

Deepening ASEAN-India Strategic Partnership

2ND Round Table on ASEAN-India Network of Think-Tanks (AINTT)

Co-organised by
Research and Information System for Developing Countries (RIS)
&
Institute of Foreign Affairs (IFA), Ministry of Foreign Affairs, Lao PDR
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BACKGROUND NOTE

1. The second Round Table on ASEAN-India Network of Think-Tanks (AINTT) is to be held on 10 September 2013 at Vientiane, Lao PDR. It is co-organised by the Research and Information System for Developing Countries (RIS), New Delhi and Institute of Foreign Affairs (IFA) of Ministry of Foreign Affairs of Lao PDR, Vientiane with support of Ministry of External Affairs (MEA), Government of India; Ministry of Foreign Affairs, Government of Lao PDR and ASEAN Secretariat, Jakarta. The Round Table will be inaugurated by H.E. Mr. Salman Khurshid, Hon'ble External Affairs Minister of India. H.E. Dr. Thongloun Sisoulith, Hon'ble Deputy Prime Minister, Minister of Foreign Affairs of the Lao PDR will deliver the welcome and opening address. H.E. Dr. AKP Mochtan, Dy. Secretary General, ASEAN Secretariat will deliver a special address. Besides, Director-Generals of RIS and IFA will also take part in this event. The RIS Volume of ***ASEAN-India Strategic Partnership: Perspective from the ASEAN-India Network of Think-Tanks***, which is the Proceedings of the 1st Round Table of AINTT, will be released at the 2nd Round Table.

2. Indian Prime Minister Dr. Manmohan Singh envisioned a Round Table of Think-Tanks of ASEAN and India at the 7th ASEAN-India Summit in Thailand in 2009 to bridge the information gap and also to provide policy inputs to the governments of India and ASEAN countries on future areas of cooperation. RIS has been given the task to convene the Round Table. The interaction between Think-Tanks is aimed at strengthening ASEAN-India dialogue through policy

research and advocacy. RIS envisages this forum as high quality research platform for policy makers, academics, professionals, and the research communities. One of the basic objectives of the Round Table is to promote awareness about the reality and potential of the ASEAN-India Strategic Partnership and provide long-term perspectives on the development of ASEAN-India relations.

3. As agreed at the 1st Round Table, the 2nd Round Table is now being organised in the ASEAN region. The AINTT is expected to travel to the ASEAN countries besides India. Prominent Think-Tanks of the ASEAN countries have nominated their senior resource persons to the 2nd Round Table. Drawing on the *ASEAN-India Vision Statement*, issued at the ASEAN-India Commemorative Summit 2012, the theme of the 2nd Round Table has been identified as “**Deepening ASEAN-India Strategic Partnership**”. There are three major sessions of this Round Table, each of which deals with the key challenges in the ASEAN-India Strategic Partnership: (i) economic cooperation, (ii) connectivity, and (iii) socio-cultural and development cooperation, followed by (iv) a high level panel discussion on ‘ASEAN-India Strategic Partnership: New Frontiers’.

4. ASEAN has been at the “heart” of India’s Look East Policy. India has been an important partner of ASEAN since 1992. In 2012, ASEAN and India celebrated the 20th Anniversary of their Dialogue Partnership and the 10th Anniversary of Summit-level Partnership with, among others, a special “Commemorative Summit” on December 20, 2012 under the theme “ASEAN-India Partnership for Peace and Shared Prosperity”. Leaders from all ASEAN countries, who attended the Commemorative Summit, endorsed elevating ASEAN-India Dialogue Partnership to Strategic Partnership.

5. ASEAN-India FTA in Goods concluded in 2009 was the first major step towards creating an ASEAN-India Regional Trade and Investment Area. ASEAN-India strengths lie in the fact that we are together home to 1.8 billion people and a region with complementary capacities and resources. These attributes have contributed to the tremendous resilience that our economies have been able to show in the aftermath of the downturn in the global economy in 2008. With the FTA on Trade in Goods between India and ASEAN in effect from 1 January 2010, ASEAN-India Partnership has assumed greater economic depth. This is set for further strengthening once the recently concluded FTA on services and investment becomes effective.

6. In 2012-13, two-way trade between ASEAN and India has crossed US\$ 75 billion, with India contributing US\$ 33 billion, and ASEAN, US\$ 42 billion. Continuing economic uncertainties in the global economy have affected our bilateral trade as well: in 2012-13, two-way trade had declined by over 4 percent. However, in the first quarter of 2013-14 FY, ASEAN-India trade was back on its growth path. Despite these trends, we are confident that we can achieve our bilateral trade target of US\$ 100 billion even before 2015.

7. With the conclusion of the FTA in goods, we should aim for an even higher target for our trade turnover with inclusion of services and investment. In the recent past, bilateral trade between ASEAN and India has grown at over 20 percent annually. At this rate of growth (business as usual scenario), achieving US\$ 200 billion trade by 2020 is not beyond our reach. What is needed is for India and ASEAN to remove the impediments to trade and investment such as high NTBs, lack of connectivity - physical, digital and social, and regulatory barriers, to mention a few. A true deepening of partnership between ASEAN and India will only happen when we strengthen regional connectivity and integration, particularly through cross-border physical and soft infrastructure of trade.

8. The Heads of the State/Government of ASEAN and India at the ASEAN-India Commemorative Summit 2012, endorsed enhancing ASEAN Connectivity through supporting the implementation of the Master Plan on ASEAN Connectivity (MPAC) and the ASEAN ICT Master Plan 2015. ASEAN Connectivity Coordinating Committee (ACCC) has recently, in June 2013, opened a comprehensive dialogue with India to enhance air, sea and land connectivity between ASEAN and India. India was the 3rd country after Japan and China to have this annual dialogue with ACCC. Republic of Korea is the other country which has opened dialogue with ACCC. The Inter-Ministerial Group on Transport Connectivity with ASEAN, set up by India in 2012, has been participating in the ASEAN Land Transport Working Group and Maritime Transport Working Group meetings. To work further on connectivity and other cross-cutting issues, the Ministry of External Affairs, Government of India has set-up the ASEAN-India Centre (AIC) at RIS recently.

9. Further, at the Commemorative Summit, Heads of States /Governments of ASEAN and India agreed to infuse greater momentum to the growing trade and investment linkages between ASEAN and India by calling for an early completion of the India-Myanmar-Thailand Trilateral Highway (IMTTH) and an examination in an integrated manner of additional possibilities such as 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 with 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.

10. The potential gains from closer connectivity are no doubt large. As part of the work related to the Comprehensive Asia Development Plan (CADP), prepared by the Economic Research Institute for ASEAN and East Asia (ERIA) for the East Asian Summit, the study found cumulative impacts over 5 percent of GDP for Cambodia, Myanmar, Thailand and Viet Nam, and over 2.5 of GDP for India. We also have to keep in mind that process of regional economic integration generates potential benefits, but may entail some costs, which need serious review and mitigation measures.

11. Challenges are aplenty and what are needed to overcome these are effective policy interventions. The regional challenges have to be addressed through joint initiatives, taken by India and ASEAN. Promoting a long-term cooperative partnership based on equality, shared ownership and mutual respect will enable both India and ASEAN achieve long-term national and regional development goals. In order to realize these objectives, policy dialogue among relevant institutions, media and business community from India and ASEAN assume utmost importance.

12. The deliberations at the Think-Tanks Round Table would not only help in promoting awareness about the potential of the India-ASEAN partnership, they would also help in exploring new vistas for strengthening regional cooperation. By adopting a more proactive strategy for harnessing the inter se relationship between two of the most dynamic economies, the dialogue between institutions, media and business community will help identify the challenges to furthering cooperation in the identified areas.

13. ASEAN is negotiating Regional Comprehensive Economic Partnership (RCEP) with its FTA partners, including India. With both sides showing keenness to deepen and widen their economic partnership, there is need to dwell on a range of issues, including trade in services, investment and connectivity, and development cooperation, which can help realize this objective. The interactions among Think-Tanks would deepen the ASEAN-India economic partnership

through policy research and advocacy. In particular, this Round Table will discuss the opportunities and challenges to regional trading architecture (e.g. RCEP), ASEAN-India regional production networks and GVCs, investment climate, financial cooperation and other integration issues. It will also deal with the challenges and prospects of ASEAN-India connectivity and role of connectivity in strengthening production networks. Social-cultural and development cooperation is another important area where ASEAN and India are natural partners. However, with the changing world dynamics, there is a need to strengthen development cooperation in the region by identifying the challenges and opportunities. In which direction the partnership would move? Is there a new frontier? Therefore, the focus of the final session would be to identify a way forward and blue print for the partnership.

14. Think-Tanks of ASEAN and India will also exchange views on the ongoing negotiations in the Doha Round of the WTO, keeping in view the forthcoming Ministerial Conference to be held in Bali in December 2013. The discussions at the AINTT may contribute substantially to greater economic integration as envisaged in the RCEP.

15. It is through greater regional economic integration and our collective strengthens that we can ensure that our economic prospects remain robust. The 2nd Round Table will not only explore some of the aforesaid issues in a more focused manner but also undertake in-depth discussions on the cross-cutting issues which have emerged from the 1st Round Table and relevant to forthcoming ASEAN-India Summit and East Asia Summit, to be held in October 2013. We hope the deliberations will contribute in a major way to the work of the ASEAN-India Initiative.

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