
**From 'Looking' to Engaging
India and East Asia**

G. V. C. Naidu

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Executive Summary

The Look East policy (LEP), launched in the early 1990s, was intended to engage India more closely with the East Asian region, but it met with only limited success initially, for India was not seen to be a major contributor either to regional security or economic development. Superpower military withdrawal, China's increasing assertiveness, and the unexpected emergence of the South China Sea as a major security issue encouraged some Southeast Asian countries to look again at India. With the Association of Southeast Asian Nations (ASEAN) as the focus, New Delhi managed to become a member of most regional multilateral initiatives and gradually strengthened bilateral ties with various countries.

Backed by a stupendous economic performance, India's engagement with East Asia began to undergo a major transformation in the early 2000s. The LEP has evolved into a multi-faceted policy encompassing the entire region, comprising political, economic and strategic dimensions. India has signed strategic partnership agreements with several important countries and to strengthen economic bonds (the weakest link), New Delhi has entered into a variety of comprehensive economic cooperation agreements with ASEAN and several other countries. India's engagement is also marked by robust defense and security cooperation arrangements in the form of joint exercises, training, high-level visits, and security-related dialogues. From being a marginal power, India has emerged as an important player in regional affairs and the emerging power balance. As New Delhi's involvement in East Asia rapidly increases, its relations with the regional great powers are witnessing major shifts. As a result, India will remain a key player in the emergent regional order of East Asia.

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Introduction

One of the most celebrated facets of Indian foreign policy in the aftermath of the Cold War is the Look East policy. It was initiated in the early 1990s against the backdrop of the profound shifts that had occurred – not merely the disintegration of the Soviet Union but also the equally epoch-making economic rise of East Asia. Even if the Cold War had not come to an end, the global center of gravity would have moved to this region in any case, and India would have been compelled to revisit its policy toward this vital region.

By the late 1980s, not only had the Asian Tigers (the NICs) attracted enormous attention, but the world had begun to take note of the inexorable economic rise of China. At the heart of the economic boom in East Asia was Japan's driving force as the second largest economy and a formidable economic powerhouse with cutting-edge technologies and enormous investible capital at its disposal. By then the sub-regional organization, the Association of Southeast Asian Nations (ASEAN), had overcome the pangs of birth and growth by evolving into a force of peace and stability in regional affairs. It ensured that its members did not indulge in open conflict with each other, even if they could not resolve all their disputes. Indeed, ASEAN was a role model and inspiration for many other initiatives, including the South Asian Association for Regional Cooperation (SAARC). It even garnered considerable diplomatic clout during the Cambodian crisis that arose after the Vietnamese military intervention to depose the dreaded pro-China Pol Pot regime in late 1978. It may have failed to force the Vietnamese to withdraw their troops, but its overall weight in East Asian affairs rose considerably. By then, in addition to the US and Japan, even China sought to court ASEAN, forsaking its earlier policy of supporting armed communist movements across Southeast Asia. The name of the game was now economic development and greater prosperity.

Another trend that arose even before the Cold War decisively came to an end was economic multilateralism, in the form of the Asia-Pacific Economic Cooperation (APEC) forum. This was established in 1989, in a region that had hardly any history of operating in a multilateral environment, and it generated enormous interest and enthusiasm. Furthermore, the interface between Northeast Asia and Southeast Asia, whose economic links in particular had remained tenuous despite huge Japanese aid and investment flowing into Southeast Asia, began to undergo a fundamental shift. Gradually, the security issues of Northeast Asia – prominently the North Korean

nuclear impasse, the Taiwan issue, and mounting tension between China and Japan – also began to affect Southeast Asia.

Thus, the East Asian region underwent a major metamorphosis, with a stellar economic performance overall, increasing economic cooperation, and simultaneous perceptible changes in the regional security order. However, despite its strong historical connections with the region, India was conspicuous by its absence. The only time New Delhi figured in the recent past was when, in 1981, it was the only non-communist country that recognized the Vietnamese-installed Heng Samrin in Cambodia, much to ASEAN's annoyance.

However, unexpectedly strong reactions that began to emanate from Southeast Asia in the mid-1980s in response to the expansion and modernization of the Indian Navy were more exasperating for New Delhi. The acquisition of systems such as a nuclear submarine on lease and advanced Kilo-class conventional submarines, a second aircraft carrier, long-range maritime reconnaissance aircraft, and a variety of surface combatants attracted enormous attention. This was coupled with the expansion of the base facility at Port Blair in the Andamans, close to the crucial Malacca Strait. Most observers in Southeast Asia surmised that India was building the military wherewithal to project power into the neighboring region. By the time the Cold War came to end, India had become politically marginal, strategically irrelevant and economically inconsequential as far as East Asia was concerned. It is against this background that India began to refurbish its policy. The end of the Cold War came as a godsend.

To put renewed Indian forays into East Asia in perspective, it is necessary to recount certain major changes in both economic and foreign policies in the early 1990s. The foremost and best-known are the market-oriented economic reforms. Recognizing the need to achieve rapid economic growth, as in East Asia, the reforms compelled New Delhi on one hand to solicit foreign direct investment and to increase its share in global trade. There is no question that they had a salutary effect, not just on the Indian economy but on its external relations as well. As a result, economics for the first time became a distinct dimension in India's foreign policy. A separate division headed by a senior bureaucrat was created in the Ministry of External Affairs (MEA) and attempts to ensure greater coordination between the MEA and the Ministry of Commerce and Industry were undertaken. The second major shift was a turnaround in India-US relations, which had been virtually in cold storage during much of the Cold War. This certainly transformed the relationship between the two countries and also enabled American allies in East Asia, such as Japan and a few other Southeast Asian nations, to review their links with India. The third major change was the new policy towards the Asia-Pacific region that the then Prime Minister Rao fashioned in the form of the Look East policy (LEP). The Indian Navy, because of criticism directed against it, took initial steps to allay Southeast Asian concerns through a series of initiatives. On the other hand, economic

and political exigencies forced India to make all-out efforts to court the East Asian region. For instance, the region was emerging as one of the three mega global trading regions after Europe and North America had chalked out plans to create their own intra-regional trading blocs. In response, East Asia too began to mull creating its own trading bloc. India felt that it was the only major power that was left out of the above arrangements. Grippled by a sense of urgency, the LEP acquired enormous salience as a result. The fourth major discernible change was a new neighborhood policy that New Delhi unveiled, once freed from Cold War-imposed political constraints. This policy had originally been confined, essentially, to managing relations with immediate neighbors in South Asia. However, once India started logging higher growth rates and became militarily more confident, with a steady acquisition of substantial conventional military power, and, since 1998, nuclear capability, the neighborhood was stretched to include the Middle East, East Africa, and East Asia in what came to be known as the 'extended neighborhood'. The manifestations of this policy can be seen in the qualitative shifts in India's interactions with these regions.

Moreover, the Indian Navy is undergoing modernization that is quite different from previous ones. It is equipping itself with capabilities that can project power well beyond its immediate vicinity, into far-off regions. The ability to undertake expeditionary missions virtually encompassing much of the Indian Ocean region and others such as the South China Sea are clear pointers to the extended-neighborhood concept. Indeed, the 2009 *Indian Maritime Doctrine* published by the navy makes the above intent amply clear.¹ Finally, although it came about gradually but more prominently since the early 2000s, India for the first time discovered that its vast and impressive military might and training facilities could be put to use to advance its interests abroad in what has come to be known as defense diplomacy.

It became obvious that by the early 2000s, India's policy toward either Southeast Asia or Northeast Asia cannot be understood in isolation. The larger East Asian context must be kept in view. Increasingly, the convergence of interests between India and the US in the region is becoming a critical factor, and, contrary to the past, India is no longer uncomfortable about talking in terms of the regional power balance and its role in it. Perhaps the most notable development here is the way the India-Japan relationship has begun to gain traction in the form of a strategic partnership. On the other hand, while India's relations with China are maturing, differences are also becoming sharper.

Against the backdrop outlined above, this paper briefly discusses the origin and evolution of the LEP and its current status.

¹ See *Freedom to Use the Seas: India's Maritime Military Strategy* (New Delhi: Indian Navy, 2009).

Development of the Look East Policy in the 1990s

There had been hardly any official articulation of the LEP in terms of its objectives and contours until Prime Minister Rao's "Singapore Lecture" in 1994, which broadly outlined India's policy towards the Asia-Pacific region.² However, traces of renewed engagement with Southeast Asia could be seen in the Indian Navy initiatives, starting in the 1990s, to establish communication links, which resulted in a series of measures to build confidence such as bilateral exercises and exchange of high-level visits by military officers.³ The economic dimension became pressing once India embarked on market reforms and began soliciting investment.

Focus on ASEAN

While India was aware of the rapidly shifting political and economic equilibrium in the Asia-Pacific region, it appeared to lack a well-thought-out strategy to respond to events in the region. On the contrary, the immediate goals were to somehow increase economic interactions and gradually deepen political links. Indian leaders strongly believed that Japanese investors would come in droves to tap the huge domestic market. This assessment was probably based on the assumption that, historically, India and Japan had never had any bilateral problems and their interests never clashed, except indirectly because of the Cold War. Further, Japan bailed India out when it was faced with its foreign-exchange crisis in 1991. The Japanese response, however, turned out to be lukewarm – much to India's deep disappointment. India's opening of its economy was ill-timed as far as Japan was concerned because it was in the same year, 1991, that the Japanese asset bubble burst and the profligacy of the 1980s, in terms of huge overseas investments, had to be drastically cut back. Equally importantly, by then China (in addition to

² Prime Minister P.V. Narasimha Rao's speech entitled "India and Asia-Pacific: Forging a New Relationship (Singapore: Institute of Southeast Asian Studies, Singapore, 1994).

³ For details, see G.V.C. Naidu, *Indian Navy and Southeast Asia* (New Delhi: IDSA, Knowledge World, 2000).

Southeast Asia) with its far superior infrastructure, geographical proximity, and investor-friendly policies had emerged as far more attractive than India.

It was equally frustrating that, despite marshaling all its diplomatic muscle, New Delhi's attempt to become a member of the Asia-Pacific Economic Cooperation (APEC) forum failed. In a way, this highlighted its limited political clout in the region, as well as the fact that it was economically a marginal player. The early 1990s also marked by Malaysian Prime Minister Mahathir Mohamad's proposal to create an East Asian economic bloc started gaining ground,⁴ which once again indicated that India was not in the reckoning. In all these developments, ASEAN had emerged as a major force and a key player. Against this backdrop, India had to scale down its earlier ambitions of targeting the larger Asia-Pacific region and to focus its efforts on Southeast Asia, a familiar turf with which it had a fruitful relationship not merely historically but more recently in the 1950s and 1960s. Strategically, the impact of the end of the Cold War was felt much starkly, as for the first time in more than two centuries outside powers did not have any significant military presence in Southeast Asia. While some initiatives helped it to allay fears about its navy, India started figuring in the Southeast Asian security calculus because of its potential as a counterweight to China.

The early 1990s also brought India face to face with new realities. Dashed hopes of making itself a power of some significance in East Asia forced India to truncate its LEP ambitions and narrow its agenda. The upshot was the framing of a new policy in which ASEAN was the centerpiece. Three objectives emerged: (1) to institutionalize linkages with ASEAN and its affiliates (prominently the Dialogue Partnership); (2) to strengthen bilateral relationships with select member states of ASEAN; and (3) to make itself relevant to Southeast Asia's security affairs and explore ways to improve its economic interaction.

⁴ Mahathir Mohamad's initial proposal in 1990 was to create an East Asia Economic Grouping (EAEG), which was to counter trading blocs that were being created in West Europe and North America. Under intense American pressure, Japan declined to back Mahathir's idea and a few other countries also expressed reservations. In response, Mahathir reformulated his proposal as the East Asia Economic Caucus (EAEC), which could act as a pressure group to protect the region's interests. Even this failed to take off, for by then the Asia Pacific Economic Cooperation (APEC) forum was beginning to take center stage as the principal platform to promote regional economic cooperation.

The China factor

These efforts would probably not have succeeded but for two factors that hugely contributed to the LEP taking some shape. One was the strong support that Singapore, in consonance with its well-known security policy of involving as many great powers as possible, extended to India's involvement in regional affairs. The second was the fears of power vacuum and other political uncertainties that might ensue as a result of the unexpectedly abrupt superpower military withdrawal, especially the closure of American bases in the Philippines in 1992. These worries might have been unfounded but for the intensification of the contest for the islands in the South China Sea. Taking advantage of the US withdrawal, China tried to reiterate its claims more forcefully over the disputed Spratly Islands by, firstly, enacting in 1992 the Law on the Territorial Sea and the Contiguous Zone (the Territorial Waters Law) and, secondly, by installing sovereignty markers on islands and shoals in the Spratlys, which provoked ASEAN to issue a strong "Declaration on the South China Sea". The tensions over sovereignty that had started mounting between China and Vietnam resulted in an open naval confrontation in 1994 between the two countries over oil exploration attempts in what Vietnam claimed to be its internationally recognized territorial waters. This was followed by the Chinese occupation of the Philippine-claimed Mischief Reef in 1995. These developments played a major role in changing ASEAN's attitude (although there was no unanimity) toward India. At this stage there was wide recognition of India's military and nuclear capabilities (which were openly announced in 1998) as a potential countervailing force against China.

Starting from 1995, one can see a succession of events that brought India prominently into Southeast Asia's security calculus. India became a Dialogue Partner of ASEAN – ostensibly after satisfactory progress on the economic front but certainly with an eye on China – in December 1995, as well as a member of the ASEAN Regional Forum (ARF) in 1996. Although this forum was intended to deal with regional security issues, New Delhi hardly figured in the deliberations to set it up a couple of years earlier. Meanwhile, Vietnam, a close political ally of India, also became a member of ASEAN, in 1995. Although New Delhi overtly disliked the thought of becoming a counterweight to China, it did not seem averse to the idea of using Southeast Asian concerns to advance its political and strategic interests. In any case, the last thing that New Delhi wished for was a China-dominated Southeast Asia. Its wariness about China's mounting clout in neighboring Myanmar was palpable, leading to a volte face in its policy towards Yangon in 1993. It needs also be kept in mind that the South China Sea remained critical to India's nuclear deterrent strategy because India did not have ballistic missiles with sufficient range to cover prime targets in China.

It seemed that India's policy was beginning to yield results despite sluggish growth in economic relations (then Singapore Prime

Minister Goh Chok Tong openly expressed his disappointment with the pace of Indian economic reforms and the difficulty in doing business in India, contrary to his earlier enthusiasm). However, it suffered a setback with the onset of the financial crisis in 1997 that swept across most parts of Southeast Asia, soon escalated into a major regional economic crisis, and later snowballed into social and political crises in several countries. As a result, much of the attention in the East Asian region turned toward surmounting the crisis. Meanwhile, the Indian economy turned out to be resilient, as it remained unscathed by the crisis.

The Current Phase: Multi-Faceted Engagement

By the time East Asia recovered from the financial crisis in the early 2000s, India had undergone a major change. It had removed the fig-leaf of nuclear ambiguity by conducting a series of nuclear tests in May 1998, a clear sign of its arrival as a major military power on the global stage. Importantly, the sanctions regime that the West and Japan had imposed had little effect on India, leaving Washington with no choice but to engage with it productively and purposefully, and even to take advantage of this newly emerging force in an era that was increasingly becoming fluid. The nuclear parleys between India and the US, followed by President Clinton's highly successful visit to India in March 2000 (22 years after the last visit by an American president) had tremendous impact not only on bilateral relations but, importantly, on perceptions of American allies in East Asia such as Japan toward India. This period marks the beginning of a new phase of the LEP, one in which it proved more robust and expansive than previously.

The import of this phase is that the LEP took concrete shape as well as a distinct place in India's foreign, economic and security policies. For the first time in several centuries since the onset of colonialism, one can see India's destiny increasingly tied to developments in East Asia, while India strives to carve a niche for itself. Another defining feature of this phase is that the focus of the policy gradually shifted from the previously limited attention on Southeast Asia to the larger East Asian region.

More robust political engagement with East Asia

Looking at the broad contours of this still evolving policy, one can see that it includes political, economic and strategic dimensions. In the political sphere, the approach is twofold: one, to get involved in a variety of regional multilateral frameworks that have sprouted in the post-Cold War era, and two, to strengthen relations bilaterally with several select countries. As noted, New Delhi realized that it was not going to be easy to build relations with East Asia, given enormous skepticism about its contribution to regional peace and security as it was considered strategically an insignificant player. It thus became

imperative for India to focus on ASEAN. Besides strong support from some member states such as Singapore, ASEAN also had become the focal point of much of the discourse on the region's future economic and security architecture. India needed to fashion an ASEAN-centric policy, which meant toeing the ASEAN line on regional issues and, as noted, establishing institutional linkages with ASEAN. That is how India managed to forge links with ASEAN as well as other ASEAN-led multilateral frameworks. These efforts culminated in India becoming a Summit Partner of ASEAN in 2002, while, despite some reservations by China and Malaysia, it had garnered overwhelming support to be one of the founding members of the East Asia Summit (EAS), launched in 2005. Thus, India has come a long way since the early 1990s – when it was barely considered either during the formation of APEC (to which it is now indifferent) or the deliberations leading to the formation of the ARF – and become an indispensable part of the East Asian calculus.

Bilaterally, Indian expectations were not disappointed either, although it took a while to see the results. The countries India had targeted for deepening of relations have become close political and/or business partners – the most prominent being Singapore, Japan, Vietnam, South Korea, and Myanmar, and more recently Indonesia, Australia and Malaysia. Vietnam has been closely associated with India since the late 1970s, while Singapore foresaw the advantages of involving India in regional affairs when the superpowers were withdrawing and China was becoming more assertive. The reservations and reticence that prevailed when Suharto and Mahathir were at the helm in Indonesia and Malaysia, respectively, have been replaced by greater appreciation of India's potential to contribute to regional security and of the economic benefits that might accrue from its burgeoning economy.

However, the most remarkable story is the way India-Japan relations have been shaping up, especially when seen against the backdrop of their relations plunging to their lowest point after the 1998 Indian nuclear tests. Then Prime Minister Yoshiro Mori's 2002 visit broke the ice, but Junichiro Koizumi's 2005 visit can be considered the real turning point. The Eight-Point Initiative agreement, titled *India-Japan Partnership in a New Asian Era: Strategic Orientation of Japan-India Global Partnership*, transformed relations to such an extent that India and Japan now view each other as the most important partner in the region. In an attempt to further consolidate their relations, they have operated since 2010 what is called the "Two-Plus-Two Dialogue" mechanism; this initially consisted of meetings between the permanent secretaries of the foreign and defense ministries, but is expected to be elevated to the cabinet minister-level.⁵ It is noteworthy that Japan conducts similar talks only

⁵ Sandeep Dikshit, "India-Japan ties enter strategic sphere", *The Hindu*, July 4, 2010, <http://www.thehindu.com/news/national/article498924.ece>

with the US and Australia. Equally importantly, India and Japan have created a number of institutional and political mechanisms to engage each other, the most prominent being annual prime ministerial meetings. Otherwise very fastidious about nuclear issues, Tokyo endorsed the Indo-US nuclear deal without reservation at the Nuclear Suppliers Group (NSG) in 2008, and even initiated talks in June 2010 on possible civil nuclear cooperation. Consequent to the Fukushima nuclear accident, the talks hit a roadblock, but they are expected to be resumed since the government of Japan – under intense pressure from the nuclear industry – has stated that, in principle, it would not oppose the export of nuclear reactors and technology. The issue is likely to figure when Japanese Prime Minister Yoshihiko Noda visits New Delhi in late December 2011 for the annual summit meeting. The fact that South Korea and India have signed a civilian nuclear cooperation agreement is likely to prompt Japan to reconsider its stance lest it lose out a highly lucrative market.

Nonetheless, despite some slow-down in bilateral interaction because of frequent leadership changes and the recent series of natural disasters, India continues to attach considerable importance to Japan. Prime Minister Manmohan Singh, for instance, described India and Japan as the “two major pillars of new Asia” and, referring to “one of the most important bilateral relationships we have”, said: “A strong India-Japan relationship will play a significant role in the emerging Asian security architecture.”⁶ This is the first time that the India-Japan role in East Asia has been so emphatically proclaimed. The political agenda now includes many global (UN Security Council reforms, nuclear disarmament, counter-proliferation, counter-terrorism, and some non-traditional security issues), regional (East Asian), and bilateral issues (strategic and economic).

Meanwhile, India’s relationship with China is steadily consolidating and thus maturing, but nonetheless faces a number of challenges. Aside from pending border issues and China’s unflinching support for Pakistan, new issues seem to be arising. Alongside the two countries’ booming economic cooperation, competition is also soaring, whether for commodities, energy sources or political influence. China believes that India is trying to undermine its interest by joining hands with the US, Japan, and other countries in East Asia, whereas India feels that pursuit of its strategic and economic interests in the region are fully legitimate. Obviously, Beijing wants to be the predominant power in East Asia, while India, Japan and many others are trying to evolve a multipolar architecture. It irks India that Pakistan would not have been a nuclear-weapon state without active but illicit Chinese support. It also believes that Pakistan would not be openly supporting terrorism in Kashmir and other places or undertaking

⁶ Press Trust of India in *Business Standard*, October 21, 2008, <http://www.business-standard.com/india/news/strong-india-japan-ties-key-to-asian-security-architecture-pm/48257/on>

occasional military escapades, such as the 1999 Kargil War, had China been more discriminating in its backing for Islamabad. China, on the other hand, is concerned that India is joining hands with the US and Japan to contain it, and that India is trying to fish in the troubled waters of South China Sea by encouraging its public sector oil major to join hands with its Vietnamese counterpart to prospect for hydrocarbons in the disputed region, which Vietnam claims its territorial waters according to international law. There is also a kind of face-off between China and India in Myanmar too. Of course, media on both sides tend to overstate differences and contribute to theories of 'encirclement' and 'counter-encirclement'.

However, India and China also share common areas of interest, from climate-change talks to promoting the BRICS (Brazil, Russia, India, China and South Africa) forum. China grudgingly recognizes that India is an Asian (not just South Asian) power, while India acknowledges that it has a long way to go before it catches up with China economically. At the same time, their economic links are booming; for instance, bilateral trade exploded from US\$2.9 bn in 2000 to \$61 bn in 2010. Since this is a development that neither can ignore, they launched the Strategic Economic Dialogue (its first meeting took place in late September 2011), to further consolidate their economic relations.⁷ They have no option but to ensure that their relations are not seriously hampered by their differences and do not degenerate into open rivalry. Both are aware that this would be mutually destructive. Given the fact that presently relations are going through trying times, managing their relationship in the Indo-Pacific region will remain a major challenge for India and China even as their interests increasingly intersect in this region.

Economic integration with East Asia still limited

In economic links, India continues to be a relatively minor player compared to other major power such as China, Japan and the US. For instance, ASEAN's trade with China hit a record of over 300 bn and with Japan and the US it hovered around US\$200 bn each in 2010, whereas with India it barely touched \$50 bn.⁸ Similarly, in terms of bilateral direct investments, the other major powers are far ahead of India (for instance, between China and ASEAN it topped \$10 bn in 2010 whereas with India it was not even \$1 bn). India has two

⁷ For details, see the "Agreed Minutes of the 1st India-China Strategic Economic Dialogue" issued after the dialogue on September 2011, <http://www.mea.gov.in/mystart.php?id=530518317>

⁸ For details, see Export-Import Data Bank of the Department of Commerce, Government of India.

drawbacks: first, despite genuine efforts, it has not been able to attract large-scale investments from East Asia, and, secondly, because of this it has not yet become part of the regional production network. For these two reasons, trade volume remains low. Yet, there is no denying the fact that India's trade with East Asia is growing faster than with any other region, which is crucial since it constitutes nearly 27% of its total trade.⁹

To address the shortcomings and to be part of East Asia's economic dynamism, India has taken the route of free trade and comprehensive economic cooperation agreements, to give a fillip to its interactions. In a way, this began as a reaction to China's sweeping proposal to ASEAN in 2002 for a comprehensive economic cooperation agreement. India (and Japan) responded with a similar offer in 2003, culminating in the signing of the India-ASEAN Framework Agreement on Comprehensive Economic Cooperation (IAACEC). But it took nearly six years of arduous talks to conclude the Trade in Goods Agreement, which became operational in January 2010, while the services and investments segments are still being negotiated. The likely negative implications for certain domestic agricultural producers had been a major sticking point, but it is expected that India will reap major benefits from agreements on services and investments. The immediate upside of IAACEC is a likely increase in trade from US\$44 bn in 2010 to \$55 bn in 2011 and to \$70 bn by 2012.¹⁰ No doubt, with nearly 1.8 bn people and a combined GDP of more than US\$3 trillion, this will be one of the mega free-trade areas. India has already signed comprehensive economic cooperation agreements with Singapore (2005), South Korea (2009), Japan (2010) and Malaysia (2010), and has fast-tracked the long-delayed agreement with Thailand. Similar bilateral pacts with several other East Asian countries, which are being finalized, are expected to have a major effect on India's economic interactions with the region. As developments since 2008, such as global recession and the economic crisis in the West, demonstrate, India, China and other East Asian countries are emerging as the drivers of global growth. In any case, India's stature has changed so much that East Asian economic integration is inconceivable without it.

A deeper strategic imprint on regional order

Perhaps the least highlighted dimension of India's Look East policy (LEP) is the defense diplomacy that it has been quietly practicing in East Asia, although it has become more conspicuous in the past

⁹ Extrapolated from the trade data bank of the Department of Commerce, Government of India.

¹⁰ "India ASEAN set 70 b trade target", *The Hindu*, March 2, 2011, <http://www.thehindu.com/business/Economy/article1503758.ece>

decade. Despite a huge and highly professional military force (particularly a navy that is poised to become truly blue-water), well developed training facilities, and a fairly extensive network of defense industries, New Delhi only recently has realized that it can leverage its military strengths to further its strategic interests. Its defense links, which have grown phenomenally in recent years, are both multilateral and bilateral, and are very pronounced in East Asia. Of course, India has embarked on this not simply to improve bilateral relations but with a larger regional picture in mind. In a nutshell, it seeks to be a factor in the emerging regional balance of power, and wants to create an East Asian multipolarity where it remains a key player in the coming years. A measure of its success can be gauged from the fact that a section on "Defense Relations with Foreign Countries" has started appearing in the Annual Reports of the Ministry of Defense since 2003-04. Since the Indian Navy was the trailblazer in this endeavor, it created a separate directorate of foreign cooperation at its headquarters in 2004.

At the multilateral level, India is an active participant in the regional security mechanism, the ASEAN Regional Forum (ARF), and is part of the Regional Cooperation Agreement on Combating Piracy and Armed Robbery (ReCAAP). The Indian Navy in 1995 took the unique initiative of hosting a biennial gathering of navies, called the *Milan* (which means "get-together" or "gathering" in Hindi) at Port Blair in the Andaman and Nicobar Islands. The participants include some 13 navies of the eastern Indian Ocean and East Asian region. It is spread over five days and involves an assortment of activities¹¹ aimed at promoting inter-operability, building confidence, and finding ways of dealing with threats to maritime security.¹² Further, in a first of its kind, the Indian Navy participated in trilateral exercises with the US and Japan in the Pacific in April 2007,¹³ and in September 2007

¹¹ Apart from naval exercises, this event includes coordination of search and rescue operations at sea and establishment of interoperability among participating navies. This is followed by seminars at Port Blair on marine environmental protection and pollution control, disaster relief operations and protection of exclusive economic zones.

¹² The 13 countries are: Australia, Bangladesh, Brunei, India, Indonesia, Malaysia, Myanmar, New Zealand, Philippines, Singapore, Sri Lanka, Thailand, and Vietnam. India attaches enormous political and strategic importance to it since it constitutes a major defense diplomacy initiative in East Asia, and would like it to evolve into a joint task force to combat a variety of maritime security challenges such as terrorism, piracy, gun-running and drug-peddling in the Asia-Pacific region.

¹³ These trilateral exercises involved four Japanese escort vessels, two US destroyers and three Indian warships. According to the Japanese defense ministry spokesperson, the "first naval drill between Japan, the United States and India is aimed at boosting the friendly relationship among the three countries as well as improving maritime technique".

http://news.yahoo.com/s/afp/20070416/wl_sthasia_afp/japanusindiamilitary_07041606131

hosted the first mammoth, five-nation joint exercises, named *Malabar-07*, (which otherwise had been a bilateral event between the India and the US) involving the US, Japan, Australia and Singapore. It has now become a regular feature among India, the US and Japan.

The bilateral interactions have their roots in the early 1990s when the Indian Navy sought to dispel apprehensions about its future ambitions to project power in Southeast Asia. It began with simple maritime exercises (called passage exercises) with select countries such as Indonesia and Australia at the Port Blair base. In fact, this route of engagement through such exercises was so successful that India now regularly undertakes joint exercises with most of the East Asian countries, including China. Some of these have evolved to a more complex and advanced level. Similarly, the number of port visits by Indian ships has greatly increased, and these now include countries once considered too remote to matter to Indian security, such as the Philippines and South Korea. India's security activities vary from country to country. Its engagement with Singapore is the most comprehensive, involving all three wings of the military, while its engagements with Japan, Indonesia, Vietnam, Malaysia and Thailand are growing in degree and intensity.

The second type of defense interface is training. Prior to the 1990s, much of the training that the Indian military provided for other countries was restricted to a small number of personnel from select nations. Singapore makes use of Indian facilities fairly extensively for all three wings of its military. In the mid-1990s, Malaysian air force officers were trained in India after Kuala Lumpur acquired MiG-29 aircraft from Russia and once again after it bought Su-30s nearly two decades later. Thailand made use of Indian facilities for training after its navy acquired the carrier *Chakri Naruebet* in the mid-1990s. More recently, Japan has begun to exchange senior officers for advanced training purposes. The training component of defense diplomacy will most likely acquire greater significance in the coming years, given its popularity, especially with Asians. For many, India is an attractive option because of its facilities and cost-effectiveness. Moreover, it offers virtually every possible terrain and climatic conditions for training: from hot desert to the highest altitudes, from thick tropical jungles to a long coastline of warm waters.

The third dimension relates to defense/security dialogue and strategic partnerships. The fact that New Delhi has entered into more strategic partnership agreements (six at the last count) with countries of East Asia than with those of any other region – Australia, Indonesia, Japan, Malaysia, South Korea, and Vietnam – underscores the region's strategic salience for India. In the Indian view, strategic partnerships are not necessarily confined to the defense arena, but encompass a larger canvas. Bilateral mechanisms have also been developed to conduct a variety of defense and security dialogues with most countries in the region. These are becoming effective channels for promoting confidence and exchanging views on regional security. The dialogue with Japan has become the most

significant, even as these two nations constantly expand and create an array of other mechanisms. The 2006 Indian-Japanese defense ministers' agreement was replaced by a more detailed accord, signed by the prime ministers in 2008. The 2008 Joint Declaration on Security Cooperation spells out details of the mechanics of defense and strategic cooperation, involving both foreign and defense establishments. There are strategic dialogues at the level of foreign minister and foreign secretary (as well as a Track 1.5 strategic dialogue), and "Meetings between the Defence Ministers, Meetings between the Vice-Minister of Defense of Japan and the Defence Secretary of India including Defence Policy Dialogue, Military-to-Military Talks at Director General/Joint Secretary level, Exchange of service chiefs, Navy-to-Navy Staff Talks, Service-to-Service exchanges including bilateral and multilateral exercises".¹⁴

Meanwhile, Indonesia has evinced a lot of interest recently in learning from Indian experience of defense management. Despite some efforts, India has yet to make a mark in the business of exporting arms; however, if the interest the BrahMos cruise missile (a joint Indo-Russian venture) has generated in Southeast Asia is anything to go by, India can hope to carve out a share of the arms market. In any case, its strategic interaction will witness a major spurt in the coming years.

No discussion on India's East Asian policy is complete without a reference to India-US cooperation. It began with the US requesting the Indian Navy to escorts its logistic ships heading for Afghanistan passing through the Malacca Strait in 2002. However, the December 2004 tsunami that struck near the Aceh province of Indonesia brought to the fore for the first time the urgent need for these countries to develop greater interoperability of their forces to effectively deal with a number of security challenges, particularly in the non-traditional domain. Informal trilateral dialogue involving the US, India and Japan was expanded to quadrilateral by including Australia, but it failed to gain traction because of Beijing's strong reaction and changes in political leadership in Japan and Australia.¹⁵ However, the need to create a formal trilateral mechanism rather than the previous ad hoc, informal arrangement led to its revival in the light of certain recent developments in East Asia. The joint statement issued after Secretary of State Hillary Clinton's visit in July 2011 for the second round of India-US Strategic Dialogue referred to the launch of the Trilateral

¹⁴ *Joint Declaration on Security Cooperation between Japan and India*, October 22, 2008,

http://www.mofa.go.jp/region/asia-paci/india/pmv0810/joint_d.html

¹⁵ Then Japanese Prime Minister Shinzo Abe had been the strongest proponent of creating an "arc of freedom and prosperity" grouping the four nations. AFP, "Japan wants India to join talks with US, Australia", September 7, 2007,

http://news.yahoo.com/s/afp/20070907/wl_sthasia_afp/apecsummitaustralia_usjapanindia_070907065944

Dialogue between India, the US and Japan at senior official level.¹⁶ This is in addition to an existing India-US Bilateral Dialogue on East Asia that was started in 2008. Driven by common interests and concerns (for instance, their position is almost identical on the dispute in the South China Sea), the US-India-Japan Trilateral Dialogue is expected to play a key role in the East Asian power balance, as a hedge against unforeseen developments as well as to address a vast number of issues in the non-conventional sphere, particularly in the maritime sector. Of course, it has its limitations since India, unlike Japan, is not bound by a security alliance, but it is a significant development.

Active participation in East Asian regional multilateralism

India's participation in a variety of regional multilateral frameworks needs to be briefly outlined. In the past India was always wary of regional multilateral initiatives unless they expressly dealt only with economic issues, as it feared that such initiatives might become a means for others to gang up and to corner India on certain tricky security issues – as happened, for example, when Australia and a few other countries sought to include security problems in the agenda of the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), which India vehemently opposed. Once it became clear that India would have to fashion an ASEAN-centric policy in East Asia, it became politically essential to devise ways to get involved in a number of multilateral frameworks that had sprung up, mostly for economic cooperation but also to address regional security. Right from the launch of the Asia-Pacific Economic Cooperation (APEC) forum in 1989 and particularly after the first summit meeting in 1993, New Delhi marshaled all its diplomatic energies to join it lest it would be left out of the region's economic dynamism. Similarly, as noted earlier, India hardly figured either during the debate on the creation of a forum to deal with post-Cold War regional security issues, nor was it included when the ASEAN Regional Forum (ARF) was launched in 1993. In fact its attempts to become a member were politely rebuffed, implying that strategically it had little role to play. By contrast, a decade later when the East Asia Summit idea was mooted, India could no longer be ignored. That is the remarkable transformation that had taken place, with ASEAN suffering a major setback after the 1997 financial crisis, and India's rise, although less dramatic than that of China, becoming a fact of life. New Delhi became an enthusiastic supporter of regional multilateralism, both economic and in the area of security, once it realized that it can be an effective instrument to

¹⁶ See *India-U.S. Strategic Dialogue Joint Statement*, July 19, 2011, <http://meaindia.nic.in/mystart.php?id=530517853>.

promote its interests. This is evident in the enormous interest that India took in certain inter-regional initiatives such as the Bay of Bengal Initiative for Multi-Sectoral, Technical and Economic Cooperation (BIMSTEC) and the Ganga-Mekong Cooperation (GMC). The former, involving five South Asian and two Southeast Asian nations, holds a lot of promise from India's point of view, despite its slow progress since its launch in 1997.¹⁷ Since Pakistan is not involved, it is easier to promote intra- as well as inter-regional cooperation in the region. Importantly, the troubled north-eastern region of India will be a major beneficiary if all the planned energy, communication, and land connectivity materialize, aside from an additional bridge linking India with Southeast Asia being provided. Meanwhile, New Delhi appears to be looking at the GMC's utility in enhancing its soft power given the predominantly Buddhist mainland region's cultural and linguistic affinity with India.

¹⁷ Seven members of BIMSTEC cover 13 Priority Sectors led by member countries in a voluntary manner, namely: Trade & Investment, Technology, Energy, Transport & Communication, Tourism, Fisheries, Agriculture, Cultural Cooperation, Environment and Disaster Management, Public Health, People-to-People Contacts, Poverty Alleviation, and Counter Terrorism & Transnational Crimes. With the exception of Bangladesh, the others entered into a free-trade agreement in 2004.

Conclusion

Perhaps no other foreign policy initiative has turned out to be as successful and momentous as India's engagement with East Asia since the early 1990s, which came about in the form of the Look East policy. Although the initial responses from the region were less than enthusiastic, India was soon strongly supported by certain developments within East Asia, and vigorously pursued its forays eastward. India's economic attraction was limited in the early 1990s, but its military capabilities could not be ignored. It fully leveraged the post-Cold War uncertainty that gripped the region by projecting itself as a power that could contribute to regional stability; it acted as a buffer for those wary of China's rise. New Delhi expended considerable diplomatic energy to project itself as a power that is integral to East Asia and to create a distinct political niche in a region that was witnessing profound shifts in its security and economic complexion. If the 1990s marked the laying of foundations for the new policy, there has been a dramatic transformation since the early 2000s. Since then, backed by a stellar economic performance, "looking east" has metamorphosed into robust engagement.

India's economic links have been bolstered by a series of comprehensive economic cooperation/partnership agreements with ASEAN and with several countries individually, but it still has some way to catch up with other major powers. However, it is a prominent player in the emerging regional security calculus. Compared to the late 1990s when India hardly figured in discussions on East Asia's future regional order, today no discourse is complete without a reference to India. Notably, India is not reticent about talking in terms of regional balance of power, nor does it make any bones about developing its stakes and interests. It has become more assertive and is now actively seeking a role in fashioning a security order in the region that does not undermine its interests. Japan has emerged as India's most important strategic partner and China has reluctantly begun to recognize India as an East Asian power. Importantly, the US has been prodding New Delhi to engage more vigorously in regional affairs – an acknowledgement of its potential role that had been conspicuously missing until recently. Importantly, for ASEAN India offers a vital option and added leverage in dealing with the great powers. Consequently, there is no question that India's engagement with East Asia will dramatically intensify in the coming years. The current fluidity coupled with the uncertain future the region is faced with might bring India closer to Japan and the US, which in turn might heighten hostility with China. However, the dynamics that governs relations

between great powers will likely help to fashion a regional balance of power so that East Asian peace, stability and prosperity are not threatened.

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