

Act East: India's ASEAN Strategy with special Reference to Myanmar: Issues and Challenges

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ABSTRACT

The association of South East Asian Nations(ASEAN) formed in 1967 in Bangkok with five member states, has matured into a leading economic bloc in today's world with strong trade and political relations with almost all nations and regional organizations. Currently ASEAN has 10 member-states (henceforth only members), but has developed a very elaborate partnership mechanism – like ASEAN-10, ASEAN-3, ARF, EAS, etc to maintain close links with the rest of the world. ASEAN region has always been of strategic importance in the Asian continent. With members comprising of Indonesia, Malaysia, the Philippines, Singapore, and Thailand which have been become distinctly noticeable in the world in recent times due to increasing trade amongst other reasons. Other countries such as Laos, Myanmar, Cambodia, Vietnam and Brunei joined the 'ASEAN' or Association of South-East Asian Nations over time.

Historically, India had closer relations with the nations of the ASEAN, but India's engagement with South east Asia accelerated after the announcement of the 'Look East Policy'(LEP). This is visible from the increase in bilateral trade, cross border capital flows and people- to -people contact. The present prime minister of India has strengthened this policy into 'Act East policy'. The Act East is a new buzzword in Indian Foreign policy. The Modi government has upgraded the LEP to the 'Act East strategy' for deepening and widening engagement with the region, renamed as 'Act East policy' in 2014 is to inject more dynamism in its implementation. India's much referred Act East Asia policy appears to have three dimensions: Strategic Economic Procedural and three Cs- (Commerce, Culture, and Connectivity) are the three pillars of India's robust engagement with 'ASEAN'.

Keywords - Act East Policy, ASEAN, Economic Cooperation, South Asia, Act East strategy & ARF

The strategic significance of Southeast Asia to India's security was dramatically highlighted when Japan invaded India from Southeast Asia by launching attacks on north eastern India from land, Sea and air from 1941 onwards during world war II.¹

Nothing these developments, K.M. Panikkar, the eminent Indian scholar-diplomat commented that the 'political future' of the countries of Southeast Asia, 'considered in relation to their economic development and there security, is indissolubly bound up with India'.² furthermore, highlighting the centrality of India, Panikkar advocated the creation of a system of 'collective security'³ for the defence of Southeast Asia as well as the formation of a 'co-prosperity sphere'⁴ based on the interdependence between India and southeast Asia. Jawaharlal Nehru, the first Prime Minister of India, was of the opinion that as a consequence of its actual and latent material power as well as its geo-strategic location, India was bound to become the 'Pivot of Asia'.⁵

The two most important systemic-level developments in the immediate aftermath of World War II in Asia were the process of decolonization and the emergence of the Non-Alignment in response to cold war international environment. From the 1960's until the end of cold war, India's relations with Southeast Asia were by and large 'derivative' of systemic-level factors dominated by the cold war international environment.⁶ Foreign Policy and Diplomacy have been described as wheels within which the process of International Relation operates, because it is a known fact that the formation of government is essential to run state and no state can live in isolation. Though a successful Foreign Policy enhances a Nation's power and

prestige in the community of nation, states give special attention to the careful formulation and successful execution of its foreign policy. On this regard during Cold war, India adopted a foreign policy of not aligning itself with any major power blocs but it also decided to make collaboration with several countries to maintain regional peace and stability. India's Look East Policy represents its efforts to cultivate extensive economic and strategic relations with the nations of Southeast Asia in order to bolster its standing as a regional power and a counterweight to the strategic influence of the People's Republic of China. Initiated in 1991, it marked a strategic shift in India's perspective of the world. It was developed and enacted during the government of Prime Minister P.V. Narasimha Rao and rigorously pursued by the successive administrations of Atal Bihari Vajpayee and Manmohan Singh. The Present Prime Minister of India Narendra Modi has strengthened this policy into Act East policy. The Act East Policy: The 'Act East' is a new buzzword in Indian Foreign Policy. The new Indian Government led by Narendra Modi appears to be highly fond of new slogans and symbols in domestic and foreign policy. 'Make in India is a new slogan for Indian manufacturing sector as 'Act East' is a new mantra for India's engagements with East Asia. On the eve of end of cold war twenty five year back in 1991 India lunched the countries the much acclaimed policy 'Look East' policy to intensify her close relation with the countries of South —East Asia in economic and other fields. India's Look East Policy has received notable success in the last two and half decade as India has been able to forge economic, cultural and strategic relation with the countries of this region.⁷

The main objectives of the Look East Policy are to develop close economic as well as strategic relation with the countries of this region and to avail better opportunities of market, Capital and technology for the rapid and sustained economic growth of country. This policy has been implemented in two phases. First phase of this policy covers the period from 1991 to 2002. During this phase the policy mainly focused on the development of trade and investment linkages mainly with the member of ASEAN. The second phase of this policy covers the period from 2003 to the present. During this phase the content as well as the reach of this policy has been expanded in the sense that now it focuses on both the ASEAN non ASEAN countries of East Asia. Again besides economic relation the second phase is equally focused on the depending of the strategic relations in this region. The recently developed Act East Policy is primarily the extension and modification of India's Look East Policy, which was a major Foreign Policy initiative of India in the post cold war international scenario.

The implementation of Look East Policy went smooth and fast. The improvement in relation between India and ASEAN countries is the core element of this policy. The then P.M Narsimha Rao made a successful visit of South East Asia region in 1992 and India became a sectoral dialogue partner of ASEAN in the same year. The status of India was elevated to the full dialogue partner in 1995. There was a temporary setback to expanding relation as the US, Japan & other leading countries imposed sanctions against India in reaction nuclear tests concerned by her 1998. The ASEAN became reluctant towards India as its members follow the US line in strategic matter. As the US & Japan lifted sanction against India in 2002 the prospect for cooperation between India & ASEAN became brighter. In 2002 both decided to hold regular annual summit meetings to strengthen & broaden the areas of cooperation. Since 2002 the annual summits meeting have been held between the two sides on a regular basis.⁸

The special commemorative Indo-ASEAN summit on the occasion of 20th anniversary of the beginning of Indo-ASEAN engagement (1992) was held for first time on 20 December, 2012. In the past two decades both have expand the areas of cooperation on the field of trade ,investment ,security, culture, tourism, science & technology. This was an historic summit. The theme of this was ASEAN & India partnership for peace & shared prosperity. This summit provides strong foundation in the globalize world. Both side expressed satisfaction of the successful implementation of first plan of action, -2005-2010 to strengthen the mutually beneficial partnership. Under this strategic partnership they decided to strive towards the full effective the time implementation of the ASEAN —India dialogue relation across the whole spectrum of political & security, socio-cultural & development cooperation for the strengthening institutional mechanism & evolving all stake holders.

The bilateral trade between India and ASEAN was \$2.9 billion which reached to \$43 billion in 2009- 10. Trade between India and ASEAN increased by 24% in 2010 and reached to \$51 billion in 2011. India signed a free trade agreement (FTA) with ASEAN on august 13, 2009 in Bangkok to boost the trade between two side. It became into force on January 1, 2010. This FTA covers the trade in goods only.⁹ This is considered a milestone in the bilateral relations of two. The FTA covers 4000 goods and products. The tariff in 3200 products will be reduced by the year 2013.

A notable success in the year 2014 was the signing of India ASEAN FTA in Services in September 2014. With signing of FT A in services India and ASEAN have moved to a comprehensive economic partnership. India has already signed free trade agreement with some individual countries like South Korea, Japan, Singapore, Thailand, Indonesia and Sri Lanka. Under the second phase of Look East Policy India diversified its relation with ASEAN to strategic matter including the issues of cooperation in security related matters and maritime security in the Indo-Pacific region. India is also the member of ASEAN's security mechanism, known as ARF is forum of consultation and cooperation on security issues among the member of ASEAN and there other partners. Under the second phase of this policy India also tried to strengthen her economic and strategic partnership with other Non - ASEAN countries of East Asia like Japan, South Korea, and Australia. While comprehensive economic partnership in the form of FTA has been signed with Japan and South Korea a notable success with Australia was the signing of much awaited civil nuclear cooperation agreement in 2014. Thus within a span of 20 year, India's Look East Policy has moved full circle.¹⁰

India-Myanmar relations are rooted in shared historical, ethnic, cultural and religious ties. As the land of Lord Buddha, India is a country of pilgrimage for the people of Myanmar. India and Myanmar relations have stood the test of time. The geographical proximity of the two countries has helped develop and sustain cordial relations and facilitated people-to people contact. Domestic policies including the expulsion of ethnic Indians soured the relations. Then from 1988 as a result of the sympathy of the Indian government to the pro democracy movement which started in 1988, the relations were completely strained. The visit of the Prime Minister Rajiv Gandhi in 1987 laid the foundations for a stronger relationship between India and Myanmar. However, the recent political reforms and transition to democracy are developments of great significance for India Myanmar relations.

Geo-strategically, Myanmar's importance for India arises from these factors: Myanmar is the second- largest of India's neighbors and the largest on our Eastern flank. Myanmar provides the Eastern littoral of the Bay of Bengal. An unfriendly Myanmar hosting

foreign naval presence would be a grave threat to India's security. Myanmar has a big border with China in the North, contiguous with the Sino- Indian disputed border. It also acts as a bridge between India's North Eastern States and the Southern provinces of China. Geo-politically, with a friendly Myanmar, India could add more substance to her 'Look East' policies of building up relationships with South East Asia, as Myanmar shares common borders with Laos and Thailand. With no contentious issues looming over India-Myanmar relations, a viable strategic partnership is more easily achievable. This can counter-act the negative image being propagated that India is unfriendly with her neighbours. Geo-economically; Myanmar is rich in natural resources and has appreciable production of crude oil, and natural gas. It has sizeable deposits of copper, lead, tin, tungsten, steel and gold. Some of these especially crude oil and natural gas could be an attraction for India, being next door.

India and Myanmar signed a border trade agreement in 1994 and have two operational border trade points (Moreh-Tamu and Zowkhatar-Rhi) on the 1664 km long border. Agreement has also been reached on setting up a third border trade point at Avakhung-Pansat/Somra. During the third Joint Trade Committee Meeting, United Bank of India signed a MoU with three Myanmar national banks (Myanmar Foreign Trade Bank {MFTB}, Myanmar Economic Bank and Myanmar Investment and Commercial Bank) to facilitate trade, which is being mostly utilized for border trade. Major Indian Projects in Myanmar India is actively involved in a number of projects in Myanmar, both in infrastructural and non infrastructural areas, which include besides other: up gradation and resurfacing of the 160 km. long Tamu-Kalewa-Kalemyo road; construction and up gradation of the Rhi-Tiddim Road in Myanmar; the Kaladan Multimodal Transport Project; high speed data link project in 32 Myanmar cities by TCIL; development of rail transportation system and supply of railway coaches, locomotives and parts by RITES; development of the Tamanthi and Shwezaye hydroelectric power project in Chindwin River valley by NHPC; setting up of a heavy turbo-truck assembly plant by TATA Motors; setting up of India-Myanmar Industrial Training Centre, and Myanmar-India Entrepreneurship Development Centre, India-Myanmar Centre for Enhancement of IT Skills; revamping of the Ananda Temple in Bagan; and up gradation of the Yangon Children's Hospital and Sittwe General Hospital. According to Myanmar government statistics, India is the largest market for Myanmar exports, buying about \$220 million worth of goods in the 1999/2000 (April-March) fiscal year. India's exports to Myanmar were \$75.36 million. "Out of Myanmar's total trade volume of over \$18 billion, India accounted for around 7.5 per cent (in 2011-12) and India is behind China, Singapore, Thailand and Japan in exports to Myanmar. India is fourth largest trade partner of Myanmar. In September 2011, India and Myanmar agreed to set a \$3 billion trade target to be achieved by 2015 from the

existing \$1.5 billion. In 2012, trade between the countries stood at \$1.87 billion.

On November 20, 2014 Indian Prime Minister Narendra Modi begins a 10-day tour of Myanmar, Australia and Fiji – his longest overseas trip to date. All eyes will be on the East Asia Summit in Myanmar, as well as the G-20 Summit in Australia. Modi will also be the first Indian prime minister to visit Australia in 28 years. But first stop in Myanmar should not be overlooked; it is important for a number of reasons.

First of all, Myanmar is India's link to Southeast Asia, and thus a crucial component of its "Look East Policy," now also called "Act East" by the current government. Over the past two decades successive governments have made assiduous efforts to reach out to Myanmar, realizing its strategic importance, especially in the context of India's regional ties. While the late Prime Minister Rajiv Gandhi visited the country in 1987, the real opening up toward Myanmar took place in the early 1990s during the government of Prime Minister Narasimha Rao. As the architect of India's Look East Policy, Rao realized that India needed to adopt a more pragmatic approach towards Myanmar.

Economic relations between both countries were thus initiated, and a trade agreement signed in 1994 gave a strong initial stimulus to the relationship. Modi's immediate predecessor, Manmohan Singh, visited Myanmar in 2012 accompanied by a 25-member business delegation. It was a reasonably successful trip, with the signing of 12 MOUs, including a \$500 million line of credit, a development deal to establish the Indo-Myanmar border huts, an increase in bilateral airline services, and assistance for setting up centers for research in information technology and agriculture. Still, there is ample scope to develop India's economic and other ties with Myanmar. A number of projects have been commenced, the most important of which – the Kaladan Multi-Modal transport project, which will connect Calcutta with Sittwe port, and the India-Myanmar-Thailand trilateral highway – are still ongoing. Infrastructure at border posts like Moreh-Tamu, which is in dire need of repair, and the bus service between Imphal and Mandalay, which was supposed to begin in October, are still on the drawing board.

Second, while India has been helping Myanmar build institutional capacity and develop areas such as information technology, this often gets overshadowed by assistance from other countries – especially China, with cumulative foreign direct investment in Myanmar reaching \$14 billion in June 2014. Some of the major projects initiated by China include the Myitsone dam, Tarpein hydroelectric project, Kyaukphyu-Kunming oil pipeline, Letpadaungtaung copper mine, and the Tagaung nickel mine. Chinese trade with Myanmar was \$6 billion in 2013, while Indian-Myanmar trade was touching \$2

billion. Indian investment was more than \$270 million as of August 2013, yet it is nowhere near China's investment.

The assistance granted by China tends to be purely commercial in nature, and the terms and conditions of its loans are much more stringent, while Indian assistance is more liberal. Of late there has also been some resentment against the Chinese, evidenced by Myanmar's refusal to accept a loan of \$2 billion for a highway connecting Kyaukphyu with Ruili following local protests. Connectivity with Kyaukphyu is important for China, since it will help create an alternative to the Straits of Malacca for oil transportation. The Chinese are looking to transport oil from Africa and the Persian Gulf through Myanmar to China rather than using the circuitous sea route through the Malacca Straits. Apart from its strategic and economic importance, Myanmar is also important to India because it is a member of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperative (BIMSTEC), along with Bangladesh, Bhutan, Sri Lanka, Thailand and Nepal. Interestingly, both Myanmar and India are also part of the BCIM (Bangladesh-China-India-Myanmar Forum for Regional Cooperation).

Finally, it would also make sense to find synergies with other countries that have a strong presence in Myanmar, including Japan and Thailand. Japan, in particular, has increased its presence in Myanmar recently, and Japan's approach is similar to India's in terms of the conditions for assistance it imposes. With India-Japan ties growing and the latter planning to invest in India's northeast, Tokyo could provide connectivity assistance to India between its northeast and Myanmar. Synergies can also be found with countries like Singapore that have a growing presence in Myanmar. This will help ensure that no single country has a dominant influence. Modi has equipped himself well in the sphere of diplomacy, and his emphasis on connectivity and the building of shared values with neighbors has resonance in Myanmar's case. It remains to be seen whether he can sell India's strengths effectively and infuse the economic and strategic bilateral relationship with a much-needed dose of dynamism.

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