myanmar Debt Load Gets \$6 Billion Lighter," *Wall Street Journal*, January 28, 2013, available at <http://online.wsj.com/article/SB10001424127887323375204578269123280919556.html>; also see "Japan to Forgive Myanmar Debt to Support Reform," *The New York Times*, April 21, 2012, available at <http://www.nytimes.com/2012/04/22/world/asia/japan-to-forgive-myanmar-debt-to-speed-development.html>.

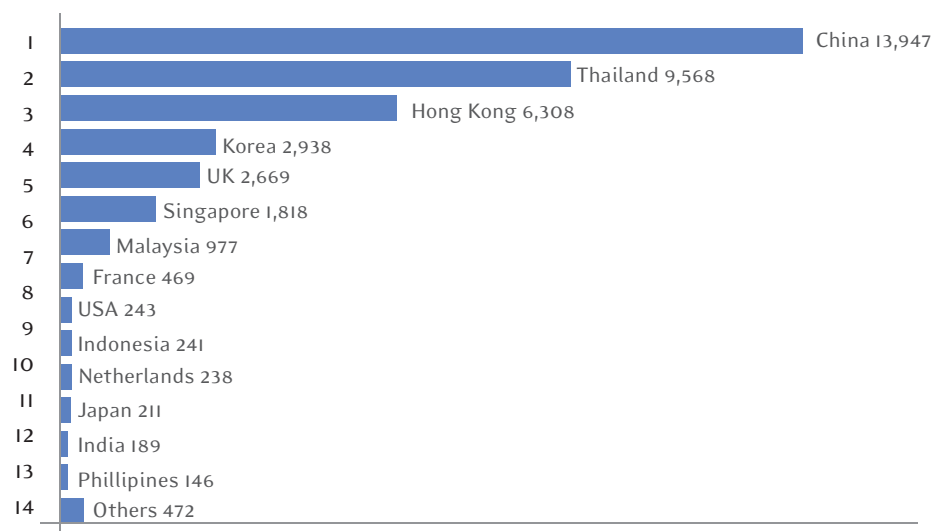
41 "Myanmar and World Bank Sign Deal to Clear Old Debt," *The New York Times*, January 27, 2013, available at <http://www.nytimes.com/2013/01/28/business/global/myanmar-signs-deal-with-world-bank-over-debt.html>.

42 Andy Sharp, "Japan's Aso Targets Myanmar Markets Amid China Rivalry: Economy," *Bloomberg*, January 3, 2013, available at <http://www.bloomberg.com/news/2013-01-03/aso-leads-japanese-push-into-myanmar-market-dominated-by-china.html>.

43 Thomas Fuller, "Long Reliant on China, Myanmar Now Turns to Japan," *The New York Times*, October 10, 2012, available at <http://www.nytimes.com/2012/10/11/world/asia/long-reliant-on-china-myanmar-now-turns-to-japan-for-help.html?pagewanted=all>.

44 Antoni Slodkowski, "Japan Inc Steals a March in Myanmar," *Reuters*, October 3, 2012, available at <http://graphics.thomsonreuters.com/12/09/JapanMyanmar.pdf>.

Chart 13: Cumulative FDI into Myanmar from 1989 to 2012 (US\$M)



Source: “Myanmar Business Guide,” Report of Pricewaterhouse Coopers, August 2012*

Similarly, Thailand has been keen to develop the Dawei Special Economic Zone (SEZ) in the Tanintharyi Region of Myanmar. When the Dawei project ran into financial trouble, Thailand invited Japan to become a partner in the development of Dawei SEZ.⁴⁵ Reportedly, Japan has already extended support for the project by advancing soft loans, which will be used for the construction of port and road infrastructure.⁴⁶ This indicates that countries in the region are comfortable with Japan’s growing economic engagement in Myanmar, which is aimed at integrating Myanmar with the production networks of Southeast Asia.

Thailand is the second largest investor in Myanmar with an estimated investment of some US \$9 billion during 1989-2012.⁴⁷ A significant component (approx.80-90 percent) of Thailand’s investment has been in the energy sector.⁴⁸ Thailand’s state-owned energy company PTT, which has already made significant investments, is planning to invest an additional \$3 billion.⁴⁹

The other major player in Myanmar’s economic landscape is South Korea, which is the fourth largest investor. While companies such as Daewoo have been operating in the energy sector,

45 “Thailand Urges Japan to Join in Myanmar’s Dawei Projects,” *Xinhua*, January 18, 2013, available at http://news.xinhuanet.com/english/world/2013-01/18/c_124246395.htm.

46 Nongnapas Maipanit, “Chances High of Japanese Investment in Dawei: Minister,” *Eleven*, January 19, 2013, available at <http://elevenmyanmar.com/asean/2169-chances-high-of-japanese-investment-in-dawei-minister>; also see Jason Szep and Amy Sawitta Lefevre, “Japan, Thailand race to rescue of Myanmar’s struggling Dawei,” *Reuters*, September 21, 2012, available at <http://www.reuters.com/article/2012/09/21/uk-myanmar-thailand-dawei-idUSLNE88K00R20120921>.

47 Joseph Allchin, “Burma Lobbies for More Thai Investment,” *Democratic Voice of Burma*, July 13, 2010, available at <http://www.dvb.no/news/burma-lobbies-for-more-thai-investment/10710>.

48 “Thailand sees Big Potential for Myanmar,” *The Financial Express*, February 14, 2012, available at http://www.thefinancialexpress-bd.com/more.php?news_id=98536&date=2012-02-14.

49 Gwen Robinson, “Thailand’s PTT to Invest \$3bn in Myanmar,” *Financial Express*, July 17, 2012, available at <http://www.ft.com/cms/s/0/14074a42-d013-11e1-bcaa-00144feabdc0.html#axzz2OZMeWVyc>.

* available at www.pwc.com/sg/en/assets/document/myanmar_business_guide.pdf

South Korean companies are now seeking to diversify their investment portfolio by investing in sectors such as communications, vehicles and auto parts and mining.⁵⁰

Finally, with the suspension/lifting of sanctions, companies from the West are actively exploring investment opportunities in Myanmar.⁵¹ While companies such as Chevron and Total have been operating for some time, others such as British Petroleum and Royal Dutch Shell are considering investments. To distribute its products in Myanmar, PepsiCo has signed an agreement with Diamond Star Co., Ltd.; it is also exploring investments in the agricultural sector.⁵² Some of the world's biggest companies, such as Coca-Cola and Unilever, have invested in Myanmar, and a recent telecommunications license bid was awarded to Norway's Telenor and Qatar's Ooredoo.⁵³ In the coming months and years, there is going to be intense competition among various international actors to gain economic leverage in resource rich Myanmar.

Super-Grids and Regional Connectivity

Member countries of the South Asian Association of Regional Co-operation (SAARC) have recently started considering the possibility of electricity super-grids involving the countries in the region. Some of the South Asian countries have immense potential for generating hydroelectricity. According to official estimates, the regional power grid has a “capacity of 100,000 MW for India and its South Asian neighbours.”⁵⁴ The Bangladesh leader Sheikh Hasina pointed out during the 4th SAARC Energy Ministers' Meeting in 2011 that opportunities that come with the SAARC grid interconnection are vast and immediate.⁵⁵

While establishing a genuine super-grid in South Asia may take time, there has been considerable progress in the realm of project level co-operation. As Subir Bhaumik points out, the Palataba gas-fired power project in Tripura (India) was built by transporting the required heavy machinery through Chittagong in Bangladesh, with the promise that the resulting power would be shared with Bangladesh.⁵⁶ In the coming years, India and Bangladesh can also collaborate in harnessing the hydro-potential of Northeast India. As Bangladesh generates 80 per cent of its electricity using natural gas, it needs to examine alternative ways of meeting its

50 South Korea wants more Investments in Burma,” *Mizzima*, March 15, 2012, available at <http://www.mizzima.com/business/6767-south-korea-wants-more-investments-in-burma.html>.

51 “Myanmar Gets Record Investment After Years of Isolation: Energy,” *Bloomberg*, September 17, 2012, available at <http://www.bloomberg.com/news/2012-09-16/myanmar-gets-record-investment-after-years-of-isolation-energy.html>.

52 “PepsiCo Announces Myanmar Distribution Agreement with Diamond Star,” *PepsiCo*, August 9, 2012, available at <http://www.pepsico.com/pressrelease/pepsico-announces-myanmar-distribution-agreement-with-diamond-star08092012.html>.

53 “Myanmar Faces Aging Population, Report Warns,” *The Wall Street Journal*, July 18, 2013, available at <http://online.wsj.com/article/SB10001424127887324448104578613224060227946.html>.

54 “India sees 100,000 mw on Tap in SAARC Grid,” *Times of India*, April 28, 2011, available at http://articles.timesofindia.indiatimes.com/2011-04-28/india/29482244_1_grid-mw-india-and-pakistan.

55 “Sarc Power Grid with India First,” *The Daily Star*, September 16, 2011, available at <http://www.thedailystar.net/newDesign/news-details.php?nid=202718>.

56 Subir Bhaumik, “Waiting for the One Big Leap Forward,” *The Telegraph*, July 16, 2013, available at http://www.telegraphindia.com/1130716/jsp/opinion/story_17043416.jsp#.UeWHzY1dHwg.

energy requirements, and has begun considering sourcing hydroelectric power from Bhutan.⁵⁷ India has built three major power projects in Bhutan and imports power from these projects based on a power-sharing agreement.⁵⁸ With Myanmar opening up, India needs to hasten the implementation of its hydro-power projects, participate in energy projects based on natural gas, and explore the possibility of establishing a super-power grid with Southeast Asian countries. A high-level advisory panel for the Indian government has already suggested the necessity of such a 'Power Beltway'.⁵⁹ The Japan Renewable Energy Foundation has also been advocating the need for an Asian power grid to maximise the benefits of renewable energy resources.⁶⁰

Given the increasing demand for energy resources, such a super-grid may be helpful in meeting energy demand well as generating habits of co-operation and resource sharing. The Plan of Action to Implement the ASEAN-India Partnership for Peace, Progress and Shared Prosperity (2010-2015) has already prepared a road map on energy co-operation that involves developing necessary infrastructure related to energy projects, establishing compatible electricity grids, liberalising power trade among ASEAN member states and India, strengthening co-operation in energy efficiency and facilitating trade and investment in the energy sector.⁶¹ It is important for India and ASEAN to identify a few strategic projects and work towards the realisation of greater energy co-operation.

Regional Connectivity for New Architecture

Some of the above-mentioned projects focused on India-Myanmar connectivity can be integrated into large projects that seek to integrate India with the rest of the Southeast Asian countries as part of the Asian Highways project. In the recent past, there have been proposals for an Indo-Pacific economic corridor that would link Southeast Asian countries with India and Bangladesh. The Indo-Pacific economic corridor seeks to build on existing infrastructure links and create new ones. Similarly, India-Myanmar railway connectivity can be integrated into the larger project of the trans-Asian railway line that seeks to connect Camranh Bay in Vietnam to the Caspian.⁶²

57 Rahman Jahangir, "Harnessing Hydro-Power Potential in Bhutan and Nepal," *The Financial Express*, June 1, 2013, available at <http://www.thefinancialexpress-bd.com/index.php?ref=MjBfMDZfMDFfMTNfMV82XzE3MTI4Nw==>.

58 Sudheer Pal Singh, "India, Bhutan Power Plant Collaborations in Limbo," *The Business Standard*, June 8, 2013, available at http://www.business-standard.com/article/economy-policy/india-bhutan-power-plant-collaborations-in-limbo-113060800661_1.html.

59 "Advisory Panel on Power Moots Transnational 'Beltway'," *Indian Express*, June 3, 2013, available at <http://www.indianexpress.com/news/advisory-panel-on-power-moots-transnational--beltway-/1124166/>.

60 John A. Mathews, "The Asian Super Grid," *The Asia-Pacific Journal: Japan Focus*, Vol. 10, Issue 48, No. 1, November 26, 2012, available at http://www.japanfocus.org/-John_A_-Mathews/3858 ; See also Takashi Kikuchi, "On 'Asian Super Grid,'" *Japan Renewable Energy Foundation*, September 14, 2011, available at http://jref.or.jp/images/pdf/20110914/2D_kikuchi_0914.pdf.

61 "Plan of Action To Implement the ASEAN-India Partnership for Peace, Progress and Shared Prosperity (2010-2015)," ASEAN, available at <http://www.asean.org/asean/external-relations/india/item/plan-of-action-to-implement-the-asean-india-partnership-for-peace-progress-and-shared-prosperity-2010-2015>.

62 "Highway to East Asia," *The Hindu*, June 1, 2013, available at <http://www.thehindu.com/opinion/editorial/highway-to-east-asia/article4769793.ece>.

US officials have forcefully advocated this idea of an Indo-Pacific Economic Corridor. US support for this ‘corridor’ and other connectivity projects is based on two considerations: seeing the Asia-Pacific as a single entity, and connectivity as a tool for generating favourable regional architecture. Robert O. Blake, Assistant Secretary for South and Central Asian Affairs, in his Congressional testimony on February 26, 2013, noted, “we need to first look at the Asia Pacific as a single geographically coherent space; one that not only ends on our own shores, but also expands westward to encompass the Indian subcontinent. Much of the history of the 21st century will be written in this broader Asia-Pacific region, projected to become home to over 5.2 billion people by 2050. That history will have a profound impact on the people and the economy of the United States.”⁶³ On June 12, 2013, Robert D. Hormats, Under Secretary for Economic Growth, Energy, and the Environment, stated that “The United States sees great value in integrating India into the Asia-Pacific architecture and strongly supports the Government of India’s efforts to improve trade and connectivity in Southeast Asia - a region with which it shares many historical and cultural links.”⁶⁴ These reflections indicate that connectivity is not only about facilitating greater economic interactions but also enables countries to use these interactions as a launch pad for a new, balanced and stable architecture in the region.

Conclusion

A late mover’s disadvantage, difficult terrain and differences in administrative and political cultures have been some of the reasons for delays in Indian projects in Myanmar. Nonetheless, it would be no exaggeration to state that these delays in connectivity projects are costing India not only economically but also in terms of political and social goodwill. Expedient implementation of connectivity projects between India and Southeast Asian countries starting with Myanmar is today a strategic imperative for the success of the Look East Policy.

As India collaborates with Myanmar and other countries to complete various connectivity projects, it will be important to include social sector programmes targeting co-development along the border as an integral component. Connectivity projects and attendant movement of people may result in emergence of new fault lines such as intensification of an ‘insider-outsider’ discourse.⁶⁵ Therefore, there is a need to prepare the local communities in Northeast India and in Myanmar to face challenges that they may encounter due to an increase in trade and economic activity in the coming years. To be effective and sustainable, any such preparation must involve active consultation and participation of civil society and of local communities along the India-Myanmar border.

63 Robert O. Blake, Jr. “The Asia Rebalance: Why South Asia Matters,” Remarks as Prepared for Delivery House Foreign Affairs Committee, Subcommittee on Asia and the Pacific, Washington, DC, February 26, 2013, available at <http://www.state.gov/p/sca/rls/rmks/2013/205210.htm>.

64 “US Supports Indian Efforts to Improve Trade in Southeast Asia,” *The Economic Times*, June 13, 2013, available at http://articles.economictimes.indiatimes.com/2013-06-13/news/39952554_1_robert-d-hormats-tpp-trans-pacific-partnership.

65 For example see Sanjay Pulipaka, “Lessons from the Chin-Mizo Experience,” *Gateway House*, February 22, 2013, available at <http://www.gatewayhouse.in/voices/blog/gateway-notes/lessons-chin-mizo-experience>.

VI. i

CONNECTING EAST: THE MYANMAR CHALLENGE

H K Singh

For over two decades, India's "Look East Policy" (LEP) has been hobbled by one major constraint: balancing India's example of democratic governance with the strategic need to engage the military regime in Myanmar. With that country's gradual democratic opening in recent years, the focus is shifting to energising India's slow and steady efforts to develop connectivity infrastructure and boost economic and security ties with Myanmar.

As the preceding paper by Sanjay Pulipaka indicates, there are major shortfalls not only in the physical connectivity between India's Northeast and this vital gateway country linking India and Southeast Asia, but also in soft systems to facilitate cross border trade, commerce and travel. India's poor track record on project completion stands exposed by interminable delays, which undermine both its interests and regional image. High level visits, like that of the Indian Prime Minister Manmohan Singh in May 2012, can yield agreements but cannot deliver on implementation unless there is improved oversight and co-ordination within the Government of India.

The areas that require urgent attention include:

- Co-ordinated socio-economic development of India-Myanmar border areas, improved infrastructure for cross-border trade and travel, and direct civil aviation links
- Completion of Kaladan multi-modal transport project and the India-Myanmar-Thailand Trilateral Highway; planning of future railway connectivity
- India's participation in the development of deep-sea ports such as Dawei to speed up progress on the Mekong India Economic Corridor designed to provide seamless connectivity from Chennai to Hanoi
- Promoting greater engagement by the Indian private sector in exploring economic and commercial opportunities in Myanmar
- Capacity-building support for the Myanmar navy for bilateral co-operation on maritime security in the eastern reaches of the Bay of Bengal

- Support for democratic institution building in Myanmar through training of professionals and sharing of India's vast experience in parliamentary democracy
- Advancing complementarities on Myanmar initiatives with regional partners like Japan and the US
- Offering assistance to Myanmar to shoulder its responsibilities as Chair of ASEAN in 2014

While it is true that Myanmar's democratic transition is still ongoing and the country faces several complex domestic challenges from social unrest to lingering ethnic insurgencies, India faces a clear test of its resolve to engage and act East by strengthening connectivity, trade, security and other institutional linkages with Myanmar.

With oil and gas pipelines and railway links being constructed by China between Kyaukphyu in the Bay of Bengal and Kunming, Myanmar has already become Beijing's link to the Indian Ocean. It remains to be seen if India can also add urgency to its efforts to convert Myanmar into its land bridge to the mainland and maritime reaches of Southeast Asia. India's reinvigorated Look East Policy, to be credible, demands no less.

APPENDICES

A. Executive Summary of the CSIS Wadhvani India Chair’s Report “Enhancing India-ASEAN Connectivity”



Enhancing India-ASEAN Connectivity

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A Report of the CSIS Sumitro Chair for Southeast Asia Studies and the Wadhvani Chair for US-India Policy Studies

June 2013
Center for Strategic and International Studies (CSIS), Washington D.C.

Executive Summary and Key Recommendations

Twenty years ago, India launched its “Look East” policy. For most of those twenty years, Myanmar’s isolation, mistrust between India and its neighbors, and poor infrastructure connectivity hindered the development of links between South and Southeast Asia. With Myanmar’s tentative opening and improved relations between India and Bangladesh, an opportunity exists for India to boost trade and security ties with mainland and maritime Southeast Asia. And the United States, during President Barack Obama’s second term, is committed to rebalancing toward Asia, with India playing a pivotal role. U.S. national security adviser Thomas Donilon recently reaffirmed U.S. support for India’s efforts in this regard, adding: “U.S. and Indian interests powerfully converge in the Asia-Pacific, where India has much to give and much to gain.”¹

In February 2013, the Center for Strategic and International Studies (CSIS) and the Indian Council for Research on International Economic Relations (ICRIER) brought together key Indian and U.S. decisionmakers and thinkers from the region for a conference in New Delhi entitled “Emerging Asia.” In a Track 1.5 dialogue conducted under Chatham House rules,² participants concluded that overall Indian and U.S. security policies converge, and more specifically that India’s Look East approach is an area of long-term convergence between the two countries. The ten-member Association of Southeast Asian Nations (ASEAN)³ views India as an indispensable security partner as well, because ASEAN’s difficulties will also be India’s. As the United States continues its “rebalance” toward Asia, it must demonstrate that the U.S. commitment is not only to security but to a broad and sustained commitment to the Indo-Pacific, complete with a long-term economic engagement strategy. India and ASEAN want the United States engaged fully in the Indo-Pacific region.⁴

India’s Look East approach has deep roots. Hinduism, Buddhism, and later Islam spread from India to Southeast Asia. India’s cultural imprint remains in the temples of Thailand, Cambodia, and southern Vietnam and in the art and symbols of Indonesia. During the Asian Relations Conference in 1947, India’s first prime minister, Jawaharlal Nehru, observed, “It is fitting that India should play her part in this new phase of Asian development. . . . India is so situated that she is the pivot of Western, Southern, and Southeast Asia.” Ten years after India launched the Look East policy in 1992, ASEAN invited India to join its annual summits, and in 2005 India became a founding member of the East Asia Summit (EAS).⁵ At the India–ASEAN Commemorative Summit in 2012, Indian prime minister Manmohan Singh observed, “India

1 Tom Donilon, “The United States and the Asia-Pacific in 2013,” White House Office of the Press Secretary, March 11, 2013, <http://www.whitehouse.gov/the-press-office/2013/03/11/remarks-tom-donilon-national-security-advisory-president-united-states-a>.

2 Official and unofficial participants spoke on a nonattribution basis. For a summary, see www.csis.org/publication/indias-look-east-and-americas-asia-pivot-converging-interests.

3 ASEAN includes Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.

4 Although India’s Look East policy includes Northeast Asia, this report focuses exclusively on India–ASEAN connectivity.

5 The EAS is an annual forum launched in 2005 for Asia-Pacific leaders to discuss regional political, and strategic issues. Although the EAS is ASEAN-centered, it also includes eight non-ASEAN participants: Australia, China, India, Japan, New Zealand, Russia, South Korea, and the United States.

and Southeast Asia have centuries-old links. People, ideas, trade, art, and religions have long crisscrossed this region. A timeless thread of civilization runs through all our countries.”⁶

Looking, acting, and engaging east is a core interest for India. One-third of India’s external trade is with its East Asian neighbors, and that share will grow. India and Southeast Asia together constitute one-fourth of humanity and have a combined gross domestic product (GDP) of \$3.8 trillion. India seeks to expand trade with ASEAN from its current \$80 billion to \$100 billion by 2015 and \$200 billion by 2022. Because of India’s vast market, ASEAN nations see opportunities to diversify their economic relations by engaging west. Economic engagement with India can also help further ASEAN’s connectivity agenda and its pursuit of an ASEAN Economic Community, to be achieved, at least in principle, by 2015.

Upon instruction from ASEAN’s leadership, the Economic Research Institute for ASEAN and East Asia completed a Comprehensive Asia Development Plan, a grand spatial design for infrastructure development and economic integration that dovetails with the ASEAN Master Plan on Connectivity (see Appendix). A crucial element is the Mekong–India Economic Corridor (MIEC). For greater land connectivity, plans are under way to complete the India–Myanmar–Thailand Trilateral Highway, which will not only boost incomes in the region but also help solidify Myanmar’s shift toward democracy. For sea connectivity, major port projects could link India’s eastern and northeastern states to Myanmar, Thailand, and beyond. One such project, the \$8.6 billion Dawei deep-sea port and industrial estate in Myanmar, still lacks financing. India is also building a sea link via the \$120 million Sittwe port, which would establish a direct land route between India and the Myanmar coast.

The World Bank and Asian Development Bank (ADB) are prepared to help enhance connectivity but need guidance on member nations’ priorities. As the implementing body for the MIEC, the ADB stands ready to provide technical assistance and co-financing. Consider the importance of infrastructure investment: an Indo-Pacific corridor would allow cars made in Chennai, India, to reach Ho Chi Minh City, Vietnam, through a variety of transport means across the Bay of Bengal, Myanmar, Thailand, Cambodia, and Vietnam.

Participants in the Track 1.5 Conference urged that Bangladesh be included in this connectivity process, fully linked to India’s markets and those of the rest of Asia. India, the United States, and ASEAN nations such as Thailand and Indonesia could also facilitate Myanmar’s integration into the region. Already, the Myanmar military looks to Indonesia as a model for how it can ease out of politics and still remain relevant. Indonesian journalists are helping to train journalists in Myanmar. India could contribute to this process through capacity building in government ministries, military-to-military exchange, and civil society engagement.

Connectivity has elements that are akin to systems hardware: roads, bridges, ports, and electrical grids. Other elements constitute the software of systems: the customs codes, trade facilitation, regulatory regimes, training, and capacity building that facilitate the passage of goods, ideas, technology, and individuals back and forth between nations. The antivirus software helps deal

6 Manmohan Singh, opening statement, plenary session of the India–ASEAN Commemorative Summit, New Delhi, December 20, 2012, <http://www.aseanindia.com/speeches-and-statements/2012/12/20/pms-opening-statement-at-plenary-session-of-india-asean-commemorative-summit>.

with the downsides of greater connectivity and includes addressing health and environmental challenges, as well as nontraditional security concerns such as human trafficking. One participant in the Track 1.5 dialogue suggested that, as China is already providing the hardware of connectivity, India can provide the software and the United States the technology and know-how.

As part of its “rebalance,” the United States has already stepped up its engagement with ASEAN, the South Asian Association for Regional Cooperation, the EAS, and the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC). Along with the Indian Ocean Naval Symposium, IOR-ARC provides a mechanism for dealing with growing tensions in the Indian Ocean, while the EAS can serve as the central security institution for the future after member nations develop an underlying support system to ensure its success.

Although U.S. participants endorsed the Trans-Pacific Partnership (TPP) goal of a binding, comprehensive agreement that liberalizes trade and investment, Indian and U.S. participants in the Track 1.5 dialogue expressed concern that the TPP excludes key partners such as India and that U.S. trade policy does not sync with America’s broader Indo-Pacific strategy. While welcoming the United States’ Expanding Economic Engagement initiative for ASEAN, they questioned whether it is sufficiently ambitious. Indian participants urged the United States to keep an open mind toward the Regional Comprehensive Economic Partnership and reiterated India’s interest in joining the Asia-Pacific Economic Community if invited to do so.

Regarding U.S. engagement in the Indo-Pacific, an American official stressed that it contains “infinite facets” and that the U.S. commitment to the region is broad, sustained, and nonpartisan. Indo-Pacific collaboration should deepen in the realm of maritime security, humanitarian and disaster relief, and counterterrorism. Because over 90 percent of the region’s trade is seaborne, particularly energy resources, and the littoral nations of the Indo-Pacific share a commitment to freedom of navigation, dialogue participants recommended intensified bilateral security engagement and multilateral efforts to create a maritime security regime that provides mutual reassurance to all Asian nations. An open, inclusive, transparent, and balanced arrangement to address piracy, mishaps at sea, energy security, and oceans management—particularly in the Bay of Bengal and the South China Sea—would be far preferable to a potentially competitive naval buildup.

However, maritime security is only part of the picture. Connectivity is not just about governments and navies. Civil society and the private sector, not governments alone, play key roles in connectivity. Therefore, participants in the Track 1.5 dialogue recommended that U.S., Indian, and ASEAN leaders develop an ambitious agenda for collaborative action. This agenda should include not only developing infrastructure, land–sea–air links, and regional energy solutions like a common electricity grid and gas pipelines across borders but also people-to-people cooperation on education, rule of law, water resources, climate, the environment, science and technology, health, human trafficking, and food security, including fisheries.

The following are key recommendations from the Emerging Asia conference in the areas of diplomacy and security, infrastructure and energy, and enhancing people-to-people

collaboration among India, ASEAN, and the United States. Chapter 5 expands on these and provides additional recommendations for consideration.

Key Recommendations for Diplomacy and Security

- The United States and India should continue their productive dialogue on East Asia, and the U.S.–India–Japan trilateral dialogue should include a specific discussion on ASEAN.
- India should send a resident ambassador to the ASEAN Secretariat in Jakarta.
- India and the United States should work together to support Myanmar’s economic development and democratic consolidation, helping to strengthen ASEAN while doing so. Similarly, Bangladesh should be integrated into regional structures, and India and the United States should facilitate the pursuit of opportunities for Bangladesh’s development.
- In the maritime realm, India, China, and the United States should develop confidence-building measures to prevent incidents at sea.
- The United States should offer India a more ambitious framework for maritime cooperation, one that develops into a joint concept of operations and redefines bilateral maritime cooperation.
- Building on existing agreements, India should strengthen counterterrorism collaboration with ASEAN to combat terrorism.

Key Recommendations on Infrastructure and Energy

- India and the United States should work with multilateral development banks on expanding the ADB’s Greater Mekong Sub-Region program to include the MIEC.
- India, ASEAN, and the United States should provide clear signals to the multilateral development banks on priorities for addressing transportation bottlenecks and other infrastructure gaps.
- India, ASEAN, and the United States should begin creating an interconnected “super grid” stretching from India to Southeast Asia so that electricity from one nation can be transmitted to another in the case of blackouts and shortages.⁷
- India, ASEAN, and the United States should expand initiatives to help “leapfrog” to cleaner and higher-efficiency energy technologies.

Key Recommendations for Enhancing People-to-People Collaboration

- India–ASEAN–U.S. cooperation should be expanded to promote the creation of community colleges, vocational training, and distance-learning opportunities, and U.S. institutions should be encouraged to partner with Indian and ASEAN institutions in this endeavor.
- The U.S. Export–Import Bank should provide financing for loans and scholarships in India and the ASEAN region for study in the United States.

7 Nobuo Tanaka, “Asia’s Tangled Power Lines,” *Foreign Affairs*, August 1, 2012, <http://www.foreignaffairs.com/articles/137806/nobuo-tanaka/asias-tangled-power-lines#>.

- Research collaboration among the United States, India, and ASEAN, especially in biotechnology,⁸ nanotechnology, and oceans research should be facilitated through private–public partnerships.
- Areas ripe for health collaboration between India, ASEAN, and the United States include (1) opportunities in telemedicine, especially for rural populations;⁹ (2) improving health care access through smart infrastructure planning that puts a premium on access to medical facilities; and (3) sharing of best practices to improve health care outcomes in treating diseases endemic to the region.
- Areas ripe for collaboration on clean water include storage, distribution, and pipelines to help maximize resource efficiency. Together, the United States, India, and ASEAN can develop low-cost clean water technologies.
- An official trilateral dialogue on climate change between the United States, India, and ASEAN should be supplemented by collaborative research involving the National Oceanic and Atmospheric Administration (NOAA), India’s Ministry of Earth Sciences, and ASEAN institutions, especially on monsoon and tsunami monitoring and predictions.
- India, ASEAN, and the United States should share best practices in urban planning and air and water management for growing cities.
- India, ASEAN, and the United States should partner to minimize deforestation in the Indo-Pacific.
- India, ASEAN, and the United States should coordinate response plans before natural disasters occur, allowing each country to deploy its resources more quickly and save lives.

According to the ADB, the Indo-Pacific region is moving from a rural to urban majority faster than anywhere else on earth.¹⁰ By building critical infrastructure and sustainable urban communities of the future, the Indo-Pacific region will make itself the nexus of twenty-first-century commerce, leveraging this trend of rapid yet sustainable urbanization. Akin to a demographic dividend, one could view this as an urbanization dividend. Failing to plan and swiftly implement strategies for rural-to-urban migration, not constructing cities that can accommodate breakneck growth, resource stress, and natural calamities, or neglecting to transparently support critical infrastructure linking major hubs will severely constrain the region’s potential, turning demographic dividends into disasters.

Already, human and natural systems are dangerously stressed. Addressing issues of sustainability and human capacity building enhances the ability of our countries to deal with the region’s strategic challenges, including poverty. This “antivirus software” helps us deal with the downsides of greater connectivity. As the ADB has shown, the poor suffer the most from environmental degradation, which now threatens both economic growth prospects and Asia’s hard-won

8 Sachin Chaturvedi and Halla Thorsteinsdóttir, “A Growing Southern Agenda: India’s South-South Health Biotechnology Collaboration,” in *South-South Collaboration in Health Biotechnology* (New Delhi: Academic Foundation, 2012).

9 S. D. Muni and See Chak Mun, “ASEAN–India Relations: Future Directions,” ISAS Special Reports, May 25, 2012, 13, http://www.isas.nus.edu.sg/Attachments/PublisherAttachment/ISAS_Special_Report_05_-_Asean-India_Relations_-_Future_Directions_New_25052012172612.pdf.

10 “Asia’s Booming Cities Must Go Green or Risk Disaster—ADB Study,” Asian Development Bank, August 15, 2012, <http://www.adb.org/news/asias-booming-cities-must-go-green-or-risk-disaster-adb-study>.

gains against poverty. Economic growth in the region needs to include higher productivity growth, more innovation, strategies for coping with rapid urbanization, and greater regional integration.¹¹

Full report available at:

http://csis.org/files/publication/130621_Osius_EnhancingIndiaASEAN_WEB.pdf

11 Rajat Nag, “Asia’s Challenges: Beyond the Fast Lane, Ensuring Inclusive and Green Growth,” presentation, CSIS, Washington, DC, March 20, 2012.

B. Executive Summary of “ASEAN-India
Connectivity: The Comprehensive Asia
Development Plan, Phase II,” Fukunari Kimura
and So Umezaki (Eds.), December 2011, ERIA
Research Project Report

ASEAN - India Connectivity:
The Comprehensive Asia Development Plan, Phase II

Edited By
Fukunari Kimura
And So Umezaki

December 2011

1. Introduction

Economic Research Institute for ASEAN and East Asia (ERIA) submitted the Comprehensive Asia Development Plan (CADP) to the 5th East Asia Summit in October 2010, as a grand spatial design for infrastructure development in East Asia. The conceptual framework of the CADP, which was elaborated based on new waves of international trade theory namely the fragmentation theory and new economic geography, demonstrated how the region can pursue deepening economic integration as well as narrowing development gaps. This claim was supported by simulation analyses on the impacts of logistic enhancement to the region using the Geographical Simulation Model (GSM). CADP also provided a long list of prospective infrastructure projects which would be important to realize the policy recommendation of the CADP.

During the same series of summit meetings, the 17th ASEAN Summit adopted the Master Plan on ASEAN Connectivity (MPAC) as an umbrella master plan to expedite the establishment of the ASEAN Community, during the drafting process of which ERIA also provided intellectual contribution based on the conceptual framework of the CADP. The MPAC defined three modes of connectivity, namely physical connectivity, institutional connectivity, and people-to-people connectivity, as the keys for the successful establishment of the ASEAN Community. The MPAC and the CADP share a common philosophy in the sense that both stress the importance of physical and institutional connectivity in deepening economic integration and narrowing development gaps. Although the MPAC is a plan of ASEAN, it also emphasizes the importance of the connectivity with neighboring countries including EAS member countries.

Although the CADP successfully fulfilled its initial mission,¹ there still remain a number of issues to address, of the primal importance of which is the implementation of infrastructure projects and policy measures recommended in the CADP. This executive summary will summarize the current implementation status of the infrastructure projects listed in the CADP as a follow-up, and another set of prospective infrastructure projects to enhance ASEAN-India connectivity will be presented, together with key findings and policy recommendations from the second phase of an ERIA research project on the CADP.

2. Implementation Status of Infrastructure Projects Listed in the CADP

Figure 1 shows current implementation status of the prospective infrastructure projects provided in the long list of the CADP. The conceptional stage means projects have only conceptual design or proposals. The feasibility study stage includes preliminary feasibility studies, bankable feasibility studies, and contract stages. The construction stage takes account of the projects

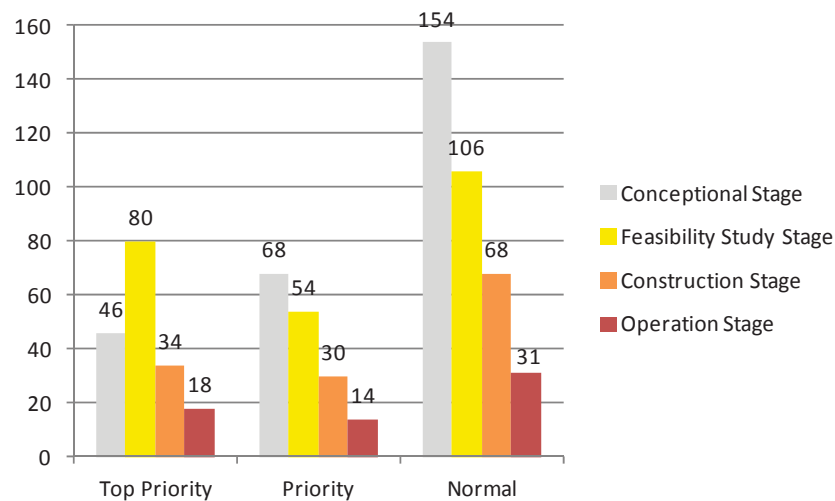
1 Chairman's Statement of the East Asia Summit (EAS), Ha Noi, 30 October 2010. "13. We commended the Economic Research Institute for ASEAN and East Asia (ERIA) for its effective contributions in enhancing regional economic integration, bridging development gaps and promoting connectivity for both ASEAN and EAS countries, including its intellectual contribution to developing the ASEAN Connectivity Master Plan. We noted the Statement of the ERIA's 3rd Governing Board Meeting and its study identifying its future contribution to regional integration. We appreciated the completion of the Comprehensive Asia Development Plan (CADP) by ERIA in collaboration with the ADB and the ASEAN Secretariat."

under construction and the projects completed but waiting for operation. We can see more than 60% of the projects have reached at least the feasibility study stage.

Figures 2, 3 and 4 illustrate the current implementation status of the selected infrastructure projects in the Mekong sub-region, the Indonesia-Malaysia-Thailand Growth Triangle Plus (IMT+) sub-region, and the Brunei Darussalam-Indonesia-Malaysia-Philippines East ASEAN Growth Area Plus (BIMP+) sub-region, respectively.² Apparent positive trends in the Mekong sub-region can be seen compared with IMT+ and BIMP+, although there remains a significant missing link in the Myanmar section of the Mekong India Economic Corridor (MIEC) which needs to be connected by a number of infrastructure projects in Dawei, such as a deep sea port and a highway from Dawei to Thai border along the ASEAN Highway No.123. This issue has been further elaborated in the second phase of the CADP project and will be discussed in the next section.

Figure 1: Implementation Status of the Infrastructure Projects Listed in the CADP (as of October 2011)

Source: ERIA



2 IMT+ and BIMP+ are new concepts extended from the original IMT-GT and BIMP-EAGA concepts. See the CADP report for details.

Figure 2: Selected Infrastructure Projects in the Mekong Sub-region

Source: ERIA

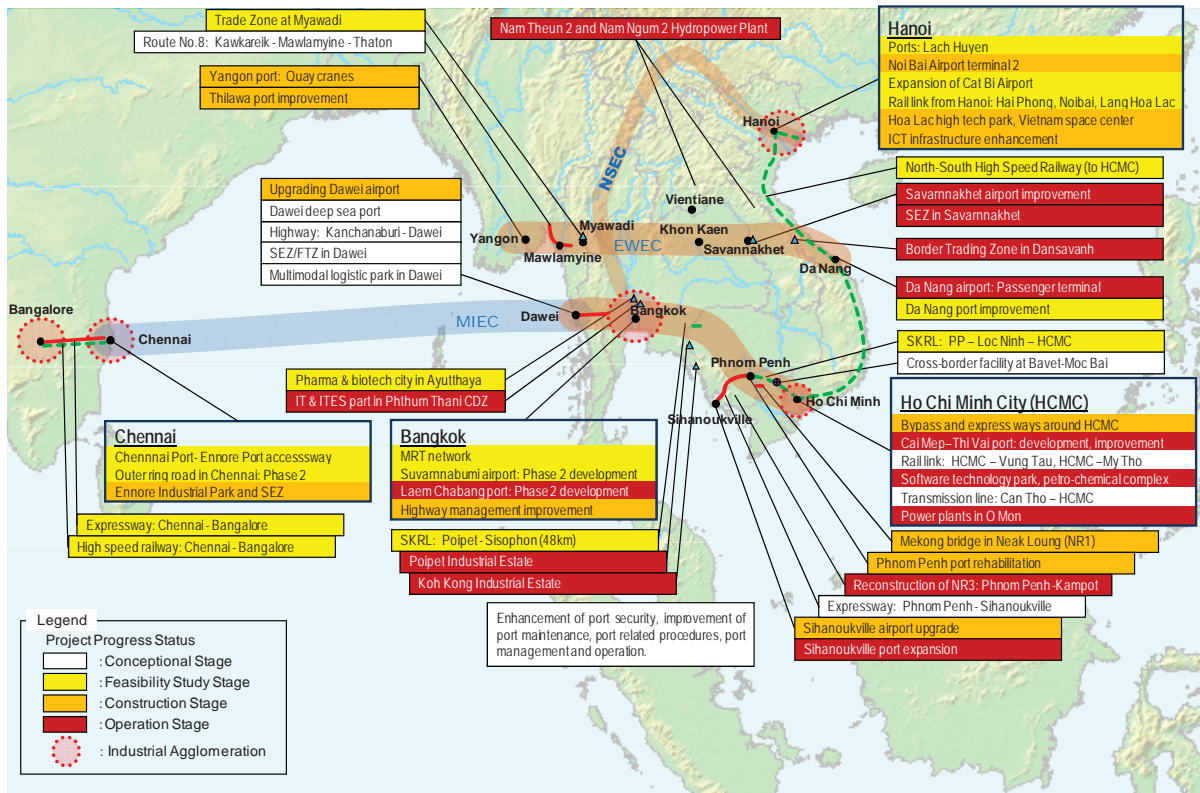


Figure 3: Selected Infrastructure Projects in the IMT+ Sub-region

Source: ERIA

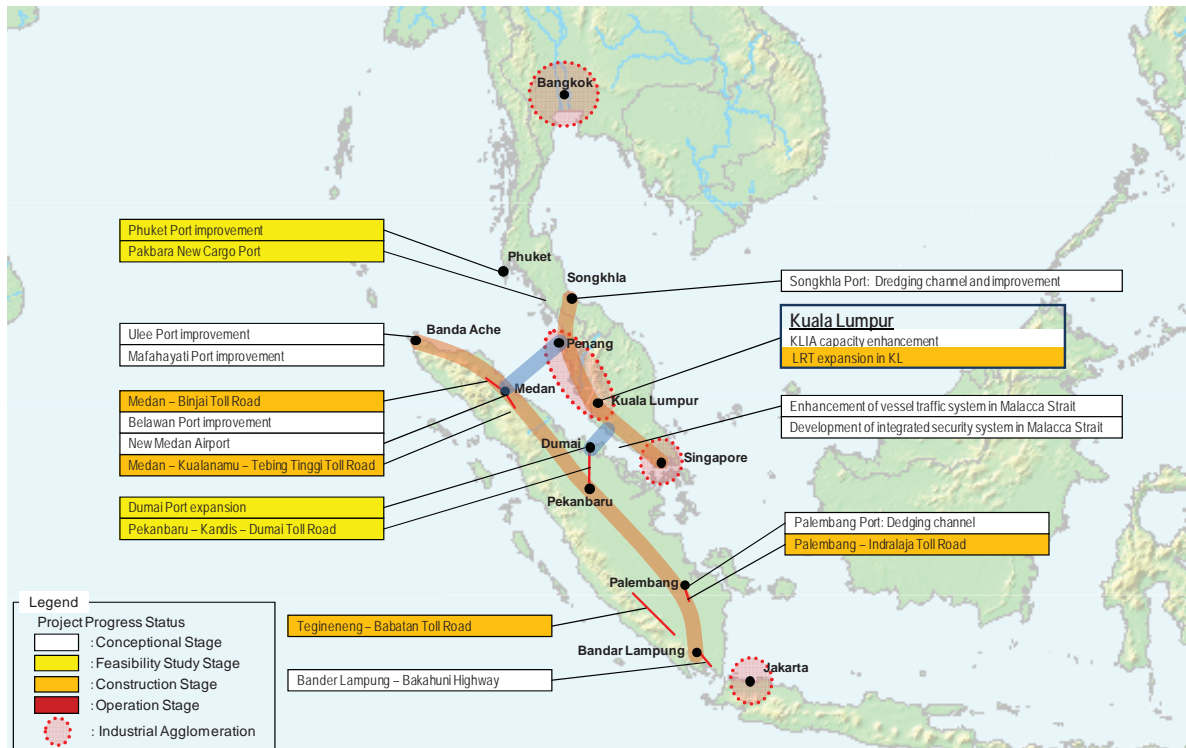
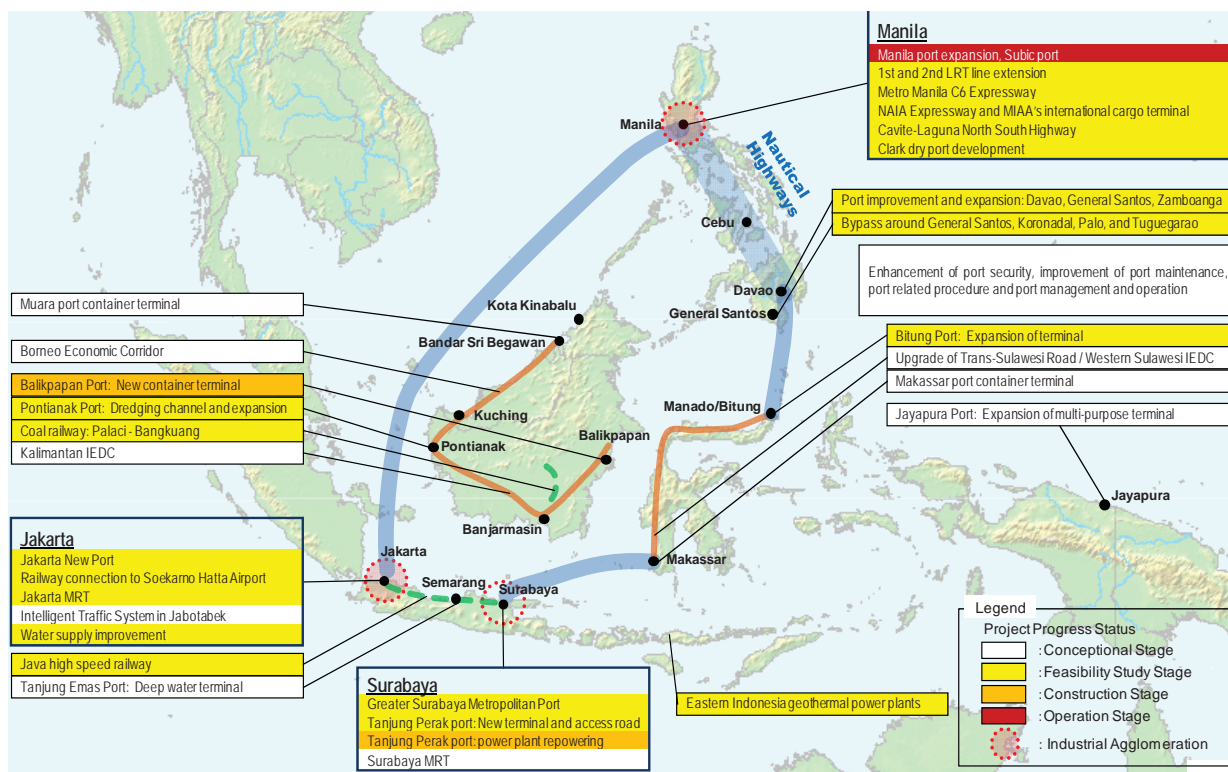


Figure 4: Selected Infrastructure Projects in the BIMP+ Sub-region

Source: ERIA



3. ASEAN-India Connectivity

Although the CADP successfully fulfilled its initial mission, there still remain a number of issues which require further intensive studies. Out of these outstanding issues, ASEAN-India connectivity is selected as the main theme of the second of the CADP (CADP2), because of the growing importance of the issue amidst the ongoing restructuring of economic activities. Both the CADP and the MPAC emphasize the importance of the connectivity with the neighboring countries including China, India, and other EAS member countries. Though both China and India are the emerging economic superpowers in the region as well as the immediate neighbors to ASEAN, the exposure of India in ASEAN is still limited compared with China, reflecting the differences in the historical relationships and the weaker physical connectivity with ASEAN. Therefore, it is highly important to develop a basic strategy to enhance the connectivity between ASEAN and India, because there are huge potential benefits.

3-1. Mekong-India Economic Corridor (MIEC)

While the validity of MIEC was also demonstrated in the CADP, there remain significant missing links, including the lack of a Mekong bridge in Neak Leoung (Cambodia) and the lack of the gateway port in Dawei (Myanmar). As often discussed, an economic corridor is only as strong as its weakest link. In addition, the connectivity between Thailand and Myanmar should

be enhanced through the construction of a highway between Dawei and Thai border (physical connectivity) and various trade and transport facilitation measures (institutional connectivity). It is important to pinpoint the challenges ahead of the development of MIEC through an updated review of the progress of these projects.

ERIA conducts a series of simulation analyses using the 4th version of the Geographical Simulation Model (GSM), and their findings are summarized as follows: (1) MIEC has the largest impacts on Cambodia, followed by Myanmar, Thailand, and Lao PDR; (2) Taninthayi, where the capital city is Dawei, enjoys the largest impact, equivalent to 9.5% vis-a-vis the GDP in 2030 in the baseline scenario; (3) allowing the transit transport in Myanmar is critical for countries other than Myanmar, especially for Thailand; (4) Dawei project in Myanmar has larger impact than Pak Bara project in Thailand even for Thailand, and there is almost no additional impact when we compare Dawei project only and both Dawei and Pak Bara projects, because most benefit from connecting to India or EU can be achieved by Dawei project only; (5) West Bengal and Tamil Nadu have slight positive impacts while others see slight negative impacts and in total in India there is almost no impact, mainly due to the fact that India has higher preference for domestic products. It reflects India's least participation in the production networks in Asia. It suggests the need for greater integration with the production networks through improved institutional connectivity.

3-2. The Trilateral Highway Connecting Thailand, Myanmar, and India

Another major route to enhance ASEAN-India connectivity can be developed by upgrading road infrastructure of the Thailand-Myanmar-India section of Asian Highway No.1, which has also been identified as the Trilateral Highway in the cooperation among these three countries.³ As the road infrastructure in Thailand is already well developed, the remaining issues are the sections in Myanmar and the Northeast India. More importantly, trade and transport facilitation across two national borders between Thailand and Myanmar, and Myanmar and India needs to be addressed with strong political commitment, although there is no trade and transport facilitation initiative between Myanmar and India as of today. Actually, Myanmar locates on the west end of ASEAN, having China on the north, and is the lowest income country in ASEAN with the weakest connectivity with other ASEAN Member States. Similarly, Northeast India locates on the northeast end of India, having China on the northeast beyond Myanmar the immediate neighbor, and is among the poorest regions in India with the weakest connectivity with other parts of India. Myanmar and Northeast India, surrounded by all three of the most vigorous economies in the world, namely, China, India, and (other part of) ASEAN, are expected to play a very important role as the connecting nodes to physically connect these economies. In this broader perspective, Myanmar and Northeast India are no longer at one end of the region they belongs to. Taking this strategic role into consideration, development strategies for Myanmar and Northeast India can be the core of the regional strategy to enhance ASEAN-India connectivity.

3 The identified route is Bangkok – Nakhon Sawan – Tak – Mae Sot//Myawadi – Thaton – Payagyi– Gangaw – Kaleymyo – Tamu//Moleh – Imphal – Kohima.

3-3. A Regional Framework

A regional framework strategy for the enhancement of ASEAN-India connectivity needs to be designed based on a multi-modal approach, a multi-functional approach, and a multi-tier approach.

First, it is obvious that regional connectivity cannot be completed with a single mode of transportation, implying a need to take a multi-modal approach. As discussed in detail in the last section, a number of infrastructure projects and have been proposed and being implemented in all modes of transportation, namely, land (including road and railways), maritime (including inland waterway transport), and air. In land transport, the completion of the ASEAN Highway Network (AHN), including the upgrading of the weak link along the EWEC between Thingannyinaung and Kawkareik (AH1), and other AHN sections in Myanmar such as Dawei-Kawthaung (AH112), Dawei-Maesameepass (AH123),⁴ Chaun U-Kalay (AH1), and Kengtong-Taunggyi (AH2), was adopted as one of the prioritised strategies in the MPAC. The above mentioned sections on AH1 in Myanmar are also identified as integral parts of the trilateral highway connecting Thailand, Myanmar, and India. In addition to the long-awaited completion of the Singapore Kunming Rail Link (SKRL), which is also a prioritised project in the MPAC, there is another ambitious plan to establish a rail link from India to Ho Chi Minh City crossing the Indochina Peninsular. In maritime transport, the construction of new ports in Dawei, Kyaukphyu, and Pakbara are in the pipeline, and the expansion or upgrading of existing ports, such as Yangon, Sittwe, and Chennai, are identified. Inland waterways along the Kaladan River and Ganga are also expected to play important roles in enhancing the connectivity between the mainland and Northeast India via Myanmar and Bangladesh respectively. In air transport, there are plans to construct or upgrade airports in Chennai and Dawei. Although this is beyond the scope of this report, air transport network is expected to be enhanced by the ongoing initiatives to establish the ASEAN Single Aviation Market (ASAM) and the ASEAN's air transport agreements with its Dialogue Partners including India, China, and Korea. Although all these initiatives are important on their own, it is of crucial importance to pay enough attention to the connectivity between these different modes of transportation.

Second, in order to explore the full potentials of enhanced regional connectivity, physical infrastructure alone is not sufficient enough, indicating a need for a multi-functional approach. Infrastructure for physical connectivity, such as roads, ports, airports, gas pipelines, and power grids, are of course important as necessary conditions. As discussed in the last section, for example, the connectivity between Myanmar and Northeast India has been limited not only by the lack of adequate physical infrastructure but also by the restrictive institutional arrangement between Myanmar and India, namely the restrictions on the tradable items and the mode of settlement. In order for the success of the comprehensive development plan in Dawei, as the crucial link in MIEC, the timely implementation of transport facilitation agreement in ASEAN is highly important and it was also agreed by ASEAN Leaders as one of the prioritised strategy in the MPAC. A proper enforcement of regional transport agreement would enable logistic service providers to reduce significantly the cost to cross national borders, by saving the money and time for unloading and reloading. In addition, the connectivity of people can be a facilitating factor particularly in the case of border trade. For example, there are various ethnic groups along the border between Myanmar and Northeast India, and some of them share a

4 This section is an integral part of MIEC, connecting Dawei and Thai border near Kanchanaburi.

same language and maintain a strong cultural tie, including trade relationship whichever it is formal or informal. Although they could be sometimes recognized as a discouraging factor for insurgency problems in the border areas, their existing economic relationship can be the basis to expand bilateral trade in the future.

Third, as claimed in the CADP, it is of crucial importance to consider the interactions among the regions in different development stages. In the geographical coverage of this report, there are existing industrial agglomerations such as Bangkok and Chennai (Tier 1). These agglomerations are expected to lead the regional economy by providing large markets of final and intermediate goods and raw materials for neighbouring Tier 2 and Tier 3 regions, and by continuously upgrading themselves to be more innovative to expand the frontiers of economic activities in the region as a whole.

Considering the size and their roles in regional production networks, Chiang Mai, Kolkata, Dhaka, and Kunming can be regarded as existing Tier 2 regions, followed by emerging Tier 2 regions such as Yangon and Mandalay. In addition, taking account of the ongoing development plans and geographical location, Dawei, Kyaukphyu, and some cities in Northeast India such as Guwahati are also expected to join into the regional production network as new connecting nodes of regional production networks. The major role of Tier 2 is to be the sources of economic dynamism in the region by attracting production processes from neighbouring Tier 1 or other places through fragmentation, which are suitable to the location advantage of the region. This process of fragmentation would benefit not only Tier 2 by providing new economic activities which includes new employment opportunities, but also Tier 1 by allowing them to focus more on innovative economic activities.

With enhanced connectivity, other regions, conceptually regarded as Tier 3, are expected to expand their economic activities, such as agriculture, mining, and tourism, based on their own location advantages including the endowment of natural and cultural resources, lower wages and rents. Indeed, Myanmar and Northeast India are endowed with natural and mineral resources such as natural gas, oil, coal and limestones, and have potentials as agricultural production base or tourism destination. These opportunities would not be materialized without efficient and reliable connectivity with neighbouring regions.

3-4. Key Infrastructure Projects for ASEAN-India Connectivity

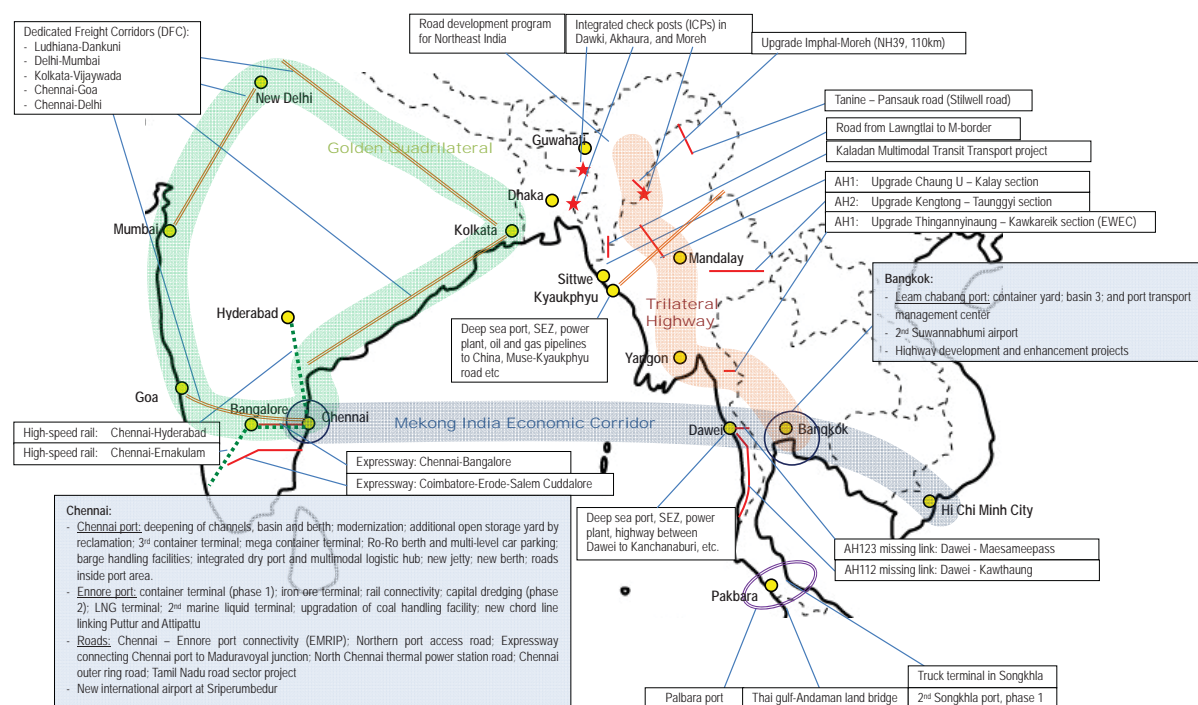
Figure 6 visualizes key infrastructure projects to enhance the connectivity between ASEAN and India. As already discussed, there are two main routes, namely the sea route along MIEC and the land route along the Trilateral Highway. Although the designed route of Trilateral Highway ends at Kohima in Northeast India, it is expected to connect to mainland India through the existing national highway network in India via “chicken neck,” through the multimodal transport corridor being developed under the Kaladan Multimodal Transit Transport project, or through Bangladesh using its highway network or inland waterway.

As already discussed, development projects in Dawei are of the primal importance for the successful completion of MIEC. Although there is a comprehensive plan including a deep sea port, a special economic zone, highway to Thai border, a power plant, and so on, the actual

construction work has just started and will take several years for completion. In addition, there are a lot of challenges to explore the full potentials of the plan, particularly in inviting foreign investment in Dawei. Furthermore, as pointed out by Kumagai and Isono (2011), it is important to establish an effective and efficient institutional arrangement to allow transit transport in Myanmar part of MIEC, that is, between Maesameepass (Thai border) and Dawei. Under the transport cooperation in ASEAN, three framework agreements on transport facilitation are planned to be implemented by the year 2015, with explicit emphasis on the designated transit transport routes (TTRs). Although this route connecting Kanchanaburi and Dawei is identified as a part of ASEAN Highway Network, it is not included in the “designated” TTRs. As the completion of MIEC is already agreed as one of the strategic actions in the MPAC, this route should be included in the designated TTRs in order to explore the full potentials of the plan. Physical connectivity is necessary, but not the sufficient condition for the success. It should be complemented by an institutional connectivity, that is, a proper institutional arrangement to facilitate cross border movement of goods and services. This in turn would contribute in reducing significantly the service link costs connecting Bangkok and Dawei, and Chennai as well, and facilitating fragmentation of manufacturing activities to Dawei.

On the Indian side, Chennai and surrounding areas have a number of infrastructure projects as well, particularly to expand the capacity of ports and airport, and to enhance the road and rail networks connecting Chennai with other parts of India. Indeed, reflecting the rapid growth of Chennai and surrounding areas, the capacity of Chennai port, including the backyard space, and the access to the port have been identified as key bottlenecks for further development of the region. This problem is well addressed by the planned expansion of ports of Ennore as well as Chennai, and the plan to enhance the connectivity between the two ports. In addition, as Chennai is a growing hub of automotive industry, the planned construction of a Ro-Ro

Figure 6: Selected infrastructure projects for ASEAN-India connectivity



(roll-on, roll-off) berth and a multi-level car parking is expected to have a major impact. With all these infrastructure projects, Chennai and surrounding areas will be well prepared as the gateway connecting ASEAN and India.

In its original design, the identified route of Trilateral Highway is from Bangkok, Nakhon Sawan, Tak, to Mae Sot in Thailand, from Myawaddy, Thaton, Payagyi, Mandalay, Gangaw, Kaleymyo, to Tamu in Myanmar, and from Moleh, Imphal, and to Kohima in India, tracing the Asian (and ASEAN) Highway No.1. As the routes in Thailand and India are already well developed, with an exception that a mountainous section between Moreh and Palel would need moderate repair or upgrading works, the remaining issues are to upgrade physical road infrastructure in Myanmar and to establish effective and efficient institutional arrangement to facilitate cross border trade and transportation.

Along the Trilateral Highway, two sections are highlighted in Figure 6, namely, between Thingannyinaung and Kawkareik (near Thai border), and between Chaung U and Kalay (a section between Mandalay and Indian border). These projects are of urgent importance, not only as integral parts of the Trilateral Highway but also as the trunk route to enhance domestic connectivity in Myanmar. From a regional perspective, in addition to these physical infrastructures, institutional connectivity to facilitate cross border trade and transportation needs to be enhanced under the trilateral cooperation. In this sense, India's plan to establish an Integrated Check Post (ICP) in Moreh is very important.

4. The Next Step: Maritime Connectivity in ASEAN

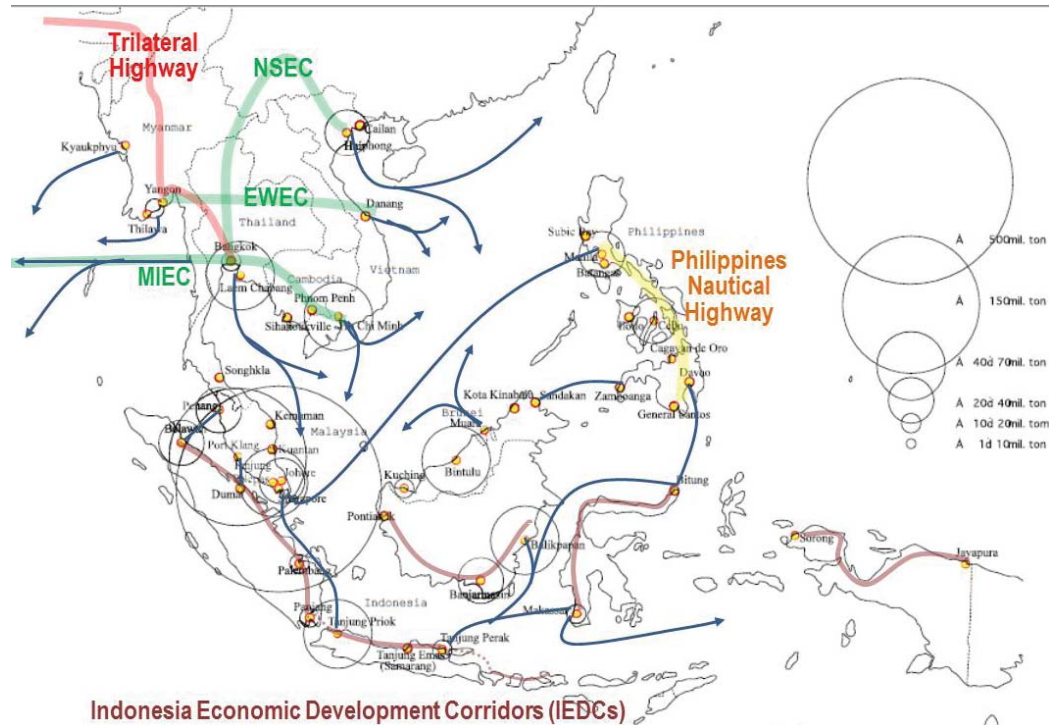
The concept of economic corridors has been the core of regional development plans in ASEAN and East Asia, as can be seen in the Greater Mekong Subregion (GMS) initiative lead by the Asian Development Bank (ADB) and the CADP as well. In order to explore the full potentials of economic corridors in the region, it is important to enhance the connectivity among the economic corridors by upgrading maritime connectivity. Indeed, as demonstrated in the CADP, the enhancement of maritime connectivity is expected to have larger impacts on economic growth and narrowing of development gaps.

Despite the importance, many ASEAN countries, with the exception of Singapore and Malaysia, rank poorly relative to China and Hong Kong in the UNCTAD Liner Shipping Connectivity Index. At the same time, most of the gateway ports of the AMSs are already “fairly full” which means that investments in capacity expansion would have to be made in order to meet the growth in trade expected from the deeper economic integration of the AMSs among themselves and with the rest of the world. In addition, a JICA study on 47 designated ports in ASEAN revealed a number of challenges in providing a more efficient shipping network services given the varying levels of port infrastructure development.⁵

In addition to the physical infrastructure, it is also important to make the regional shipping market more efficient and competitive. For this purpose, the MPAC identifies the development of an ASEAN Single Shipping Market (ASSM) as one of the key strategies. ASEAN has started

5 The recommendations from the JICA study was incorporated in the list of prospective infrastructure projects in the CADP.

Figure 7: Economic Corridors, 47 Designated Ports, and Maritime Connectivity



Source: The original map is drawn from JICA Study on Guidelines for Assessing Port Development Priorities 2009. Note: The size of the circles indicate the cargo throughput of 47 designated ports in 2008.

a comprehensive study for ASSM, with a support from Korea, based on the strategic paper on ASSM prepared by Indonesia. In addition, ASEAN decided to conduct a study on the roll-on/roll-off (RoRo) network and short sea shipping as one of the prioritised projects in the MPAC. This study is regarded as a first step in exploring one of the options to enhance the connectivity between archipelagic and mainland ASEAN. The successful case of the Philippines Nautical Highway Network is expected to provide important lessons for ASEAN in establishing international RoRo networks in the region.

Enhanced maritime connectivity in ASEAN will enhance the connectivity among various economic corridors, and thereby promote the integration between archipelagic and mainland ASEAN (Figure 7). This is clearly an integral step for ASEAN to become a single market and production base, as envisaged in the ASEAN Economic Community Blueprint, which in turn will spread the benefits of economic integration to throughout ASEAN and East Asia.

Full Report available at:

http://www.eria.org/publications/research_project_reports/asean---india-connectivity-the-comprehensive-asia-development-plan-phase-ii.html

C. Vision Statement - ASEAN-India Commemorative Summit

WE, the Heads of State/Government of the Association of Southeast Asian Nations (ASEAN) and the Republic of India, gathered in New Delhi, India, on 20 December 2012, to commemorate the 20th Anniversary of the ASEAN-India Dialogue Relations under the theme of “ASEAN-India Partnership for Peace and Shared Prosperity”;

ACKNOWLEDGING that the civilisations of ASEAN and India have been enriched by cross cultural exchanges over several millennia, where knowledge and ideas, goods and spiritual traditions have moved seamlessly across borders, providing a strong foundation for cooperation in a globalised world;

SATISFIED with the rapid growth and progress of ASEAN-India Dialogue Relations since its establishment as a sectoral dialogue partnership in 1992;

RECOGNISING the successful conclusion of the first Plan of Action for the period 2005-2010 and the implementation of the new Plan of Action for the period 2010-2015 to implement the ASEAN-India Partnership for Peace, Progress and Shared Prosperity;

APPRECIATING India’s role in ensuring regional peace and stability through India’s accession to the Treaty of Amity and Cooperation in Southeast Asia (TAC) in 2003 and India’s active contribution in the ASEAN+1, the ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and the ASEAN Defence Ministers’ Meeting (ADMM) Plus;

RECOGNISING ASEAN’s centrality and its role as the driving force of both economic and security structures and institutions currently emerging in the region, which allow for a stable and peaceful regional environment that is essential to the pursuit of sustainable development;

INSPIRED by the progress made in realising the ASEAN-India Trade in Goods Agreement, consolidation of the annual ASEAN-India Business Fair and Conclave and reactivation of the ASEAN-India Business Council, which has enhanced trade linkages and economic cooperation between ASEAN and India, as well as contributed to the economic development of the region and a robust bilateral trade volume between ASEAN and India, which has surpassed the USD 70 billion mark as targeted for 2012;

WELCOMING India's consistent support for ASEAN integration, the ASEAN Community building process and ASEAN-India cooperation through contributions via ASEAN-India Fund (AIF), ASEAN-India Green Fund (AIGF), ASEAN-India Science & Technology Development Fund (AISTDF) as also through direct financial assistance to various research and development initiatives;

COMMITTED to working closely together on common regional and international issues of mutual concern and supporting each other's role at the global level as well as working together to promote and strengthen inclusive and multi-track regional arrangements, including promoting the goal of open regionalism and enhancing the prospects for peace, stability and prosperity in Asia;

RECOGNISING the emergence of Delhi Dialogue as one of the premier ASEAN- centric Track 1.5 platforms for discussions on regional and international issues of mutual importance; and CONSIDERING the work of the ASEAN-India Eminent Persons Group (AIEPG) and its Report with recommendations for forging an even closer partnership for peace, progress and shared prosperity;

HEREBY adopt the following:

1. We declare that the ASEAN-India Partnership stands elevated to a strategic partnership.
2. We will strive towards the full, effective and timely implementation of the ASEAN-India Dialogue Relations across the whole spectrum of political and security, economic, socio-cultural and development cooperation, through further strengthening of relevant institutional mechanisms and broadening of the network between government institutions, parliamentarians, business circles, scientists, think-tanks, media, youth and other stakeholders, for the building of a peaceful, harmonious, caring and sharing community in our regions. In this context, we will continue to support and encourage active participation of relevant stakeholders in the Delhi Dialogue.
3. We will continue to exert efforts and cooperate to effectively implement the Plan of Action to implement the ASEAN-India Partnership for Peace, Progress and Shared Prosperity (2010-2015).
4. India will support and cooperate closely with ASEAN to realise the ASEAN Community in 2015, comprising three pillars, namely, the ASEAN Political Security Community, the ASEAN Economic Community and the ASEAN Socio-Cultural Community. To further strengthen this cooperation, we agree to establish an ASEAN-India Centre using existing capacities.

Political and Security Cooperation

5. We share the vision of a peaceful, prosperous and resurgent Asia, which contributes to and promotes global peace and security.
6. We are committed to enhancing mutual understanding and friendship through close high-level contacts and exchanges and will continue to strengthen regular bilateral and multilateral

dialogue and consultation at different levels on various regional and international issues of common interest.

7. We will make use of existing ASEAN-led regional processes, such as the ASEAN Defence Ministers Meeting (ADMM) Plus to promote defence and military exchanges and cooperation, and the ASEAN Regional Forum (ARF) to foster constructive dialogue and consultation on political and security issues.
8. We are committed to fostering greater security cooperation and information sharing in the form of regular and high-level security dialogues to further address traditional and non-traditional security challenges, including transnational crimes, and strengthening the effective implementation of the ASEAN-India Joint Declaration for Cooperation to Combat International Terrorism.
9. We are committed to strengthening cooperation to ensure maritime security and freedom of navigation, and safety of sea lanes of communication for unfettered movement of trade in accordance with international law, including UNCLOS.
10. We agree to promote maritime cooperation, including through engagement in the ASEAN Maritime Forum (AMF) and its expanded format, to address common challenges on maritime issues, including sea piracy, search and rescue at sea, maritime environment, maritime security, maritime connectivity, freedom of navigation, fisheries, and other areas of cooperation.

Economic Cooperation

11. In the context of economic globalisation and regional integration, we are committed to our efforts in advancing economic cooperation and engaging the emerging regional economic architecture, including organising multi-sectoral strategic economic dialogues.
12. We are committed to reaching greater trade volume through our FTA and realising our trade and economic potential under our strategic partnership by expanding trade facilitation initiatives. We are, therefore, committed to achieving a target of USD 100 billion for ASEAN-India trade by 2015, and also expect tariff-free lines to increase beyond the existing level in subsequent years.
13. We are committed to realising the ASEAN-India Free Trade Area (FTA) with a combined market of almost 1.8 billion people and a combined GDP of USD 3.8 trillion. In this regard, we welcome the successful conclusion of the negotiation on ASEAN-India Trade in Services and Investment Agreements. The signing of these Agreements will facilitate further economic integration between ASEAN and India, and also contribute to the overall East Asian economic integration.
14. We are committed to promoting private sector engagement and encouraging business-to-business relations, including through establishing a necessary framework to strengthen private sector engagement and public-private partnership (PPP) linkages. Recognising the important role of Small and Medium Enterprises (SME) in the region, we are also committed to encouraging collaboration in the SME sector.
15. We recognise the need to ensure long-term food security and energy security in our region, and the use of appropriate technologies for this end, and in this regard, we welcome the

efforts to strengthen cooperation in the agriculture sector, and cooperation among centres of energy in ASEAN and India.

16. We encourage further cooperation between ASEAN and India in support of sub-regional developments including within the frameworks of Mekong-Ganga Cooperation (MGC), Bay of Bengal Initiative for MultiSectoral Technical and Economic Cooperation (BIMSTEC), Brunei-Indonesia-Malaysia-Philippines-East ASEAN Growth Area (BIMP-EAGA), Cambodia-Laos-Viet Nam Development Triangle Area (CLV-DTA), Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), Greater Mekong Sub-Region (GMS) and the ASEAN Mekong Basin Development Cooperation (AMBDC), and other areas.

Socio-Cultural and Development Cooperation

17. We will strengthen socio-cultural cooperation and promote greater people- to-people interaction through increasing exchanges in culture, education, youth, sports, creative industries, science and technology, information and communication technology and software, human resource development and scholarly exchanges. We will also enhance contacts between parliamentarians, media personnel, academics and Track II institutions such as the network of think tanks.
18. We encourage the study, documentation and dissemination of knowledge about the civilisational links between ASEAN and India.
19. We will intensify efforts to preserve, protect and restore symbols and structures representing civilisational bonds between ASEAN and India, including Angkor Wat in the Kingdom of Cambodia, Borobudur and Prambanan temples in the Republic of Indonesia, Wat Phu in the Lao People's Democratic Republic, Bagan in the Republic of the Union of Myanmar, Sukhothai Historical Park in the Kingdom of Thailand, and My Son in the Socialist Republic of Viet Nam.
20. We are committed to working together to overcome challenges such as climate change, energy security, rapid urbanisation, natural disasters, food security, drug abuse, through both regional cooperation and participation in relevant global initiatives.
21. We are committed to enhancing cooperation in bridging the development gaps among ASEAN Member States, inter alia, through support for the effective implementation of the IAI Work Plan II (2009-2015) and the Phnom Penh Agenda for ASEAN Community Building, including enhancing capacity building, strengthening human resources development and encouraging involvement of private sector and academic institutions to contribute to the ASEAN integration and the realisation of the ASEAN Community by 2015.
22. We appreciate India's commitment to continue the special focus on the CLMV countries that represent a bridge between ASEAN and India by intensifying focus on human resource development and capacity building e-initiatives, particularly in the fields of information technology, science and technology, English language training, among others. We support India's call to synergise efforts under the Mekong-Ganga Cooperation from the USD 1 million annual India-CLMV Fund.

Connectivity

23. We are committed to enhancing ASEAN Connectivity through supporting the implementation of the Master Plan on ASEAN Connectivity and the ASEAN ICT Master Plan 2015. In this regard, we encourage the ASEAN Connectivity Coordinating Committee to work closely with India's Inter-Ministerial Group on ASEAN Transport Connectivity to enhance air, sea and land connectivity within ASEAN and between ASEAN and India, through ASEAN-India connectivity projects. We are also determined to cooperate and make the best use of all available resources, including financial and technical assistance, investment and public-private partnership to achieve physical, institutional and people-to-people connectivity within ASEAN and with India.
24. We are committed to assisting in the completion of the India-Myanmar-Thailand Trilateral Highway and its extension to Lao PDR and Cambodia and the new highway project connecting India-Myanmar-Lao PDR-Viet Nam-Cambodia as well as developing the Mekong-India Economic Corridor (MIEC) connecting Southeast Asia to South Asia on the eastern part of India in order to add greater momentum to the growing trade and investment linkages between ASEAN and India.

Regional Architecture

25. We are committed to a stable and peaceful regional environment for the pursuit of sustainable development in the region. India reaffirms its continued support for ASEAN's centrality in the evolving regional architecture, including the EAS, ARF, ADMM Plus, and other regional processes.
26. We call for the formulation of specific initiatives to achieve the objectives of this Vision Statement, which would be funded through the AIF, AIGF, and AISTDF.

Adopted in New Delhi, the Republic of India, on the Twentieth Day of December of the Year Two Thousand and Twelve.

New Delhi
December 20, 2012

Source: <http://www.aseanindia.com/speeches-and-statements/2012/12/20/vision-statement-asean-india-commemorative-summit>

D. Recommendations by ASEAN-US Eminent Persons Group

Executive Summary

The ASEAN-U.S. Eminent Persons Group (EPG) has been tasked by the Leaders of ASEAN and the United States to take stock of ASEAN-U.S. dialogue relations over the past 35 years and explore ways to deepen and widen existing cooperation between ASEAN and the United States, as well as to recommend measures for elevating the ASEAN-U.S. relationship to a strategic partnership. These recommendations are to be submitted to the 4th ASEAN-U.S. Leaders' Meeting on 19th November 2012 in Phnom Penh, Cambodia.

These recommendations are designed to have impact, set a vision and specify attainable, near-term goals for governments and the private sector with the aim of elevating ASEAN-U.S. relations from enhanced to strategic partnership.

Key Recommendations

The ASEAN-U.S. EPG envisions a mutually supportive ASEAN-U.S. relationship focusing on areas of mutual interest and on strengthening ASEAN. In advancing ASEAN-U.S. relations, ASEAN centrality and its role as the driving force in the region should be key guiding principles in achieving regional peace, security, prosperity, and stability. These recommendations build on the already strong and vibrant ASEAN-U.S. relationship and are also guided by the long-established process of cooperation between ASEAN and the United States, including the Plan of Action to Implement the ASEAN-U.S. Enhanced Partnership for Enduring Peace and Prosperity 2011-2015.

To enhance ties, deepen economic and cultural cooperation, and elevate the existing relationship, the EPG recommends that the Leaders of ASEAN and the United States announce their intention to form a strategic partnership by 2015 and declare the following goals in the three community pillars, namely the political-security, economic, and socio-cultural communities, at the 4th ASEAN-U.S. Leaders Meeting in Phnom Penh in November 2012

Political-Security

ASEAN and the United States should upgrade their political-security relationship through the following steps, to promote peace, stability and prosperity in the region and beyond.

- **Institutionalize the ASEAN-U.S. Summit.** The annual meeting between the Leaders of ASEAN and the United States is fundamentally important and should be institutionalized from an ASEAN-U.S. Leaders' Meeting to a regular ASEAN-U.S. Summit. This Summit should take place within ASEAN territory, except for on special occasions when a commemorative summit can be convened outside of ASEAN.
- **Support ASEAN Centrality.** United States support for ASEAN centrality in the evolving regional architecture is critically important to promoting ASEAN's role as a driving force to maintain peace, security, stability and prosperity in the region.
- **Support the Development of a Code of Conduct (COC) in the South China Sea.** All countries recognize the need for ASEAN solidarity and a code of conduct to manage disputes in the South China Sea. The ASEAN countries and China agreed in 2002 in the Declaration on the Conduct of Parties (DOC) in the South China Sea to establish a COC. This agreement is important for the region, as it is fundamental to preserving peace and stability and allowing for the expansion of trade and investment. The Leaders should agree to call for a code based on international law and agreements, including the 1982 UN Convention on the Law of the Sea (UNCLOS) and the Treaty of Amity and Cooperation in Southeast Asia (TAC). Leaders also agreed on the need for the peaceful settlement of disputes in the South China Sea.
- **United States to Ratify the 1982 United Nations Convention on the Law of the Sea (UNCLOS).** It is vital for the credibility of the United States in the Asia Pacific region for the U.S. Senate to ratify the 1982 UNCLOS as soon as possible.
- **ASEAN-U.S. Maritime Cooperation.** The Leaders should enhance ASEAN-U.S. cooperation on maritime issues, including maritime security, safety, and search and rescue in the region through the promotion of capacity building, information sharing and technology cooperation.
- **Expand Security Cooperation through Regional Security Architecture.** Building on existing strong bilateral and regional security cooperation efforts, ASEAN and the United States should expand security cooperation and align this initiative with efforts already underway in ASEAN Regional Forum and ASEAN Defence Ministers Meeting Plus frameworks. Other efforts should include increasing the number of ASEAN officers receiving international military education and training (IMET), attending U.S. military academies, and participating in the Asia Pacific Center for Security Studies (APCSS); and expanding joint exercises in the region.
- **Commission a Study on ASEAN-U.S. Political Security Relations in 2020.** The Leaders should commission a study in coordination between U.S.-based and ASEAN-based research institutions through available resources with a view to defining a vision for the ASEAN-U.S. relationship by the year 2020. The study should focus in particular on political and security relations, and include a detailed implementation strategy. The study should be completed

and delivered by September 30, 2013 if possible so that Leaders can consider the findings and recommendations ahead of the 1st ASEAN-U.S. Summit.

- **Encourage an Active ASEAN-U.S. Track 2 Process.** The Leaders should encourage leading think tanks in ASEAN and the United States to stimulate thought leadership for the relationship by inviting them to provide an annual report for consideration by the ASEAN-U.S. Summit.
- **Develop a Joint ASEAN- U.S. Vision on Nuclear Disarmament and Non-proliferation.** In support of the goal of a world without nuclear weapons and recognition of the threat of proliferation to regional and global security, Leaders remain committed to the South East Asia Nuclear Weapons Free Zone (SEANWFZ) Treaty and should identify concrete steps to promote technical cooperation with a view to preserving Southeast Asia as a Zone free of nuclear weapons and all weapons of mass destruction, enhancing relevant safeguard mechanisms in the region and promoting national implementation of the relevant IAEA instruments.
- **Strengthen the ASEAN Secretariat.** The Leaders should reaffirm their commitment to strengthen the ASEAN Secretariat in Jakarta, particularly its capacity to better assist and facilitate ASEAN-U.S. cooperation and more effectively coordinate within ASEAN as well as between ASEAN and its external partners.
- **Encourage Relevant Ministries and Departments to Broaden ASEAN-U.S. Cooperation in Fighting Transnational Crimes** namely counter terrorism, trafficking in persons, illicit drug trafficking, arms smuggling, money laundering, cyber crime, environmental crime, international economic crime, and sea piracy.
- **Expand Humanitarian and Disaster Relief (HADR) Cooperation.** The Leaders should expand training and cooperation and invite private sector engagement in the area of HADR. Moreover, it is important to ensure that there is an increase in joint activities under the ASEAN Committee on Disaster Management (ACDM) framework and in accordance with the ASEAN Agreement on Disaster Management and Emergency Response (AADMER) Work Programme 2010-2015, as well as to provide support to the ASEAN Coordinating Centre for Humanitarian Assistance on Disaster Management (AHA) Centre, ASEAN's primary centre for disaster management and emergency response.

Economic

The leaders should set a goal to double ASEAN-U.S. trade within five years and increase investment in one another's economies by three times.

- **Announce an ASEAN-U.S. Economic Partnership Initiative (EPI).** ASEAN and the United States should commit to working toward a goal of substantially free and fair trade and investment. The ASEAN-U.S. EPI is therefore intended to (a) provide technical and other expertise in connection with the eventual assumption of high-standard trade obligations, and (b) prioritize the negotiation of an ASEAN-U.S. Trade Facilitation Agreement, an ASEAN-U.S. Bilateral Investment Treaty, and an ASEAN-U.S. Agreement on Information and Communications Technology (ICT) principles, that can, in addition to their more

immediate commercial significance, serve as chapters of a high-standard trade agreement. Additional priority areas for negotiation will be agreed to on an ongoing basis, to be next announced at year end 2013.

- **Support all ASEAN Member States Joining APEC.** If APEC agrees to accept new members, ASEAN and U.S. governments should support the candidacy of Cambodia, Laos and Myanmar to become members.
- **Institutionalize an ASEAN-U.S. Business Summit.** The Leaders should create a regular ASEAN-U.S. Business Summit and agree to bring CEO delegations to that Summit and related meetings. The ASEAN-U.S. Business Council and ASEAN private sector should organize the Business Summit in consultation with national governments. The Business Summit will underline the Leaders' commitment to public-private partnerships and infuse the private sector's leadership, creativity and vigor into the dialogue.
- **Support ASEAN Connectivity through Establishing a U.S. Taskforce to Work Closely with the ASEAN Coordinating Committee on Connectivity (ACCC).** ASEAN and the United States have a common interest in connecting their economies and creating jobs through enhancing both hard and soft infrastructure and encouraging government agencies and private companies to focus on building infrastructure. The United States should announce the establishment of a U.S. Taskforce on Connectivity to act as a counterpart to the ASEAN Coordinating Committee on Connectivity (ACCC) to assist in the implementation of the Master Plan on ASEAN Connectivity (MPAC) and recommend new and innovative ways to enhance ASEAN connectivity.
- **Explore Elements for an ASEAN-U.S. Plan for Local Level Engagement.** The Leaders should invite a group of leading officials to explore elements for an ASEAN-U.S. Plan for local level engagement. This plan should further work towards increasing awareness of ASEAN and its growing economic significance within the United States.
- **Facilitate Investment and Job Creation.** The Leaders should promote an environment conducive for businesses to invest and expand their operations. The Leaders should encourage relevant authorities to draw upon best-practices throughout the region; push efforts to establish a standardized set of tools and resources for businesses seeking to make new or expanded investments; as well as establish "One-Stop-Shop" centers where businesses can obtain permits, licenses, survey data and other needed resources efficiently. In addition, focus should be placed on small and medium size business enterprises (SMEs).
- **Launch the ASEAN-U.S. Trade and Environment Dialogue** to improve continuing cooperation on trade facilitation, development of the digital economy, and cooperation on priority areas for ASEAN integration, including the role of small and medium sized enterprises (SMEs).
- **Deepen Cooperation in the Fields of Energy and Food Security** to maximize the revenue and improve the livelihoods of people, which can contribute to narrowing the development gap in the region. Such cooperation should focus on areas such as alternative sources of energy and green technologies as well as developing mechanisms to facilitate technology transfer.

Socio-Cultural

The Leaders should recognize the power of people-to-people ties by changing the paradigm for broader contact and cooperation between ASEAN and the United States and double the number of ASEAN and U.S. students studying in one another's countries by 2015, as well as increase exchanges of researchers and lecturers.

- **Announce an ASEAN-U.S. Integration and Training Initiative in Support of Narrowing the Development Gap.** ASEAN and the United States should announce a training initiative designed to train over 10,000 officials and high-potential leaders from different sectors in less-developed ASEAN countries within the next two years with a view to narrowing the disparities between ASEAN countries. The initiative should complement the Initiative for ASEAN Integration (IAI), the Lower Mekong Initiative (LMI), and other relevant regional technical assistance initiatives. The initiative should be led by a joint ASEAN-U.S. Steering Group consisting of government and private sector representatives. Other donor agencies and countries should be encouraged to partner with ASEAN and the United States to achieve the goal. Training and funding will come from a mixture of government and business sources in ASEAN and the United States.
- **Announce a Visa Initiative for ASEAN-U.S. Students and Business Executives.** The Leaders should announce an initiative to substantially simplify visa procedures for ASEAN-U.S. students and business executives to travel to, study and work in ASEAN and the United States.
- **Explore Creation of an ASEAN-U.S. Young Leaders' Forum (YLF).** The Leaders should establish an ASEAN-U.S. Young Leaders' Forum. Nominees should represent various sectors and be between the ages of 25 and 45 from each country. The YLF should be coordinated through relevant ASEAN youth bodies and appropriate U.S. bodies, and funded through public and private contributions. A delegation of YLF leaders should also be invited to participate in the ASEAN-U.S. Business Summit, when appropriate. The YLF should also address the innovations, obstacles and challenges in advocating and tackling youth issues, as well as best practices and lessons learned of youth movements in respective countries.
- **Launch an ASEAN-U.S. Education Initiative.** The Leaders should invite educational institution leaders at the university and secondary level to propose an ASEAN-U.S. education initiative aimed at doubling the number of students studying in one another's countries by 2015. The effort should include school-to-school and student mentoring programs.
- **Promote Gender Equality and Empowerment of Women.** The Leaders should outline a strong commitment to strive for gender equality and empowerment of women in ASEAN and the United States. Women's empowerment groups should be encouraged to develop ASEAN-U.S. initiatives, including exchange programs, educational efforts, and mentoring programs. ASEAN and the United States also should commit to share best practices in ensuring gender equality and women's empowerment.
- **Launch ASEAN-U.S. Youth Games.** Recognizing the power of sport to foster understanding and build goodwill, the Leaders should launch an ASEAN Youth Games to encourage interaction of ASEAN-U.S. youth through sports and games such as basketball, swimming, and badminton, as well as traditional sports in ASEAN countries, such as pencak silat, sepak takraw, and Thai boxing. The ASEAN-U.S. Youth Games could be held regularly

in ASEAN countries and the United States alternately. This sports initiative should also include training of athletes, coaches and referees, as well as cooperation in sport sciences and medicine.

- **Create an ASEAN-U.S. Center in Washington D.C.** The center would be a nexus for ASEAN-U.S. tourism, investment, cultural cooperation and education, enhancing exposure, familiarity and engagement with ASEAN and U.S. cultures.
- **Develop an ASEAN-U.S. Health Initiative.** The Leaders should launch an ASEAN-U.S. Health Initiative to foster cooperation in areas including science and technology, the exchange of researchers, doctor specialization, treatment and prevention of diseases and other health disorders. This initiative should engage leading non-government organizations, national and regional health organizations, the private sector and doctor and patient groups.

Note:

On November 20, 2012, the ASEAN-United States Eminent Persons Group (EPG) formally submitted recommendations to U.S. and ASEAN Leaders at the 4th ASEAN-U.S. Summit. The Recommendations by the ASEAN-US Eminent Persons Group have been published on the Center for Strategic & International Studies website (https://csis.org/files/publication/121213_U.S.-ASEANEPGFinalReport.pdf) on December 13, 2012.

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