

Asean-India ties: Less than optimal

Tremendous progress in the last few decades on building strong linkages but the potential for further growth and connections is immense.

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For *The Straits Times*

The relationship between Asean and India is a very important one. It is a relationship between the 1.35 billion people of India and the 650 million people of Asean. It is a relationship between two vibrant economies and is relatively free of problems. There is, therefore, a high degree of comfort and trust in the relationship. However, the truth is that the relationship is far below its potential. Asean is underperforming in India and vice versa. The Asean-India relationship is a pale shadow of the Asean-China relationship.

Before the outbreak of the Covid-19 pandemic in early 2020, Asean was growing at about 5.7 per cent per annum while India was growing at about 6.5 per cent per annum. The Indian economy is poised to grow by 9.5 per cent in 2021-22. Asean is the world's fifth largest economy and could become the fourth largest by 2030. India could be the world's third

largest economy, after China and the United States, by 2050.

CLOSE PARTNERS

India is one of Asean's top trading partners. In the decade since signing the free trade agreement, bilateral trade has grown exponentially and reached US\$79 billion (S\$109.7 billion) in 2020-21.

Similarly, India's foreign direct investment (FDI) in Asean has been increasing, reaching US\$2.12 billion in 2020, up from US\$850 million in 2015. Asean's investments to India have also expanded, with Singapore investing US\$15.9 billion in 2021-22, placing it in second place behind Mauritius.

India and Asean also cooperate closely on political and security matters. Bilaterally, India has signed "strategic partnerships" with Indonesia, Malaysia, Singapore and Vietnam. At the multilateral level, India is a member of multiple Asean-led forums, including the East Asia Summit, the Asean Regional Forum and the Asean Defence Ministers Meeting.

Maritime cooperation is a key plank of security relations between the two sides. India's flagship Milan naval exercise, started in the 1990s, includes several Asean members.

India also conducts bilateral coordinated patrols with several Asean countries, as well as exercises such as the Singapore-India Maritime Exercise, which completed 25 years in 2018.

In 2019, it also participated in a new mini-lateral exercise with Singapore and Thailand. India and Singapore have signed army, navy and air force agreements as well.

The movement of people, especially in tourism, is a high-potential area. In the pre-Covid-19 period, the number of Indian tourists to Asean grew steadily over time and was more than five million in 2019. In the same year, over nine million tourists from Asean visited India, an increase of 5 per cent over the previous year.

In addition to military maritime cooperation, it is in the interest of both sides to augment their maritime infrastructure and to enhance the shipping links between them. India is keen to enhance maritime cooperation with Asean. At the Asean-India Commemorative Summit to celebrate the 25th anniversary of ties in 2018, India's Prime Minister Narendra Modi put forward several proposals for Asean's consideration.

Air connections between India and Asean have also grown exponentially. In 2019, there were about 2,500 passenger and freight movements from Asean to India while slightly more than 2,100 passenger and freight movements took place from India to Asean. In 2019, a new flight connection began between Bangkok and Guwahati in Assam. However, there are no direct flights between India and some Asean countries. Asean would like to conclude the Asean-India Air Transport Agreement expeditiously. This will boost tourism and will enable Indian and Asean airlines to seize opportunities with new and emerging markets.

AREAS OF DIFFERENCES

Like all close partners, India and Asean differ – in terms of perspectives, intentions or actions – on several bilateral, regional and international issues.

The Asean members were disappointed with India withdrawing from the Regional Comprehensive Economic Partnership (RCEP) after eight years of negotiations. India feared that the RCEP would worsen its trade deficit with China. The feeling in New Delhi was that India had opened its market to Chinese exports but Beijing did not reciprocate. The second concern was that trade in services should be liberalised in tandem with trade in goods. Having said that, Asean and the other RCEP members are still keeping the door open to India.

Geopolitically, China is a puzzle for Asean in its relations with New Delhi. India's recent border issues with China have highlighted that the two neighbours are likely to have a confrontational relationship. In South-east Asia, while some countries like Cambodia and the Philippines have courted Chinese investment and geopolitical support, countries such as Vietnam have opposed China in certain political-security spaces such as the South China Sea.

The Asean-India dynamics have been further complicated by the emergence of the Quad, with India embracing it in its strategic lexicon. Asean is not comfortable with the Quad, comprising the US, Japan, Australia and India, as a significant security institution in the region. It also does not like the idea of the Quad being viewed as a threat to Asean's centrality as well as ganging up against China. Asean does not wish to be entangled in a possible power transition taking place in the Indo-Pacific region.

LOOKING TO THE FUTURE

Despite these issues, the future is bright for India-Asean ties. While the two sides have made tremendous progress in the last few decades and build strong linkages with each other, the

potential for further growth and connections is immense.

India and Asean need to have greater e-commerce and digital connectivity. Asean is one of the fastest growing digital economy regions of the world. Countries such as Vietnam, Indonesia, Malaysia and Thailand have booming digital economies with high-growth and domestic innovation in sectors such as e-commerce, ride sharing, mobile gaming and financial technology. India, too, has a vast and burgeoning start-up sector with a digitally proficient human capital base. For example, India's Aadhaar system can facilitate digital connections among the citizens of India. Asean wants to do the same with its citizens.

India intends to build 100 smart cities and Asean wants to create a network of smart cities.

There is much scope for leveraging their respective competitive sectoral advantages, and in cooperation and mutual learning. Some cooperation is already under way to this end.

Singapore's Surbana Jurong is assisting with a smart city development in Maharashtra.

Climate change and sustainability have emerged to be among the critical challenges facing India and Asean. They can cooperate on technologies and solutions to combat climate change, again leveraging competitive advantages in sectors such as renewable energy, waste management, pollution control and disaster mitigation, among others.

Relations between Asean and India are good but not optimal. There is little doubt that the Asean-India relationship will grow from strength to strength. However, proactive efforts are needed on both sides in this respect.

• Mr Hernaikh Singh is a deputy director at the Institute of South Asian Studies, National University of Singapore. He is co-editing the book, *Asean-India: Tryst With Destiny?*, with Professor Tommy Koh and Ms Moe Thuzar, which will be launched by ESM Goh Chok Tong in October.