

Dynamics of **ASEAN-INDIA** Strategic Partnership



ASEAN Secretariat



Ministry of External Affairs
Government of India



RIS
Research and Information System
for Developing Countries



ASEAN-India
Centre at RIS

DYNAMICS OF ASEAN-INDIA STRATEGIC PARTNERSHIP

Proceedings of the Second Round Table on ASEAN-India Network of Think-Tanks (AINTT)

10 September 2013

Vientiane, Lao PDR



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Ministry of External Affairs
Government of India



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FOREWORD

Ambassador Shyam Saran

Chairman, ASEAN-India Centre (AIC), Research and Information System for Developing Countries (RIS) & National Security Advisory Board (NSAB)

RIS has been involved in interacting with think-tanks, particularly from the ASEAN region, for over a decade. The Round Table of ASEAN-India Network of Think-Tanks (AINTT) has become an annual event, which is the realisation of an idea put forward by the former Prime Minister of India, Dr. Manmohan Singh, at the 7th India-ASEAN Summit. In 2012, RIS was given the task to convene an interaction among think-tanks and provide a platform for sharing of views, ideas and proposals aimed at strengthening ASEAN-India relations. Our efforts have paid off, in no small measure, due to the support and assistance we have received from the Ministry of External Affairs, our missions abroad, ASEAN Secretariat, and the enthusiastic cooperation of sister think-tanks in friendly ASEAN countries.

Since the reorientation of Indian foreign policy in 1992, when the Look East Policy was initiated, our achievements in strengthening the ASEAN-India relations have been significant. We have successfully moved from a dialogue partnership to a summit partnership and established a free trade area. We are part of Regional Comprehensive Economic Partnership Agreement (RCEP), which is being negotiated at present. At ASEAN-India Commemorative Summit 2012 in New Delhi we elevated our relations into a Strategic Partnership level. We have endorsed the ASEAN-India Vision Statement, and have been implementing several projects to take forward the mandates set forth in the Vision Statement. Convening the Round Table of ASEAN-India Network of Think-Tanks (AINTT) since 2012 is one such project that we have implemented.

The Second Round Table of AINTT discussed a number of key issues that are relevant from the point of view of deepening the relations between the two partners. Representatives of the think-tanks presented several ideas, which, we are sure, would be found useful by the policymakers and researchers, who are working on deepening the economic ties between India and ASEAN.

Finally, I would like to record my appreciation of the efforts that have been put by my senior colleague, Dr. Prabir De, in putting together this volume. The Round Table of AINTT has provided us new ideas and suggestions in deepening the ASEAN-India Strategic Partnership. I am sure that the Network will meet more frequently and make significant contributions in strengthening the relationship between India and ASEAN countries.

I am certain that the Proceedings of the Second Round Table will be a valuable reference for policymakers, academics and practitioners.



Shyam Saran

ACKNOWLEDGEMENTS

The Proceedings of the Second Round Table on ASEAN-India Network of Thinks-Tanks (AINTT) has been prepared by Dr. Prabir De, Professor, RIS, and Coordinator, ASEAN-India Centre (AIC). We are grateful to Ambassador Shyam Saran, Chairman, RIS for his continuous guidance and encouragement. We are thankful to Ambassador Anil Wadhwa, Secretary (East), Ministry of External Affairs (MEA) and Ms. Renu Pall, Joint Secretary (ASEAN Multilateral), Ministry of External Affairs of India for their continuous support and guidance. We are also grateful to Ambassador Gurjit Singh (Ambassador of India to Indonesia, ASEAN and Timor Leste), Indian HoMs in ASEAN countries, Mr. Nikhilesh Giri, and the ASEAN Secretariat for making the participation in the Second AINTT Round Table comprehensive. We would like to, in particular, acknowledge the cooperation from the Institute of Foreign Affairs (IFA) of Lao PDR and its Deputy Director-General Dr. Siviengphet Phetvorasack for their cooperation without which the Round Table would not have been a success.

The Second Round Table benefitted from work done in support by the RIS Administration. Mr. Tish Kumar Malhotra coordinated the production of the Proceedings with the support of Ms. Ruchi Verma. Ms. Kiran Wagh and Ms. Anu Bisht extended secretarial support. Mr. Sachin Singhal designed the Proceedings. Views expressed in these published proceedings are those of the participants of the Round Table and not the views of Governments of India or ASEAN countries, Research and Information System for Developing Countries (RIS), ASEAN-India Centre (AIC), or the Institute of Foreign Affairs (IFA) of Lao PDR. Usual disclaimers apply.

LIST OF ABBREVIATIONS

ACCC	ASEAN Connectivity Coordinating Committee
ADB	Asian Development Bank
ADMM+	ASEAN Plus Defence Ministerial Meeting
ADB I	Asian Development Bank Institute
AEC	ASEAN Economic Community
AFAFGIT	ASEAN Framework Agreement on the Facilitation of Goods in Transit
AFAFIST	ASEAN Framework Agreement on the Facilitation of Inter-State Transport
AFAMT	ASEAN Framework on Multimodal Transport
AFTA	ASEAN Free Trade Area
AIEPG	ASEAN-India Eminent Persons Group
AIFTA	ASEAN-India Free Trade Agreement
AINTT	ASEAN-India Network of Think-Tanks
AITTA	ASEAN-India Transit Transport Agreement
ANZCERTA	Australia-New Zealand Closer Economic Relations Trade Agreement
APEC	Asia-Pacific Economic Cooperation
ARC-ICT	Advanced Resource Centre in Information and Communications Technology
ARF	ASEAN Regional Forum
AUN	ASEAN Universities Network
BIPPA	Bilateral Investment Promotion and Protection Agreement
CBTA	Cross-Border Transport Agreement
CELT	Centre for English Language Training
CLV	Cambodia-Lao PDR-Vietnam
CSO	Civil Society Organisation
EAS	East Asia Summit
EDC	Entrepreneurship Development Centre
EIC	Economic Institute of Cambodia

List of Abbreviations

ERIA	Economic Research Institute for ASEAN and East Asia
EU	European Union
FTA	Free Trade Agreement
FTAAP	Free Trade Area of the Asia-Pacific
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GMS	Greater Mekong Subregion
GPRS	General Packet Radio Service
GPS	Global Positioning System
IAI	Initiative for ASEAN Integration
ICCR	Indian Council for Cultural Relations
ICT	Information and Communication Technology
IFA	Institute of Foreign Affairs
IMF	International Monetary Fund
IMTTH	India-Myanmar-Thailand Trilateral Highway
IR	International Relations
ISAS	Institute of South Asian Studies
ISEAS	Institute of Southeast Asian Studies
ISIS	Institute of Strategic and International Studies
IT	Information Technology
ITEC	Indian Technical and Economic Cooperation Programme
JCM	Joint Commission Meeting
KMTTP	Kaladan Multi-modal Transit Transport Project
LEP	Look East Policy
LIPI	Indonesian Institute of Sciences
MEA	Ministry of External Affairs
MGC	Mekong-Ganga Cooperation
MIEC	Mekong-India Economic Corridor
MoFA	Ministry of Foreign Affairs
MoU	Memorandum of Understanding
MPAC	Master Plan on ASEAN Connectivity
MRA	Mutual Recognition Agreement
NAFTA	North American Free Trade Agreement
NERI	National Economic Research Institute
NGO	Non-Governmental Organisation
NTBs	Non-Tariff Barriers

NTU	Nanyang Technological University
ODA	Official Development Assistance
OP	Operating Procedures
PCA	Post Clearance Audit
PDF	Project Development Facility
PIDS	Philippines Institute for Development Studies
PPP	Purchasing Power Parity
RCEP	Regional Comprehensive Economic Partnership Agreement
RFID	Radio Frequency Identification
RIS	Research and Information System for Developing Countries
RoO	Rules of Origin
RPN	Regional Production Networks
RSIS	S. Rajaratnam School of International Studies
RTA	Regional Trade Agreement
SMEs	Small and Medium Enterprises
S&T	Science and Technology
TAC	Treaty of Amity and Cooperation
TIG	Trade in Goods
TPP	Trans-Pacific Partnership
USSH	University of Social Sciences and Humanities
UNSC	United Nations Security Council
USA	United States of America
VASS	Vietnam Academy of Social Sciences
VCCI	Vietnam Chamber of Commerce and Industry
VNU	Vietnam National University
WTO	World Trade Organisation
YIE	Yangon Institute of Economics

SUMMARY

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

1. The Second Round Table on ASEAN-India Network of Think-Tanks (AINTT) was held on 10 September 2013 at Vientiane, Lao PDR. It was co-organised by the Research and Information System for Developing Countries (RIS), New Delhi and the Institute of Foreign Affairs (IFA) of Ministry of Foreign Affairs of Lao PDR, Vientiane with the support of the Ministry of External Affairs (MEA), Government of India; the Ministry of Foreign Affairs, Government of Lao PDR; and the ASEAN Secretariat, Jakarta. The Round Table was inaugurated by Mr. Salman Khurshid, Hon'ble External Affairs Minister of India. Dr. Thongloun Sisoulith, Hon'ble Deputy Prime Minister and Minister of Foreign Affairs of Lao PDR delivered the welcome and opening address. Dr. AKP Mochtan, Deputy Secretary General, ASEAN Secretariat gave a special address. Besides, Director-Generals of RIS and IFA also took part in this event. The RIS Volume *ASEAN-India Strategic Partnership: Perspectives from the ASEAN-India Network of Think-Tanks*, which contains the Proceedings of the First Round Table of AINTT, was released at the Second Round Table. About 60 scholars and officials attended this Round Table with participation of representatives of think-tanks of ASEAN countries.
2. As decided at the First Round Table, the Second Round Table was organised in the ASEAN region. Prominent Think-Tanks of the ASEAN countries were represented at the Second Round Table. Drawing on the *ASEAN-India Vision Statement*, issued at the ASEAN-India Commemorative Summit 2012, the theme of the Second Round Table was identified as "Deepening ASEAN-India Strategic Partnership". There were three major sessions in this Round Table, each of which dealt with the key challenges facing the ASEAN-India Strategic Partnership: (i) economic cooperation, (ii) connectivity, and (iii) socio-cultural and development cooperation, followed by a high level panel discussion on 'ASEAN-India Strategic Partnership: New Frontiers'.

3. The objectives of the Second Round Table was to bring together participants from 10 ASEAN countries and India to share their ideas, perspectives and experiences as part of efforts to promote ASEAN-India integration in the context of ASEAN Economic Community (AEC) by 2015 as well as East Asia Summit Community at a later stage. Through a lively and constructive discussion, the Second Round Table of AINTT brought us comprehensive regional cooperation and integration issues, not only on partnership between ASEAN and India but also on East Asia Summit (EAS) Group relations. In addition, the Round Table also had very stimulating discussions on various connectivity aspects of ASEAN-India Strategic Partnership. Session-wise some major discussion points are as follows.

Session I. ASEAN-India Strategic Partnership: Economic Cooperation

4. The importance of economic cooperation has become a significant part of emerging consensus on recent development discourse as ASEAN and India have experienced economic growth and achieved significant improvements in income equality, poverty alleviation and other socio-economic goals. Implementation of the ASEAN-India Free Trade Agreement (AIFTA) has received positive response from the business community as indicated by the significant increase of total trade between ASEAN and India. However, there are many challenges in economic cooperation as discussed in this Round Table, and some are as follows:
 - There is no direct flight between Cambodia, Lao PDR, Vietnam (CLV) and India, and more particularly between Lao PDR and India, resulting in high costs of transportation between India and Mekong sub-region.
 - The high costs of trading, cumbersome customs procedures, unfriendly rules of origins and several other trade protectionism are the key barriers to economic integration between ASEAN and India.
 - A large number of Small and Medium Enterprises (SMEs) in the region are not familiarised with tariff preferences.
 - The intensity of bilateral and multilateral cooperation on tourism, trade, and banking system between India and ASEAN is still low, compared with potentials.
5. Some broad recommendations of this Session are as follows:
 - Signing of the ASEAN-India Trade in Services and Investment Agreement in order to intensify economic cooperation between ASEAN and India.

- AIFTA should undertake actions in deepening liberalisation among the members by addressing not only the issues of trade and investment, but also the issue of capacity building for business actors categorised as SMEs given that SMEs are the largest business entity as well as the backbone of most of the ASEAN countries and India.
- AIFTA should make lobbies for ASEAN countries that have double standard under the Regional Comprehensive Economic Partnership (RCEP) and Trans-Pacific Partnership (TPP). It is desirable for ASEAN members to focus more on RCEP.
- AIFTA should propose a clear mechanism of RCEP liberalisation in a concrete manner. More time bound actions are needed on removal of NTBs, technical cooperation, capacity building, intellectual property rights, dispute settlement mechanism, etc.

Session II. ASEAN-India Strategic Partnership: Connectivity

6. The recognition of the importance of connectivity is indicated by the fact that all ASEAN countries and India have established state agencies to tackle various aspects of connectivity. However, the multiplicity of the state agencies often create problems of coordination and governance, particularly, in case of financial support for implementation of the highway projects. Building an inclusive strategy is important for solving this problem. The differences in the stages of development also creates gaps in the implementation of connectivity projects. Relatively developed countries such as India and older ASEAN countries (Indonesia, Malaysia, Philippines, Singapore and Thailand) generally have a better connectivity system in place, whereas the developing countries, due to their limitations, usually have a less developed connectivity systems. While development stage matters, there are other factors, such as government's commitment and approach, that shape the implementation of connectivity policies. Cooperation between all actors in various aspects, including technical assistance and financial support, would be beneficial for supporting the implementation of the regional connectivity. The session has identified the following key challenges:
 - No direct physical connectivity between CLV and India, causing high cost of transportation.
 - Shortage of financial resources and human resources delay connectivity projects.
 - Myanmar is the only country to share land border with India. Therefore, timely completion of connectivity projects in Myanmar is vital for stronger ASEAN-India relations.

7. Some broad recommendations of this Session are as follows:

- ASEAN and India should exert more efforts and cooperation to effectively implement the ASEAN-India Plan of Action 2010-2015.
- India should attach high priority to a quick implementation of the India-Myanmar-Thailand Trilateral Highway and its extension to Lao PDR, Cambodia and Vietnam.
- ASEAN countries should be encouraged to work closely with the Indian Inter-Ministerial Group on ASEAN Connectivity to enhance air, sea, land and digital connectivity within ASEAN by supporting the Master Plan on ASEAN Connectivity as well as the ASEAN ICT Master Plan 2015; and between ASEAN and India, through ASEAN-India connectivity projects.
- ASEAN should set a clear future plan for connectivity in each period in accordance with reality needed for ASEAN-India cooperation and move towards more action oriented activities with more secured funding in the implementation process.
- India should undertake a study on connectivity projects that the country has been implementing and is likely to undertake in future, which we may call ASEAN-India Connectivity Partnership Study.
- There is a need of continued support for the implementation of the Initiative for ASEAN Integration (IAI) Work Plan II, in particular the setting up of the Entrepreneurship Development Centres (EDC) and the Centre for English Language Training (CELT) in the new ASEAN countries, including Lao PDR. This will, in turn, help narrow the development gaps within ASEAN as well as continue to implement initiatives for highway development to connect India to Myanmar, Lao PDR, Vietnam and Cambodia. This would facilitate trade, investment and tourism in the sub-region.
- ASEAN countries and India should work closely to ensure that the Vision Statement and the recommendations of the ASEAN-India Eminent Persons Group (AIEPG) are translated into concrete action, taking into account the specific needs of new ASEAN member countries.

Session III. ASEAN-India Strategic Partnership: Socio-Cultural and Development Cooperation

8. The third session was devoted to identifying new areas of socio-cultural and development cooperation in relation to ASEAN-India Strategic Partnership. The general consensus was that more emphasis should

be given to build people-to-people contacts vis-à-vis political-security and economic cooperation. Greater people-to-people links provide enormous opportunities for peace and stability as well as deeper and broader economic integration. Panelists demonstrated that there are many areas that show good potential for cooperation in the socio-cultural area. Moving away from the government-to-government level interactions and more towards the people-to-people level would ensure more commitment, longevity and sincerity. Attention should be paid to contemporary socio-cultural linkages such as increasing direct flights, introducing visa on arrival schemes, establishing South Asian studies and language programmes in ASEAN universities and Southeast Asian studies in Indian universities, opening Indian Cultural Centers, and encouraging academic exchanges, business fairs and tourism. ASEAN and India need to ensure and speed up implementation of the aforesaid people-to-people driven initiatives.

9. As ASEAN is striving to realise its Socio-Cultural Community Blueprint, it was suggested that cooperation in education, freer movement of workers, and social protection should be increased. Cooperation with the ASEAN University Network could be stepped up to promote joint research in such areas as engineering, IT and arts, exchange of students and professors between ASEAN and Indian universities, more scholarships, as well as share experiences in academic-industry collaborations. As ASEAN and India integrate further through trade and investment, movement of workers is expected to increase. However, movement of workers should not be limited to skilled workers as is currently agreed within ASEAN under the Framework Agreement in Services to liberalise movements of skilled workers, in order to ensure greater benefits and reduce development gap. ASEAN and India could also share experiences in many areas of social protection such as pension reforms, employment guarantee schemes, community-based health financing systems, expanding coverage to informal sector workers, non-labour market-based systems such as social pensions, etc.
10. Participants felt that exchanges in culture, arts, sports, and youth were also important in promoting greater ASEAN-India people-to-people interaction. Major challenges highlighted by participants were lack of funding to carry out projects, less involvement of and effective coordination among various stakeholders at all levels including at the people-to-people level, difficulties in coming up with specific targets and timeline for proposed initiatives, and gaps between recommendations and their actual implementation.

Session IV. ASEAN-India Strategic Partnership: New Frontiers

11. The last session on new frontiers aimed at identifying the new challenges to ASEAN-India relations, and suggesting the way forward for the partnership. Panelists found that there are many challenges to overcome in order to strengthen the ASEAN-India Strategic Partnership. One of the challenges identified is how to realistically ensure realisation of the various initiatives taking into consideration the different roles of multi-stakeholders, those who make policies and those who implement or transact in terms of synchronising and prioritising actions and ensuring clear partnership between these stakeholders to deliver results. The current phase of ASEAN-India relations shows that much emphasis has been placed on the material interest and power or the economic and security considerations, and less on the ideational influences. The basis for an enduring relationship between ASEAN and India requires interaction between material power, interests and ideas. Generation and development of contemporary (political, economic and socio-cultural) ideas and further in-depth work and actions are required for India to gain a firm footing in the Southeast Asian region and vice-versa. This ideational interaction is one of the new frontiers for ASEAN-India partnership, and should be driven by demands in the market place (private sector and civil society), not just by the government initiatives. Some avenues to explore the generation of ideas include utilisation of educational institutions of excellence targeting scientific and technological needs; joint centers of excellence for development of political and economic ideas; emulation of successful institutions patterns and models; and harnessing the film world, print and digital media and the private sector.
12. The economic center of gravity is now moving to Asia and there are ample opportunities not to be missed. In the current competitive dynamics of power politics where major powers' partnerships are evolving and each country is embarked on a struggle for economic leadership of the dawning Asian century, India can play a more positive role, taking into account issues of concern of partners. In the midst of this evolving environment, there is strong need to strengthen institutions in the region with think-tanks performing the role as an early warning system to see how things are shaping or moving in order to inform governments or regional institutions so as to avoid mistakes. In terms of connectivity and partnership, where funding for infrastructure projects is an issue, ASEAN and Indian governments could look into the possibility of establishing a regional infrastructure bank or fund with collaboration under the ASEAN-India Strategic Partnership utilising India's financial expertise to ensure that available resources to carry out infrastructure projects are not

tied to other major powers or international financial institutions. ASEAN and India can set-up a project development facility (PDF) in order to facilitate cross-border connectivity projects.

13. Challenges to ASEAN-India Strategic Partnership can be looked at from three angles: (i) from the Indian side, (ii) from the ASEAN side, and (iii) from the great power rivalry perspective. From the Indian side, limited economic integration with Southeast Asia, too much focus on its domestic politics at the cost of foreign politics, different levels of openness for economies of India and ASEAN, limited policies to attract foreign direct investment, and limited strategic role in the regional security architecture have put a limitation on ASEAN-India relationship. From the ASEAN side, the issue of ASEAN's unity and cohesion, institutional constraints in producing more timely practical cooperation, limitation in policy coordination, balancing increased great power rivalries, and intra-ASEAN disputes, conflicts and tensions were identified as challenges that limit ASEAN's role. At the same time, ongoing power shift in the region triggered by the rise of China and rivalry between great powers (US-China, China-Japan, India-China) is making ASEAN highly dependent on regional dynamics and putting ASEAN in an uncomfortable position, forced to choose sides when relations among the major powers deteriorate. Despite India's growing economy and role in international affairs, it was pointed out that India has not asserted its strength enough yet, trailing behind China's economic development and growing political influence. Given the increasing degree of maritime rivalry between India and China, Southeast Asia as the entry point for Chinese shipping into the Indian Ocean and Indian shipping into the Western Pacific, is potentially one of the regional focus points of strategic considerations of the two great powers.
14. Some of the suggestions as way forward are as follows:
 - India's continued economic reforms in terms of loosening its tariff barriers and expanding trade cooperation for deeper economic integration.
 - Strengthening India's Look East Policy and role in the regional security architecture are also important.
 - Whereas ASEAN shall play its part in strengthening ASEAN's unity, cohesion, and policy coordination, it shall also manage intra-ASEAN disputes and tensions, and must make an effort to balance great power rivalries in the region.

- ASEAN-India combined efforts shall strengthen the mechanisms for cooperation in all fields as well as formally define the concept and implications of “ASEAN-India Strategic Partnership”, which would complement the ASEAN-India emerging partnership.
- Participants also felt that ASEAN-India relations are at an interesting juncture. Mere policy initiatives will not be enough without drivers on the ground to support implementation of policies. Think-tanks’ contribution in generating ideas is, therefore, important. Such avenues as the newly established ASEAN-India Centre and the ASEAN-India Network of Think-Tanks have an important role to play in building a strong partnership between ASEAN and India, and also implementing policies in an inclusive manner.
- Strengthening institutions and good synergy between institutions, market actors and policymakers are necessary.
- It was also pointed out that practical and action-oriented approach needs to be undertaken, taking into account the means and resources of both sides and the importance of reducing development gap in order to proceed with firm steps ahead.

AGENDA



08:30 - 09:15 : Registration

09:15 - 09:30 : Welcome by Dr. Siviengphet Phetvorasack, Dy. Director-General, Institute of Foreign Affairs (IFA), Ministry of Foreign Affairs, Vientiane, Lao PDR and Dr. Prabir De, Senior Fellow, RIS, and Coordinator, ASEAN-India Network of Think-Tanks (AINTT), ASEAN-India Centre, New Delhi

09.30 - 11.15 : Session I: ASEAN-India Strategic Partnership: Economic Cooperation

[Focus of the session: Regional trading architecture, RCEP, building production networks, facilitating investment, strengthening financial cooperation and other integration issues.]

In chair: Dr. Biswajit Dhar, Director-General, RIS, New Delhi

Panelists:

09.30-09.50 : Dr. Leebouapao, Director-General, Macro-Economic Research Division, National Economic Research Institute (NERI), Vientiane

09.50-10.10 : Mr. Poch Kongchheng, Researcher, Economic Institute of Cambodia (EIC), Phnom Penh

10.10-10.30 : Mr. Agus Syarip Hidayat, Researcher, Research Center for Economic Indonesian Institute of Sciences (LIPI), Jakarta

10.30-10.50 : Ms. Sanchita Basu Das, Fellow and Lead Researcher, ASEAN Studies Centre, and Coordinator, Singapore APEC Study Centre, Institute of Southeast Asian Studies (ISEAS), Singapore

10:50-11.15 : Q&A

11.15-11.30 : Tea / Coffee Break

11.30-12.30 : Inaugural Session

11.45-11.55 : Welcome and opening address by H.E. Dr. Thongloun Sisoulith, Hon'ble Deputy Prime Minister and Minister of Foreign Affairs of the Lao PDR

11.55-12.05 : Inaugural address by H.E. Mr. Salman Khurshid, Hon'ble External Affairs Minister of India

12.05-12.10 : Release of RIS Volume of *ASEAN-India Strategic Partnership: Perspective from the ASEAN-India Network of Think-Tanks*, Proceedings of the First Round Table of AINTT, 2012

12.10-12.20 : Special address by Dr. A.K.P Mochtan, Dy. Secretary General, Community and Corporate Affairs Department, ASEAN Secretariat, Jakarta

12.20-12.25 : Address by Mr. Sayakane Sisouvong, Permanent Secretary, Ministry of Foreign Affairs (MoFA), Lao PDR

12.25-12.30 : Address by Dr. Biswajit Dhar, Director-General, RIS, New Delhi

12.30 - 13.30 : Lunch Break

13.30 - 15.00 : Session II: ASEAN-India Strategic Partnership: Connectivity

[Focus of the session: To identify the challenges and prospects of ASEAN-India connectivity, role of connectivity

in strengthening production network, and building development corridor.]

In chair: Dato' Dr. Muthiah Alagappa, Tun Hussein Onn Chair in International Studies, Institute of Strategic and International Studies (ISIS), Kuala Lumpur

Panelists:

13.30-13.45 : Mr. Bounpan Kongnhinsayaseng, Dy. Director-General, Institute of Foreign Affairs (IFA), Ministry of Foreign Affairs of the Lao PDR, Vientiane

13.45-14.00 : Dr. Tin Htoo Naing, Visiting Fellow, Yangon Institute of Economics (YIE), Yangon

14.00-14.15 : Dr. Sinderpal Singh, Research Fellow, Institute of South Asian Studies (ISAS), Singapore

14.15-14.30 : Dr. Marife Magno Ballesteros, Senior Fellow, Philippines Institute for Development Studies (PIDS), Manila

14.30-14.45 : Dr. Prabir De, RIS, New Delhi

14.45-15.00 : Q&A

15.00–15.15 : Tea/Coffee Break

15.15–16.30 : Session III: ASEAN-India Strategic Partnership: Socio-Cultural and Development Cooperation

[*Focus of the session:* To identify the new areas of social-cultural and development cooperation, present case studies, discuss challenges and identify the opportunities.]

In chair: Mr. Sayakane Sisouvong, Permanent Secretary, Ministry of Foreign Affairs (MOFA), Lao PDR

Panelists:

15.15-15.30: Dr. Piti Srisangnam, Director, Academic Affairs, ASEAN Studies Centre, Faculty of Economics, Chulalongkorn University, Bangkok

15.30-15.45 : Prof. Do Thu Ha, Head of Department of Indology (Philology and History) and Dean, Faculty of Oriental Studies, University of Social Sciences and Humanities, Vietnam National University, Hanoi

15.45-16.00 : Mr. A. Ibrahim Almuttaqi, The ASEAN Studies Programme Officer, The Habibie Center, Jakarta

16.00-16.15 : Dr. Aniceto C. Orbeta Jr., Senior Fellow, Philippines Institute for Development Studies (PIDS), Manila

16.15-16.30 : Q&A

16.30 - 17.30 : Panel Discussion: ASEAN-India Strategic Partnership: New Frontiers

[*Focus of the session:* To identify the new challenges to ASEAN - India relations, suggest way forward, and the blue print for the partnership.]

In chair: Dr. Sok Siphana, Sok Siphana and Associates, Phnom Penh, and Member, ASEAN-India Eminent Persons' Group

Panelists:

16.30-16.45 : Dato' Dr. Muthiah Alagappa, Tun Hussein Onn Chair in International Studies, Institute of Strategic and International Studies (ISIS), Kuala Lumpur

16.45-17.00 : Dr. Khin Zaw Win, Director, Tampadia Institute, Yangon

17.00-17.15 : Prof. Ngo Xuan Binh, Director-General, Institute of Indian and Southwest Asian Studies, Vietnam Academy of Social Sciences (VASS), Hanoi

17.15-17.30 : Dr. Biswajit Dhar, Director-General, RIS, New Delhi

17.30 - 17.45 : Concluding Session and Vote of Thanks

17.30-17.35 : Dr. Prabir De, Senior Fellow, RIS and Coordinator, ASEAN-India Network of Think-Tanks (AINTT), ASEAN-India Centre, New Delhi

17.35-17.45 : Mrs. Viengngeun Khaykhamphithoune Dy, Director-General, IFA, MoFA, Vientiane

18.30 : Dinner

WELCOME ADDRESS

Mr. Thongloun Sisoulith

Deputy Prime Minister and Minister
of Foreign Affairs of the Lao PDR

Your Excellency Mr. Salman Khurshid, Minister of External Affairs of the Republic of India

Dr. A.K.P Mochtan, Dy. Secretary General, Community and Corporate Affairs Department, ASEAN Secretariat, Jakarta

Mrs. Viengngeun Khaykhamphithoune, Acting Director General of the Institute of Foreign Affairs, Ministry of Foreign Affairs of the Lao PDR

Dr. Biswajit Dhar, Director-General of Research and Information System for Developing Countries (RIS)

Distinguished Panelists and Speakers

Members of the Think-Tank Community

Ladies and Gentlemen

It is my great pleasure to join you today at the Second Round Table of the ASEAN-India Network of Think-Tanks, which is jointly organised by the Institute of Foreign Affairs of the Lao PDR and the Research and Information System for Developing Countries (RIS) of India. Let me begin by warmly welcoming all of you to Vientiane and congratulating all those involved, particularly the RIS, on developing the ASEAN-India Think-Tank Network initiative into a common forum for representatives of think-tanks from ASEAN Member States and India to meet and discuss as well as provide policy inputs to the Governments of ASEAN Member States and India on future ASEAN-India relations.

Excellencies

Ladies and Gentlemen

This forum is important for us to expand and deepen the ASEAN-India partnership through policy research, analysis and advocacy. I am pleased with the remarkable progress in ASEAN-India cooperation over the last 20 years covering a wide range of areas such as political and security, economic and social cultural cooperation. Therefore, I would like to commend the success of the ASEAN-India Commemorative Summit held in December 2012 in New Delhi, specifically on the elevation of the ASEAN-India relations to a strategic partnership and the adoption of the ASEAN-India Vision Statement. I look forward to the signing of the ASEAN-India Trade in Services and Investment Agreement by the ASEAN-India Economic Ministers in October 2013 in Brunei Darussalam. This Agreement is expected to significantly contribute to intensifying economic cooperation between ASEAN and India, especially through the negotiations on the Regional Comprehensive Economic Partnership (RCEP) in order to accelerate regional economic integration, which will, in turn, contribute significantly to ASEAN efforts in building its community set to be announced in the end of 2015.

Excellencies, Distinguished Participants

I have noted significant achievements in ASEAN-India relations. However, I am confident that there are still untapped potentials for further enhancing ASEAN-India cooperation. At the same time, there is also a need to jointly address challenges to strengthening the partnership between ASEAN and India in various areas. The First Round Table of ASEAN-India Network of Think-Tanks last year was able to provide recommendations to deepening our bilateral cooperation as well as suggestions that would help the government and business sector in decision-making and moving forward. One important contribution of last year's Round Table was the inputs provided on the issue of services and investment leading up to the conclusion of the ASEAN-India Trade in Services and Investment Agreement. The First Round Table also helped identify projects that would strengthen connectivity between ASEAN and India. It also indicated opportunities and suggestions, as way forward, in collaboration in the areas of ASEAN-India joint ventures, food security, and biodiversity protection and others. This reinforces the importance of this forum in promoting awareness and dialogue between stakeholders on the potentials of the ASEAN-India partnership, which can lead to more effective policy interventions.

Ladies and Gentlemen

I have been informed that the Second Round Table will discuss very important issues concerning ASEAN-India Strategic Partnership in relation to Connectivity; Socio-Cultural Development Cooperation; and the Way Forward. I am, therefore, confident that while witnessing fruitful outcome made in the First Round Table, the Second Round Table of ASEAN-India Network of Think-Tanks will certainly build upon the previous achievements and provide concrete recommendations for further deepening relations and realising the ASEAN-India Vision Statement. At the same time, ASEAN and India still have immense untapped potentials that need to be explored.

Excellencies

Ladies and Gentlemen

On the occasion of the official visit of His Excellency Minister of External Affairs of India to the Lao PDR, and co-chairing the 7th Meeting of the Joint Commission for Bilateral Cooperation between the Lao PDR and India (7th JCM), which concluded successfully yesterday, I would like to inform the Meeting that Lao PDR and the Republic of India have long-standing traditional relationship and bond in culture. Throughout the 57 years of our Diplomatic Relations, Lao PDR and India have had mutually beneficial cooperation in different areas, especially the exchange of high level visits and others which have meaningfully contributed to further strengthening the existing traditional relationship and cooperation between our two countries. The 7th JCM agreed on the future direction and cooperation work plan for 2014-2015, and adopted the Agreed Minutes of the 7th JCM. Also during the Meeting, Lao PDR and India signed three Agreements including the Dollar Credit Line Agreement; the Amendatory Credit Line Agreement; and the Agreement on the Construction of the Storage Dams and Development of the Irrigation System in Lao PDR.

Last but not least, I am convinced that the outcomes and results of this forum will contribute significantly to the policy-making processes of the Governments. I hope that the ASEAN-India Network of Think-Tanks will continue to play a constructive role in joint efforts toward stronger ASEAN-India relations and regional integration in the years to come, and finally I wish that with your active participation in the discussions and brainstorming, the round table today will be a great success.

Thank you very much.

INAUGURAL ADDRESS

Mr. Salman Khurshid
External Affairs Minister of India

Deputy Prime Minister and Minister of Foreign Affairs of Lao PDR
Dr. Thongloun Sisoulith

Deputy Secretary General of ASEAN for Corporate and Community Affairs
Dr. A.K.P. Mochtan

Director General, RIS Dr. Biswajit Dhar

Distinguished Panelists and Speakers from ASEAN countries

Members of Think-Tank Community in the region

Ladies and Gentlemen

I am delighted to inaugurate the Second Round Table of the ASEAN-India Network of Think-Tanks in this beautiful and serene city of Vientiane. I would, in particular, like to extend my support to RIS for their decision to rotate the AINTT Round Table between India and ASEAN Member States. The choice of Vientiane to host the Second Round Table will allow Indian and ASEAN members of the strategic community to strengthen their linkages with the Institute of Foreign Affairs of Lao PDR, the partner to this Round Table.

The AINTT was an initiative announced by Prime Minister of India during the 7th ASEAN-India Summit in Thailand in 2009, to provide an essential bridge between the think-tank communities in ASEAN countries and India. It was felt that the strategic community in the region could contribute usefully towards policy decisions by the Governments of ASEAN countries and India to further strengthen the ASEAN-India Dialogue Partnership. As you are aware, the process of adding substance and 'meat on the bones' of the relationship acquired particular momentum during the Commemorative Year celebrations in 2012, marking 20 years of the ASEAN-India partnership. Prime Minister of India and the ASEAN Leaders upgraded this Dialogue Partnership to a Strategic Partnership at the special Commemorative Summit on December 20, 2012.

I hope that you will keep this context in mind when you brainstorm over the next two days. I dare say that there is a huge volume of academic studies on the potential in the ASEAN-India relationship. What the Governments would welcome would be practical suggestions which can be implemented in tangible terms, keeping in mind ground realities. In a sense, we are hoping that you all would become an extended team to the Governments in this endeavour. The process of your brainstorming from one Round Table to another would also need to take on the character of a process in continuum.

Ladies and Gentlemen

The substantive parameters for the future of the ASEAN-India Strategic Partnership are contained in the Vision Statement, which was adopted at the December Summit. This sets the direction for strengthening all pillars: political and security, economic as also the socio-cultural linkages between India and ASEAN. I was very happy to launch the ASEAN-India Centre in New Delhi on June 21, 2013. This Centre, which will be functioning under the guidance of Chairman RIS, has been set up to act as a resource to assist the Governments of India and ASEAN in strengthening the strategic partnership across the three pillars. I would suggest that there is a requirement of synergy between the ASEAN-India Centre in New Delhi and the deliberations of AINTT.

If one were to analyse the over 60 meetings/events/programmes organised between ASEAN and India last year and also study India's participation in official Ministerial meetings with the ASEAN, and the approach to ASEAN centric fora such as ADMM+, ARF, Expanded Maritime Forum Plus and, of course, the discussions during the ASEAN-India Summits and the East Asia Summit, there is a predominant emphasis on practical issues of cooperation.

The fact that there is great synergy of objective between ASEAN and India, both amongst Governments and at the level of the strategic and business communities, has contributed to this emphasis on tangibles in ASEAN-India cooperation. India has suggested activities under almost all paras of the Plan of Action for 2010-15. There has been an intensification of training programmes and capacity building in sectoral cooperation.

Ladies and Gentlemen

Regular annual meetings between Ministers of Agriculture, Commerce, External Affairs and Tourism are the norm. Ministerial meetings have been initiated in Environment and New and Renewable Energy. The numbers of ITEC scholarships offered by India to ASEAN countries have seen substantial increase and our people-to-people programmes have also expanded. Both AINTT and Delhi Dialogue are acquiring significant following, and I would, in fact, urge that we begin looking at creating a supportive line between

these two dialogues reaching out to the strategic communities interested in our region.

One of the most significant developments has been the integration of the economic space between ASEAN countries and India. An annual growth rate of 22 per cent over the last 11 years allowed us to cross the target of US\$ 70 billion by 2012. Trade volumes in 2012 reached US\$ 80 billion, making India the sixth largest trading partner of ASEAN and the seventh largest source of investment in the region. ASEAN contributes 10 per cent of India's global trade. These figures point to the potential and the opportunities that need to be realised if we are to meet our ambition of reaching US\$ 100 billion by 2015 in trade volumes and US\$ 200 billion by 2020. The implementation of the FTA on Trade in Goods has contributed to this growth.

We expect that early implementation of the FTA on Services and Investments will be key to achieving these objectives. The combined GDP of US\$ 3.8 trillion that ASEAN and India bring together defines one of the most important economic spaces to impact the lives of 1.8 billion people. Our Ministry of Commerce and Industry is presently in discussion with ASEAN counterparts on the setting up of the ASEAN-India Trade and Investment Centre, specific to the realisation of this economic space. I am happy to see that you would be debating some of these imperatives in Session I.

In the aftermath of intensive studies by the Economic Research Institute for ASEAN and East Asia (ERIA) and RIS, India set up an Inter-Ministerial Group on Transport Connectivity with ASEAN, to participate in the Land Transport Working Group and Maritime Transport Working Group Meetings of the ASEAN. On June 10 this year, India became the third country, after China and Japan, to begin annual ASEAN Connectivity Coordinating Committee-India Consultations to comprehensively further the agenda of connectivity. We are, therefore, convinced of the strategic importance of connectivity with the ASEAN countries.

Ladies and Gentlemen

Strengthening geographic connectivity through land, sea and air will require finding innovative means to finance the infrastructure requirements. This is a dimension for study in the AINTT as to how can the involvement of ADB, ASEAN Infrastructure Fund and the World Bank be optimised to meet this strategic objective of the ASEAN-India partnership. We also look forward to suggestions on how the soft infrastructure required to support the movement of goods and services on these physical corridors of connectivity can be put in place even as we examine the construction of these corridors. This exercise must be simultaneous and not linear. Your suggestions on the required engagement on soft infrastructure, including issues such as a common motor

vehicles act, customs and tariff regulations, immigration requirements, etc., would be most topical. I hope that some of these issues will be discussed in Session II of the AINTT. There is also need to strengthen institutional connectivity and bring in a concerted focus on human resource development in order to leverage our people-to-people ties. There are reflexive levels of comfort amongst our people, given the strong foundations of civilisational ties, which have enriched our countries in terms of a two way traffic of ideas, innovations and culture. Your Session III should aim to identify some out-of-the-box measures to strengthen socio-cultural and development cooperation between ASEAN countries and India. One useful dimension would be to see how we can make it easier for our businessmen, professionals and members of the strategic community to travel between our countries so that they can be participant to the new political, economic and socio-cultural dimensions emerging in the ASEAN-India Strategic Partnership.

Ladies and Gentlemen

India has been very supportive of the objective of an ASEAN Community by 2015 and the initiative for ASEAN integration. We look forward to applauding your sense of achievement in 2015. Looking to the future, I would like to emphasise that as the ASEAN countries integrate better amongst themselves, it is necessary that their integration with India also progresses apace.

I would be curious to see if the AINTT itself can bring in the strategic community in a more participant manner to these various dimensions that I have mentioned today. I would like to make a suggestion that if the think-tanks in the room today can consider taking on two young researchers each from within the ASEAN-India region for short periods of internship, it would help us to widen the constituency for a stronger ASEAN-India Strategic Partnership to the youth in our countries in a more meaningful manner.

Ladies and Gentlemen

This is a partnership not only with longstanding relevance but also one with increasing relevance, especially at this time when the political, security and economic architecture in our region is undergoing evolution and when it is urgent that we insulate our growth-oriented economies from the persistent downturn in the global economy. The ASEAN-India Strategic Partnership is today, more than ever, vital for progress and prosperity and peace and stability regionally as also globally.

I wish you an interesting two days of useful discussions and I look forward to your conclusions and recommendations.

Thank you.

SPECIAL ADDRESS

Dr. A. K. P. Mochtan
Deputy Secretary-General of ASEAN

Your Excellency Dr. Thongloun Sisoulith, Deputy Prime Minister and Minister of Foreign Affairs of the Lao PDR

Your Honourable Mr. Salman Khurshid, Minister of External Affairs of India

Your Excellency Mr. Sayakane Sisouvong, Permanent Secretary, Ministry of Foreign Affairs of the Lao PDR

Dr. Biswajit Dhar, Director-General of RIS

Excellencies, distinguished participants, Ladies and Gentlemen

1. At the outset, allow me, on behalf of Secretary-General of ASEAN His Excellency Le Luong Minh, to express my sincere appreciation to the Ministry of Foreign Affairs of the Lao PDR, the Ministry of External Affairs of India, and the Research and Information System for Developing Countries (RIS), New Delhi, for hosting and inviting me and the ASEAN Secretariat to participate in this important Second Round Table of the ASEAN-India Network of Think-Tanks to deliberate on ways and means to deepen the ASEAN-India Strategic Partnership.
2. ASEAN-India relations have grown from strength to strength. From a Sectoral Dialogue Partner in 1992, the relations were elevated to a full Dialogue Partner in 1995, and since 2002, we have been convening annual summits. Another milestone in the relationship was recorded last year, when the Leaders of ASEAN and India elevated the Dialogue Relations to a strategic partnership. The ASEAN-India Partnership has developed into one of ASEAN's most comprehensive, dynamic and fast-growing partnerships spanning across a whole spectrum of political-security, economic, social-cultural and development collaboration.

3. The adoption of the Vision Statement at the ASEAN-India Commemorative Summit by the Leaders of ASEAN and India has given the impetus to advance further our Partnership to a new height and will serve as guidance to the pursuit of our strategic partnership for the years to come.

Excellencies, Distinguished Participants, Ladies and Gentlemen

4. To us a “strategic partnership” refers to some key features that encompass, among others, a full dialogue partner of ASEAN, having acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC), and having “substantive relations.”
5. In this context, I would like to recall a number of efforts taken by ASEAN and India in substantiating their dialogue relations commensurate with the elevated Partnership.
6. As part of commemoration of the 20th Anniversary of the ASEAN-India Dialogue Relations in 2012, a number of commemorative activities were carried out to signify the expanding and deepening of the Dialogue Partnership. These included the convening of ASEAN-India ministerial sectoral and high-level meetings in the fields of agriculture, energy, tourism, science and technology, and environment that deliberated on their respective joint cooperation programmes and collaboration, business-to-business and people-to-people contacts, and connectivity such as the Second ASEAN-India Car Rally and The Sail Training Ship “*Sudarshini*” Expedition to ASEAN Member States, which were aimed to spread public awareness of ASEAN-India relations and the land and maritime connectivity between the two regions.
7. Another distinct achievement was the establishment of the ASEAN-India Eminent Persons Group (EPG) to stock-take the ASEAN-India relations over the past 20 years and explore ways to widen and deepen existing cooperation towards a long-term strategic partnership between ASEAN and India. The final Report of the EPG’s recommendations was noted by the Leaders of ASEAN and India and provided valuable inputs to the future direction of the ASEAN-India Partnership.
8. I wish to also report that following the suggestion made by H.E. Le Luong Minh at the Delhi Dialogue V held in February 2013, the ASEAN Secretariat has undertaken a comprehensive mid-term review of the implementation of the Plan of Action to Implement the ASEAN-India Partnership for Peace and Shared Prosperity (2010-2015). This has been further discussed by the Committee of Permanent Representatives to ASEAN and Ambassador of India to ASEAN in Jakarta. The exercise

is aimed to review the achievements made and map out the course of actions and possible joint activities from now until 2015, which would better correspond to the Vision set out by our Leaders, and study the important recommendations in the Report of the ASEAN-India Eminent Persons Group.

9. Another important development is the establishment of the ASEAN-India Centre in New Delhi to promote cooperation in various fields between ASEAN and India, including trade, investment, tourism, cultural exchange and education, among others.
10. In the economic field, ASEAN and India have set the aim of achieving a free trade area. With a combined market of over 1.8 billion people and a GDP of US\$ 3.8 trillion and relative geographical proximity, there is huge potential awaiting to be tapped. The total trade between ASEAN and India grew significantly by 43 per cent in 2012 amounting to US\$ 74.9 billion, surpassing ASEAN-India trade target of US\$ 70 billion for 2012. At the 10th ASEAN-India Summit in November 2012, the Leaders set new target of US\$ 100 billion in total trade to be achieved by 2015.
11. In services and investment, following the announcement of the conclusion of the negotiations on both Agreements on ASEAN-India Trade in Services and Investment made at the ASEAN-India Commemorative Summit in December 2012, the legal scrubbing has been completed and the Agreement is targeted to be signed soon.
12. In other sphere of collaboration, ASEAN-India cooperation has been expanded to encompass human resource development, science and technology (S&T), people-to-people contacts, health and pharmaceuticals, transport and infrastructure, small and medium enterprises (SMEs), tourism, information and communication technology (ICT), agriculture and energy.
13. I am also pleased to report that India's support for the Initiatives for ASEAN Integration (IAI) has been consistent and they have been carried out through the implementation of the number of initiatives and programmes such as setting-up of the Centres for the English Language Training, setting-up of the Entrepreneurship Development Centres and implementation of ICT programmes. This has in turn contributed to the ASEAN pursuit of narrowing development gap.
14. ASEAN also welcomes India's commitment to support the ASEAN Community building, ASEAN's central role in the evolving regional architecture, and the implementation of the Master Plan on ASEAN Connectivity (MPAC) and connectivity in the wider East Asia region.

Excellencies, Distinguished Participants, Ladies and Gentlemen

15. Twenty Years of ASEAN-India Partnership have yielded mutual benefits for both sides. The 20th Anniversary of ASEAN-India Dialogue Partnership in 2012 was a symbolic opportunity for us to look back and take forward this Partnership. As highlighted earlier, ASEAN-India Partnership has been wide-ranging and multi-faceted. Currently, there are 28 mechanisms within the framework of ASEAN-India Dialogue Partnership to facilitate cooperation activities and strengthen the relations between the two sides, ranging from the Summit, ministerial, senior officials and expert working levels in all the three pillars of the ASEAN Community. The ASEAN-India Partnership is set to be further strengthened and deepened in the years to come. Therefore, this would require multi-track and concerted efforts on both sides to effectively correspond to and nurture the elevated Partnership.
16. It is within this context that I am, particularly, delighted that the deliberation of today's Round Table as a Track 1.5 forum would focus on ways and means to deepen the elevated Partnership. Your contributions and inputs would be highly valued in the process of strengthening ASEAN-India Strategic Partnership. On behalf of the Secretary-General of ASEAN, I wish your deliberation be crowned with a great success.

I thank you for your kind attention!

ABOUT AINTT

The increasing complexity of the global economic environment makes it imperative to establish effective network of institutions, media and business houses involved in the policy dialogue, which can generate considered documents for policy makers to take informed decisions. With the Free Trade Agreement (FTA) between India and ASEAN in effect from 1 January 2010, India-ASEAN partnership has taken a new shape.

India's engagement with the ASEAN is at the "heart" of its Look East Policy. We are convinced that India's future and our economic interests are best served by greater integration with our Asian partners. The implementation of the ASEAN-India FTA in 2010 has opened up new vistas of trade cooperation between the two partners. With both sides showing active interest to deepen and widen the process of economic integration through agreements on services, investment, etc., there would be an increasing array of issues on trade, investment, connectivity, etc., which need to be addressed to strengthen the partnership between India and ASEAN. Deliberations between these organisations would help provide well-considered policy inputs to the governments.

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 realise this objective, policy dialogue among relevant institutions, media and business community from India and ASEAN assumes utmost importance. These deliberations 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.

The Round Table of ASEAN-India Network of Think-Tanks (AINTT) is an outcome of Indian Prime Minister's Statement at the 7th India-ASEAN Summit, where he suggested establishment of an India-ASEAN Round Table comprising think-tanks to bridge the knowledge gap. One of the primary objectives of this Round Table is, therefore, to provide policy inputs to the governments of India and the ASEAN countries on future areas of cooperation. RIS was identified as the nodal point from India to organise the Round Table. Another purpose of the interaction between think-tanks is to deepen the ASEAN-India partnership through policy research and advocacy. RIS

envisages this forum as high quality research platform for the policymakers, academics, professionals, and the research communities.

RIS has been involved in interacting with think-tanks, particularly from the ASEAN region, for a number of years. The first major initiative in this regard was the International Conference that RIS organised in 2004 on ASEAN-India Vision 2020 at New Delhi on behalf of the ASEAN-India Network of Think-Tanks (AINTT). The AINTT was formed following a decision taken by the Leaders of ASEAN and India at their First Summit held in November 2002. Besides coordinating with think-tanks as a part of the India-ASEAN engagement, RIS is also actively involved in several other think-tank networks. These include Economic Research Institute for ASEAN and East Asia (ERIA); Asia-Pacific Research and Training Network on Trade (ARTNeT), coordinated by UNESCAP; and BIMSTEC Network of Policy Think-Tanks, among others.

AINTT Secretariat is located at RIS. To know further about this network, please contact Dr. Prabir De at prabirde@ris.org.in

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ASEAN-India FTA and Design of Future Regional Trading Architecture

Agus Syarip Hidayat*

1. Introduction

The economic cooperation between ASEAN and India is entering a new phase after the ASEAN-India Free Trade Agreement (AIFTA) has come into force on 1 January 2010. This engagement finally occurred after India announced its “Look East Policy” toward ASEAN in 1991. AIFTA is expected to be a turning point to build a closer economic cooperation and to provide mutual benefits for the parties involved.

Further, it is also envisaged that AIFTA could be playing an important role in designing a future regional trading architecture in the Asia-Pacific region. The position of India and ASEAN countries such as Indonesia is considerably taken into account as new emerging powers. Kliman and Fontaine (2012) mentioned India and Indonesia together with two other countries (Brazil and Turkey) as “the Global Swing States” that are predicted to influence the trajectory of the current and future international order. These four economies will have a greater stake in international arrangements that facilitate the growth of trade and investment. Asian Development Bank (ADB) has also come out with similar analysis that mentioned India and six other Asian countries (China, Indonesia, Japan, Korea, Thailand, and Malaysia) as the engine of economic growth in Asia under the Asian Century scenario 2050. Previously, in 2001 Goldman Sachs predicted that India along with Brazil, Russia and China (BRIC) will emerge as a new power in the world economy.

Economically, the importance of a regional architecture, that covers wider participating economies and deeper degree of liberalisation, is directly related to the need on enhancing production efficiency and minimising transaction costs. To date, debate on the issues of regional trading architecture focuses

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on two blocks, namely, Regional Comprehensive Economic Partnership (RCEP) and the Trans-Pacific Partnership (TPP). Several scholars propose some other terms for a wider liberalisation in the Asia-Pacific region such as Free Trade Area of the Asia-Pacific (FTAAP). Whatever the name be, the most fundamental thing is the substance of the liberalisation and the potential positive effect for the parties involved.

This paper aims to discuss the following main question: what is the role of AIFTA in designing a future regional trading architecture? The analysis starts with looking at AIFTA's achievement so far. Then, the discussion is followed by looking at the potential role of AIFTA in Asia. The next part of the paper addresses the issue on future regional trading architecture. The last part of the paper focuses on the role of AIFTA to support future regional trading architecture.

2. ASEAN-India FTA (AIFTA)

2.1 AIFTA and Its Achievements

AIFTA has just been implemented for around two and half years. In many FTA cases, it is hard to assess the impact of FTA within such short period. However, simply looking at the movement of various macro indicators occurred in AIFTA period will provide us a preliminary assessment the impact of this cooperation.

Implementation of AIFTA since 2010 has been responded positively by the business sector as indicated by the significant increase of total trade between ASEAN and India. In 2005, the share of total trade between ASEAN and India was only 1.9 per cent with a trade value of US\$ 23 billion. Then, the share of trade between two sides gradually increased up to US\$ 61.3 billion and US\$ 70 billion in 2010 and 2011, respectively. It is equivalent to 3.1 per cent and 2.9 per cent of the total ASEAN trade. Even though this value is still far below the ASEAN trade with several other main partners such as China, Japan and USA, it shows that AIFTA, to some extent, has pushed trade within parties involved.

Before AIFTA implementation, the major cause of slow deepening of ASEAN-India trade was presumed to be the high trade protection both by ASEAN and India. By giving an example of Indonesia, Wie (2011) clearly stated that India has not become important partner for Indonesia (the largest country in ASEAN) because India's market is more protected than is Indonesia's. Currently, under AIFTA, most of the trade protection, particularly in term of tariff, has been removed significantly. However, this is not enough to push a deeper trade and its related cooperation between ASEAN and India. Among ASEAN+FTAs, AIFTA is regarded as the FTA's lowest level liberalisation.

By using tariff elimination coverage as a proxy for measuring the level of liberalisation, Kuno (2010) calculated that the average degree of AIFTA liberalisation is 76.5 per cent (see Table 1). On the India side, its current effort to liberalise under AIFTA is even lower, which is only 74.3 per cent. This rate is far behind ASEAN-China FTA (92 per cent), ASEAN-Korea FTA (91.6 per cent) and ASEAN-Japan FTA (89.2 per cent). Meanwhile, the ASEAN-Australia-New Zealand (ANZ) is the most liberalised ASEAN+FTAs in the region (94.6 per cent).

A detail mapping by Kuno (2010) has that some products that have already been liberalised above 95 per cent include products with code HS26 – mineral product ores, slag and ash (97.4 per cent), HS31 – fertilisers (96.6 per cent), HS45 – Cork and articles of cork (97.1 per cent), HS47 – Pulp of wood or of other fibrous cellulosic material; recovered (waste and scrap) paper or paperboard (98.4 per cent), HS51 – Wool, fine or coarse animal hair; horsehair yarn and woven fabric (95.3 per cent), HS75 – Nickel and articles thereof (98.1 per cent), HS81 – Other base metals; cermets; articles thereof (99.6 per cent),

Table 1: Level of Liberalisation by Country Under the ASEAN+ FTAs
(Per cent)

ASEAN+6	ASEAN-Korea	ASEAN-China	ASEAN-ANZ	ASEAN-India	ASEAN-Japan	Average
Singapore	100	100	100	100	100	100
Brunei	97.8	97.9	98.5	82.6	96.4	94.6
Malaysia	93.5	93.7	95.5	79.6	92.1	90.9
Thailand	93.7	88.3	98.8	74.3	96.9	90.4
Indonesia	90.3	89.0	93.4	50.4	88.7	82.3
Philippine	97.9	86.5	94.8	75.8	96.0	90.2
Vietnam	84.3	n.a	90.9	69.7	84.7	82.4
Cambodia	85.5	86.7	86.2	84.1	76.0	83.7
Lao PDR	85.4	96.4	90.7	77.5	84.2	86.8
Myanmar	87.5	86.9	86.1	73.6	79.4	82.7
Korea	92.2					
China		94.6				
ANZ			100			
India				74.3		
Japan					86.3	
Average	91.6	92.0	94.6	76.5	89.2	

Source: Kuno (2010).

Note: Data on Myanmar under the ASEAN-China FTA is missing for HS01-HS08.

HS86 – Railway or tramway locomotives, rolling-stock and parts thereof; railway or tramway track fixtures and fittings and parts thereof; mechanical (including electro-mechanical) traffic signaling equipment of all kinds (96.9 per cent). Meanwhile, products with tariff reduction less than 60 per cent are HS22 – Beverages, spirits and vinegar (38 per cent), HS57 – Carpets and other textile floor coverings (57.6 per cent), HS64 – Footwear, gaiters and the like; parts of such articles (58.2 per cent), HS87 – Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof (41.6 per cent).

2.2 AIFTA: A New Driver for Resurgence of Asia

ADB has predicted that Asia will enjoy good time in near future. By 2050, Asia is predicted to account for more than half of trade, investment and world GDP. ADB names it as ‘Asian Century’. ADB’s report states that the engines of the Asian Century are the Asia-7 economies, namely, China, India, Indonesia, Japan, Korea, Thailand, Malaysia (ADB 2011). Three countries outside ASEAN are ASEAN’s FTA partners. Therefore, ASEAN and its FTA partners in the Asian region would play significant role in realising Asian Century 2050 and further shaping its role in the global economy.

Further, ADB argued that the drivers of Asian growth in the future would be determined by three fundamental factors, which are the emerging Asian middle class; climate change; and the communications revolution. These drivers are not mutually exclusive. They are complementary and could be mutually reinforcing. This is in contrast with the key developments in the past, where the Asia’s growth is driven by three classic drivers, namely, technical progress (total factor productivity growth), capital accumulation and labour force growth.

In the Asian Century scenario, some AIFTA members are expected to contribute to the high growth of middle class. India is predicted to have the biggest number of middle and upper class population in Asia or even in the world (Table 2). By 2030, according to the ADB, India will have middle and upper class population of around 1,120 million and 40 million people, respectively. These numbers would be increasing to 1,400 million and 190 million people, respectively, in 2050. Meanwhile, China is estimated to hold second position with the number of middle class and upper class around 1,240 million people. The representatives from ASEAN that envisaged having a large number of middle class are Indonesia and Vietnam. By considering current good and consistent economic performance, in 2030, there would be 220 million middle class in Indonesia, and 80 million middle class in Vietnam.

The emerging middle class will stimulate supply and demand side. In the supply side, they will provide source of saving. Meanwhile, from the demand side, middle class will clearly drive the increasing demand on goods and

services. Moreover, in the medium-and long-run, the middle class society that mostly hold high level of education can produce innovative generation as well as entrepreneurs, who will drive innovative and high added value products.

To realise the prediction, Asian economy should be able to overcome some obstacles and challenges that emerge in the national, regional and global horizon. Increasing inequities within countries is one among five obstacles that should be watched seriously by AIFTA. The other obstacles are individual countries risk falling into the middle income trap; intense competition for finite natural resources (such as energy, water and fertile land); global warming and climate change; governance and institutional capacity. These challenges are not mutually exclusive. They can impact one another and multiply existing tensions, unrest, and conflicts, or even create new pressure points within and across Asia that threaten its growth, stability, and security.

Then, the question is, what can be done by AIFTA to address such obstacles and challenges? Primarily, AIFTA has proven that liberalisation under AIFTA's framework is working and contributing to the trade expansion within parties involved. However, the effect is relatively small compared to other ASEAN+FTAs. Many indicate that ASEAN+FTAs will generate trade in

Table 2: Projection on the Population of Middle - Upper Class and GDP Per Capita

Countries	2030			2050		
	Middle Class Population (million)	Upper Class Population (million)	GDP per capita* (US\$)	Middle Class Population (million)	Upper Class Population (million)	GDP per capita* (US\$)
China	1,120	40	21,100	1,240	190	47,800
India	1,190	15	13,200	1,400	210	41,700
Indonesia	220	5	13,500	250	40	37,400
Japan	100	20	48,900	60	40	66,700
Korea	30	20	60,200	10	35	107,600
Vietnam	80	2	11,900	100	15	33,800
World	4990	580	19,400	5900	1500	36,600
USA	185	190	65,500	120	290	98,600
Germany	50	30	51,300	25	50	77,800

Note: *In PPP term.

Source: ADB (2011).

the region, and then it will finally facilitate participating countries economy growth. Therefore, the first thing that should be considered by AIFTA is to propose a deepening liberalisation among the members. As explained earlier the degree of AIFTA liberalisation is the lowest among ASEAN+FTAs. Aside of deepening trade liberalisation, the issues beyond trade should also be taken into account in the package of deepening liberalisation. For instance, the package of liberalisation should also address the issue of capacity building for business actors categorised as Small Medium Enterprises (SMEs).

Strengthening of SMEs actors' capacity building has at least three potential impacts for AIFTA members: First, it will contribute to strengthen each AIFTA member's economic structure. SMEs are the largest business entity as well as the backbone of most of ASEAN countries and India. Second, it is expected to assist SMEs in improving level of competitiveness. Third, improving SMEs actors' capacity building will be a medium for establishing a basic fundamental for inclusive growth. Within AIFTA member countries, geographically SMEs are spread out in the urban and rural areas. Thus, empowering SMEs means generating economy activities not only in the central, but also in the peripheral areas.

3. Regional Trading Architecture

Economic Cooperation pattern in the Asia Pacific region would change in the coming years. To date, the common pattern of economic cooperation is established in bilateral and regional pattern under FTA scheme. In many cases, the bilateral FTAs in this region are overlapping with regional FTAs. Such complexity of bilateral, regional and multilateral FTAs is also called as spaghetti bowl phenomenon.

Sally (2006), without mentioned ASEAN FTAs as a specific example, argued that most of FTAs (except EU, NAFTA and ANZCERTA) are nonsense. Those FTAs are weak and often falling short of WTO provisions. Furthermore, in a sarcastic way, Sally (2006) mentioned that such FTA tend to be driven by foreign policy aspiration, but with justifications that are all too often vague, muddles and trivial, having little relevance to commercial realities and economic nuts and bolts of trade agreement.

The phenomenon of "spaghetti bowl" indicates that most of the countries basically have a strong motivation to involve in the liberalisation process. However, most of them have a little concern that the complexity of FTAs with different scheme of Rule of Origin (RoO), tariff and non-tariff barriers for each FTAs has created complex systems that lead to inefficiency, and finally increase transaction cost. This can be disincentive for business sector, particularly SMEs, to participate in the FTAs. To come out from such situation,

a future regional trading architecture is urgently needed that would provide a better, simpler and more balance economic relations within parties involved.

3.1 TPP vs. RCEP: Competition between Two Giants

The negotiation on future regional trading architecture in the Asia-Pacific region is converging to two blocks that are TPP and RCEP. TPP, led by the USA, has 12 participating countries, namely, the USA, Canada, Mexico, Peru, Chile, Malaysia, Singapore, Brunei, Vietnam, Japan, Australia, and New Zealand. On the other hand, RCEP consist of 10 members of ASEAN and its FTA partners, namely, China, India, Japan, Korea, Australia and New Zealand. Figure 1 and Table 3 present basic profile of RCEP and TPP. There is an overlapping membership where seven of the RCEP members (Malaysia, Singapore, Brunei, Vietnam, Japan, Australia, and New Zealand) are also actively involved in the TPP negotiation.

TPP offers a model of cooperation in comprehensive and high-standard manners. Comprehensive means that TPP will cover liberalisation of trade in nearly goods and services with the wide issues coverage including tariff and non-tariff measures, investment, competition, intellectual property right, role of State-owned Enterprises, etc. Meanwhile, high level refers to the elimination of all tariff barrier and non-tariff barrier in all cooperation area. TPP liberalisation areas include trade liberalisation in goods, services, investment, intellectual property rights, environmental protection, labour, financial services, technical barriers to trade and other regulatory issues. TPP membership is open for members and non-members of APEC.

In the context of geo-economic and geo-politic, aggressiveness of the USA in promoting TPP should be read as part of political scenario of the USA in the Pacific region. The USA has a strong concern over the emergence of China as a second largest economy in the world that will strengthen the China's influence in the region, particularly in Asia. China has been showing off its superiority in the region for many cases related to conflict with Taiwan, Japan and South China Sea. The USA does not have enough reason to repress China through open political and economic disputes. As argued by Tanaka (2006), if the USA continues or increase its unilateralist behaviour, China would not have incentives to adopt more accommodative behaviour. Therefore, promoting TPP without inviting China in the negotiation is a soft scenario to repress China's influence in the region.

Further, the USA has also concern on the effort of China to dominate ASEAN in the economic and security aspect. Currently, China is sounding a proposal to create a deeper FTA liberalisation with ASEAN. Medeiros (2005) viewed that the effort of China to embrace ASEAN is not only for the economic purpose, but also as China's "hedging strategy" to offset the USA

domination in the Asia. The US concern on this issue can be also reflected by the US effort to tie up ASEAN with number of agreements. In November 2012 in Phnom Penh, the USA President with leaders of the 10 ASEAN countries has drawn up a framework for expansion of economic cooperation between the USA and ASEAN. This cooperation framework is called US-ASEAN Expanded Economic Engagement or E3 initiative.

At the same time, the USA also has no interest to include India in the TPP negotiation. Looking back to the Doha Round experiences, the USA accused China and India as countries that have to take responsibility for the negotiation deadlock in the Doha round. Therefore, by excluding China and India in the TPP, the USA expects to have two advantageous, which is to lower the risk of

Figure 1: Participating Countries in RCEP and TPP

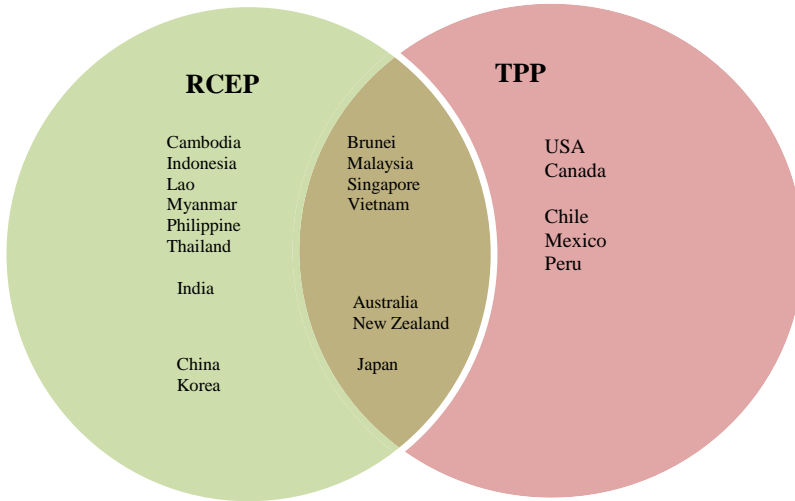


Table 3: Indicators of RCEP and TPP, 2011

Indicators	RCEP	TPP
Population (billion)	3.4	0.66
Population (per cent of world population)	48	9.4
GDP (PPP, Trillion US\$)	26.1	20.8
GDP (per cent of world GDP)	33	26
Merchandise Trade (Trillion US\$)	10.1	7.8
Merchandise Trade (per cent of world merchandise trade)	28	21

Sources: World Economic Outlook, IMF, October 2012 database, and Basu Das (2013).

deadlock of negotiation in the TPP and to repress the rising power of China and India in Asia region.

Choi and Lee (2013) predicted that there will be two possible scenarios with TPP and RCEP that are convergent and fragmented scenarios. Convergent scenario argues that the Asia-Pacific region will integrate into a region-wide free trade agreement such as FTAAP (Free Trade Area of the Asia-Pacific). Fragmented scenario maintains that the overlapping membership of the TPP and RCEP will be incomplete and that particularly the USA and China will not have dual membership. Four variables are expected to influence the final outcome of the talks. These variables include (a) cost of fragmentation (benefit of integration) of the two region-wide FTAs; (b) different negotiating interests of participating economies; (c) domestic political cost of sensitive sectors; and (d) international political rivalry. Further, they predicted that the fragmented scenario is more likely to happen.

RCEP that stands in the ASEAN centrality offers a softer and more reasonable scheme of liberalisation in the Asia-Pacific region. RCEP acknowledges that the participating economies have different stage of development. Therefore, RCEP will provide “special treatment” and “exception” for certain member countries that are assumed to need more preparation and adjustment in the certain period. RCEP liberalisation scheme would cover trade liberalisation in goods, services and investment, technical cooperation, intellectual property, dispute settlement, etc. As analysed by Menon (2013), if implemented, RCEP could create the world’s largest trading bloc with potentially sizeable economic gains for the countries involved. Further, it is also significant, in the geopolitical battle to shape the future of regional trade rules and standards.

RCEP is expected to be able to protect sensitive products (primary and manufacturing products) from exposure to enter a tighter competition in a broader scope. ASEAN countries should have a strong awareness that the presence of early full liberalisation like TPP in the Asia-Pacific region will further strengthen the USA domination in the region without any balancing powers. Similarly, when ASEAN members split, ASEAN centrality in the RCEP will be questioned, and it has the potential to further strengthen the role of China in the region. If this scenario happens, the presence of two blocks, TPP and RCEP, will only be a battle of “two giants”, namely, the USA and China.

3.2 In What Respect, AIFTA Can Support RCEP as Future Regional Trading Architecture?

AIFTA with 53 per cent of total RCEP population and 31 per cent of total RCEP trade could play a significant role to influence future shape and structure of regional trading architecture. At least, there are three aspects that could

be addressed by AIFTA, namely, strengthening unity of RCEP participating countries, rebalancing power among RCEP participating countries, and hub to other regions.

3.2.1 Strengthening Unity of RCEP Participating Countries

Strengthening unity of RCEP participating countries is mainly intended to unite some ASEAN countries that have double membership both in RCEP and TPP. It is clear that disunity of ASEAN members into TPP and RCEP blocks could undermine ASEAN's centrality in the RCEP design. AIFTA, India in particular, can make lobbies to these ASEAN countries the importance of ASEAN centrality in the RCEP trading architecture.

There are some essential reasons why regional integration under RCEP framework would provide more benefit to the ASEAN than that of TPP scheme. First of all, ASEAN centrality will still be retained under RCEP scheme. In the short term, it is necessary at least to support ASEAN Economic Community that will take effect at the end of 2015. Meanwhile, in the medium and long term, ASEAN centrality will put ASEAN into higher bargaining position in the region.

Second, TPP liberalisation scheme is more suitable for the members who have relatively similar stage of development. It has widely known that ASEAN has high variation in the level of development among the members. Forcing to join advance level of liberalisation will require drastic domestic reform in some ASEAN countries that is hard to do in the short period. Domestic reform is necessary for ASEAN countries in order to adjust with the global changes. However, the way and mechanism should be smoothly managed without causing turbulence in the economic, social and political structures.

Third, RCEP can be regarded as an "exercise field" for ASEAN+FTAs to compete in a wider and tighter competition. ASEAN members, categorised advance and more developed, should step up to strengthen the capacity of less-developed members to narrow the gap among the members.

Fourth, the intra-trade and regional production network (RPN) among RCEP members would increase significantly more than that in the TPP. This could occur for reasons such as: (a) the growing middle class in the RCEP participating countries would push demand of goods and services produced by RCEP members; (b) intra-trade among RCEP would stimulate RPN development in the region; (c) demand from advanced countries like the USA, Canada, Australia, New Zealand for common primary and secondary products produced by developing countries like some RCEP members would tend to decline. Demand from advanced countries will shift to the high standard primary products and high-tech secondary products that

many developing countries will not have enough capacity and technology to produce.

3.2.2 Rebalancing Power among RCEP Participating Countries

In the context of political economy, AIFTA is expected to counterbalance the dominance of China in the Asia region. Trade bloc dominated by a country that has enormous economic, politic and security power will be hard to be developed. Trade bloc, regardless of its shape, shall have the power scattered among its members. There is strong indication that China would dominate in the integration process within the Asia region. As explained by Sally (2006: 309), in the case of ASEAN-China FTA, politically, China would like to use FTA to establish leadership credentials in East Asia. Economically, it wants extra export market access as well as secure access to energy and other commodity imports. Overall, China clearly aims to be the political and economic driving force in the region.

3.2.3 Hub to Other Regions

AIFTA is also expected to become a hub between RCEP and other regions in Asia. For instance, in the South Asia, India is so far the only representative from the region that established FTAs with ASEAN and is also a member of RCEP. South Asia has large economic potential that is untapped optimally under bilateral and/or regional cooperation initiatives. AIFTA that is showing positive performance in the last three years should be able to inspire the countries in South Asia region to join RCEP.

If RCEP could be able to pull a few countries in South Asia to join, the RCEP power will be greater. In term of market size, it will expand market capacity within RCEP. In terms of regional security, establishing cooperation with South Asia, which is now partially categorised as an unrest place, would encourage the countries in this region to undertake domestic reforms. Surely, it will not be easy to ensure countries in this region to take part in the RCEP. To borrow an idea from Kartadjoemana (2001), RCEP should use “soft option” scenario at the policy level, and some countries in the south Asia could be encouraged to join RCEP, without necessarily expecting the RCEP to produce dramatic changes on their economic well-being. Nevertheless, it would encourage increased interdependence and broader regional trade. Further, RCEP connection to the South Asia region will be the bridge for more intense cooperation with the countries in the Central Asia region, which is geographically close to the South Asia.

4. Conclusion

ASEAN-India strategic partnership under AIFTA framework has positively benefitted the parties involved. Under AIFTA, most of the trade protection,

particularly in terms of tariff, has reduced significantly. However, in the near future, this is not far enough to push a deeper trade and its related cooperation between ASEAN and India. Among ASEAN+FTAs, AIFTA is regarded as the FTA's lowest level liberalisation. Therefore, AIFTA should attempt to deepen the liberalisation among the members by addressing not only the issues of trade and investment, but also the issue of capacity building for business actors categorised as SMEs. Nowadays, SMEs are the largest business entity as well as the backbone of most of ASEAN countries and India.

In the wider context of liberalisation, AIFTA is also envisaged to play an important role in designing a future trading regional architecture in the Asia-Pacific region. As forecasted by ADB, among seven countries that would be the main engines of Asian resurgence, four of them are members of AIFTA, which are India, Indonesia, Thailand and Malaysia. Kliman and Fontaine (2012) also mentioned India and Indonesia together with two other countries (Brazil and Turkey) as "the Global Swing States" that are predicted to influence the trajectory of the current and future international order.

Debate on the issues of regional trading architecture focuses on two blocks, namely, RCEP and TPP. RCEP that stands in the ASEAN centrality offers a softer and more reasonable scheme of liberalisation in the Asia-Pacific region. ASEAN countries should have a strong awareness that the presence of early full liberalisation like TPP in the Asia-Pacific region will further strengthen the USA domination in the region without any balancing powers. Similarly, when ASEAN members have unclear position between TPP and RCEP, ASEAN centrality in the RCEP will be questioned, and it has the potential to further strengthen the role of China in the region. If this scenario happened, the presence of two blocks, TPP and RCEP, will only be a battle of "two giants", namely the USA and China.

AIFTA, with 53 per cent of total RCEP population and 31 per cent of total RCEP trade, could play a significant role to influence future shape and structure of regional trading architecture. At least there are three aspects that could be addressed by AIFTA, namely, strengthening unity of RCEP participating countries, rebalancing power among RCEP participating countries, and becoming the hub to the other regions.

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ASEAN-India Strategic Partnership: Connectivity

Bounpan Kongnhinsayaseng*

1. Lao PDR-India Cooperation

The long standing ties of friendship and traditional cooperation between Lao PDR and India have been continuously strengthened over the last few decades through regular exchanges of high-level visits.

India has assisted Lao PDR in the areas of education, culture, agriculture, energy, etc. India has committed to provide low interest loans to Lao PDR to support socio-economic development in the country. Mekong-Ganga Cooperation (MGC) projects have also contributed to socio-economic development and strengthened cooperative relations between India and the five Mekong countries.

The Lao PDR government and people highly valued the consistent support and solidarity extended in the past by the Indian government and its people to the Lao people at the time of fighting for national independence and their present assistance in many spheres for the Lao PDR in the tasks of national safeguard and construction.

Indian support and assistance had significantly contributed to the economic and social development in Lao PDR, thus gradually improving the living conditions of the Lao people.

We really hope that the friendly relations and existing good cooperation will be further intensified and flourished in the years to come so as to ultimately bring tangible benefits to the people of our two countries.

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Indian government has provided many scholarships to Lao nationals such as 20 scholarships per year for long-term training and 130 scholarships for short-term training.

Loan of US\$ 72.55 million to Lao PDR, while India ranks seventh in terms of FDI in Lao PDR with US\$ 365 million have been spent on 14 projects (as of 2011).

2. Achievements of ASEAN-India Connectivity

The year 2012 was a good year to commemorate the 20th Anniversary of the ASEAN-India Relations under the theme of “ASEAN-India Partnership for Peace and Shared Prosperity”. In support of this commemoration, a series of activities were carried out to signify the expanding and deepening of the Partnership, especially the ASEAN-India Car Rally showcasing the physical connectivity between ASEAN and India as well as promoting the visibility of ASEAN-India cooperation in both regions. As such the ASEAN-India partnership has been elevated to the Strategic Partnership level. The Commemorative Summit also adopted the ASEAN-India Vision Statement, which serves as a basis for ASEAN-India cooperation in the future. In addition, it is worth noting that the negotiations on Agreements on ASEAN-India Trade in Service and Investment were concluded, thus, completing the ASEAN-India FTA negotiations. I look forward to the signing of these agreements by the ASEAN-India Trade Ministers’ meeting.

India plays an important role to ensure regional peace and stability through its accession to the Treaty of Amity and Cooperation in Southeast Asia (TAC) in 2003 and its active contribution in the ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and the ASEAN Defence Ministers’ Meeting (ADMM) Plus.

In the context connectivity, India and ASEAN have undertaken several projects. Connectivity can link people, stimulate trade and generate prosperity across the region. Improved connectivity can help us exceed the bilateral trade of US\$ 100 billion by 2015 and we can aim for the milestone of US\$ 200 billion ten years from now.

The effective implementation of the Master Plan on ASEAN Connectivity for putting in place the efficient system of road, rail and air link will not only boost ASEAN integration but also help ASEAN to integrate with other regions as well. Therefore, we thank India for its strong interest to engage directly with ASEAN in implementing the said Master Plan, which has helped to build a more solid foundation for further strengthening our strategic partnership in the recent years.

India has intended to develop the India-Myanmar-Lao PDR-Vietnam-Cambodia highway and the extension of the India-Myanmar-Thailand trilateral highway to Lao PDR and Cambodia.

As far as Lao PDR is concerned, I would like to inform the meeting that a feasibility study on the route in Luangnamtha province (from Sing village-Long Village-Xiengkok village) with a total length of 170 km, which is the main route that will connect Lao PDR through Myanmar with the India-Myanmar-Lao PDR-Vietnam-Cambodia highway, had been undertaken. However, funding has not yet been secured for the construction. In this regard, ASEAN would highly appreciate if India could provide financial support for connectivity projects, either in the form of a grant or soft loan.

The Commemorative Summit also adopted the ASEAN-India Vision Statement, which serves as a basis for ASEAN-India cooperation in the future. In addition, it is worth noting that the negotiations on Agreements on ASEAN-India Trade in Services and Investment were concluded, thus, completing the ASEAN-India FTA negotiations. We look forward to the signing of these agreements by the ASEAN-India Trade Ministers' meeting.

3. Recommendations

To further enhance ASEAN-India cooperation, both sides should exert more efforts and cooperation to effectively implement the ASEAN-India Plan of Action 2010-2015 to move the relations between ASEAN and India forward.

ASEAN and India should work closely to ensure that the Vision Statement and the recommendations of the ASEAN-India Eminent Persons Group (AIEPG) are translated into concrete action, taking into account the specific needs of new ASEAN member states.

We must attach high priority to quick implementation of the India-Myanmar-Thailand Trilateral Highway and its extension to Lao PDR and Cambodia. We should also launch the second track that would run from India through Myanmar, Lao PDR and Cambodia to Vietnam.

We should also encourage to work closely with the Indian Inter-Ministerial Group on ASEAN Connectivity to enhance air, sea, land and digital connectivity within ASEAN through supporting the Master Plan on ASEAN Connectivity as well as the ASEAN ICT Master Plan 2015, and between ASEAN and India, through ASEAN-India connectivity projects. We are 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 of ASEAN and India.

These infrastructure projects demand enormous finances. We should think of innovative ways of financing and executing these projects, which also draw upon the expertise and resources of the private sector.

Strengthening resource mobilisation remains a key factor. Therefore, India should continue to render support by not only sharing its best expertise and technology transfer, but also by funding contribution.

There is also need for continued support for the implementation of the IAI Work Plan II, in particular the setting-up of the Entrepreneurship Development Centres (EDC) and the Centre for English Language Training (CELT) in the new ASEAN member states, including Lao PDR. This will, in turn, help narrow the development gaps within ASEAN as well as continue to implement initiatives for highway development to connect India to Myanmar, Lao PDR, Vietnam and Cambodia. This would also facilitate trade, investment and tourism in the sub-region.

Most importantly, we would like to propose to the Indian government to increase infrastructure funding to fulfill the implementation of Mekong-Ganga Cooperation to meet the goals.

We also call for increase in cooperative mechanism in Inter-Ministerial Group on Connectivity.

We should also set a clear future plan for connectivity in each period in accordance with the need for ASEAN-India cooperation and move towards a more action oriented activities with more secured funding in the implementation process.

We note that the approvals of project proposals have been delayed and only a few activities are implemented. Therefore, ASEAN and India need to work closely together to explore ways and means to effectively implement the Plan of Action of ASEAN-India Partnership for Peace, Progress and Shared Prosperity.

Today, as we stand at the crossroads of the ASEAN-India Partnership on their 20th Anniversary, visibly there is much that has been achieved in absolute terms. However, we still have a long way to go towards deepening this integration. Distance being a prime determinant of trade, trade volume can be increased through better physical connectivity, which will reduce trade costs by reducing distance. At the same time, in order to successfully build on the two decades of partnership, ASEAN and India should renew and strengthen their commitments, according to the constantly evolving Asian geo-political dimensions and economic structure.

India-ASEAN Connectivity: Boundary or Gateway?

Sinderpal Singh*

1. Introduction

India's Look East Policy (LEP) is often regarded as a crucial shift in Indian foreign policy. It seemingly marked India's commitment to build stronger economic, political and strategic ties with the member countries of the Association of Southeast Asian Nations (ASEAN). However, there is a sense that India has trepidations about its North East Region (NER), which serves India's land border with Southeast Asia. This paper attempts to explain perceptions on building closer relations between India and the countries of Southeast Asia.

2. India's Look East Policy: India, the Northeast India, and ASEAN

In order to understand more clearly the debate on whether India's northeast is a gateway or a boundary, it is imperative to look at the factors that gave rise to the discourse of 'connecting' India to Southeast Asia via India's north east.

The economic imperative was a central impetus for India to embark on the LEP. The LEP was meant to complement and aid India's own economic liberalisation domestically in the early 1990's. India foresaw higher levels of trade with countries in Southeast Asia as well as an increased amount of economic investment from Southeast Asia into India (Singh and Rahman 2010). One initial policy change as a result was the Indian government's decision to modify its approach towards Myanmar. From its earlier position of supporting the pro-democracy movement in Myanmar, from 1993, the Indian government began to embrace ASEAN's "constructive engagement" policy towards Myanmar. Besides the seeming need to counteract the overwhelming Chinese influence in Myanmar, the Indian government saw

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two other incentives to improve relations with the authorities in Myanmar. The first was to develop economic links to acquire a share of the Myanmar market for Indian goods and the second was to restrain the support that insurgents in India's northeast were obtaining from the ruling regime in Myanmar (Malik 1994).

This second incentive became clear in 1995 when, as part of India's improving relationship with Myanmar, India's Chief of Army Staff visited Myanmar to discuss issues related to insurgency in India's northeast. This was followed by a joint India-Myanmar counterinsurgency operation known as 'Operation Golden Bird'. This joint operation, although beset by certain problems, was a symbol of bilateral cooperation in dealing with border transgressions (Routray 2011). India's improving ties with Myanmar assumed even greater importance in the context of India's LEP when Myanmar became a full-fledged member of ASEAN in 1997 (Wah 1997). India now shared a land border with an ASEAN member state and this development was historically significant.

However, despite the improvement of India's ties with Myanmar and Myanmar's admission into ASEAN in 1997, India's NER did not explicitly feature as part of India's LEP at this initial stage. Several observers of India's foreign policy view this period as the first phase of India's LEP (Naidu 2004). The second phase of India's LEP, beginning approximately in the early 2000's, involved building a closer relationship with Southeast Asian countries that went beyond merely forging closer economic and trade relations. In this phase, India aimed to cement growing economic and trade ties with a deeper strategic engagement with countries in the larger East Asian region, namely, the ASEAN states, plus Japan and South Korea (Panda 2006). At this point, there was another emerging notion, associated with this second phase of India's LEP of bolstering physical connectivity between India and Southeast Asia and to the wider East Asian and even Asia-Pacific region. This was plainly articulated by Prime Minister Dr. Manmohan Singh in 2004, when he declared that:

*"Our North-Eastern states are India's gateway to ASEAN countries... Our growing interaction with ASEAN is critical to fulfilling the promise of the 21st century being an Asian Century, with the main engines of the world economy emerging in the Asia-Pacific Region. We want our North Eastern States to be in the forefront of these interactions and to reap in full measure the benefits of enhanced peace and prosperity."*¹

India's NER was supposed to serve, in this narrative, as a 'gateway' to physically connect India to Southeast Asia and beyond. This emerging notion of India's NER as a land gateway to Southeast Asia gained enhanced credibility

with the release of the *Master Plan on ASEAN Connectivity*, a document which was adopted by ASEAN countries at the 17th ASEAN Summit in 2010 (ASEAN 2010). This plan envisaged an ASEAN Community by 2015 that would be characterised by bringing 'people, goods, services and capital closer together' in the ASEAN region.² The plan also sought to outline the need for greater physical connectivity not only within ASEAN but also between ASEAN and other sub-regions within Asia. In the case of India-ASEAN physical connectivity, the focus is on two regions of India – India's southern and northeastern regions (De 2011). While India's southern region was meant to connect to Southeast Asia via the former's seaports, India's NER was the designated land link to Southeast Asia. A range of initiatives and projects have been undertaken to further this aim of linking India's northeastern region to Myanmar. These include the India-Myanmar Friendship Road link, the Kaladan Multimodal Transit Transport Project and the India-Myanmar-Thailand Trilateral Highway, among others (Bhattacharyya and Chakraborty 2011).

3. India's NER and ASEAN - Gateway or Boundary?

There needs to be an appreciation, however, of an inherent tension in Indian foreign policy with respect to the role of its NER as part of India's LEP. On a national level, greater connectivity, especially better land connectivity between India and Myanmar, is viewed largely as a positive development. In simply trade volume terms, there is broad consensus that such connectivity will help aid the India's economy (Rana and Wai-Mun 2013). At the level of India's NER specifically, it is widely agreed in India that greater land connectivity with Myanmar will lead to the region's economic development based on the assumption that greater connectivity will lead to greater economic investment in the region, which would result in greater economic growth (Das 2007 and Barua and Das 2008). Associated with such assumptions of economic growth and prosperity both nationally and regionally is another assumption – that such economic development and prosperity will translate into reduced levels of insurgency in the NER (Kumar 2004).

However, besides the potential benefits, greater land connectivity between India and Myanmar has potentially significant negative consequences. Improving land connectivity between the two countries can potentially ease the movement of economic migrants, insurgent groups, clandestine funds as well as illegal arms across the India-Myanmar border. On the migrant front alone, more recently, there is already significant disquiet in the state of Mizoram about the increasing number of Chin migrants from Myanmar engaged in crossing this border (Bhaumik 2003). In addition, these assumptions about the multiple benefits accruing from greater land connectivity between India

and Myanmar fail to adequately appreciate the crucial role of Bangladesh in this enterprise. Given the NER's tenuous land link with the rest of India via the very narrow Siliguri land corridor (otherwise, known as the 'Chicken's Neck'), overland transit rights for goods to move between Myanmar and India via Bangladesh is vital.³ To overcome this hurdle, the Kaladan Multi-Modal Transit Transport Project has been designed essentially to bypass Bangladesh by linking the Indian port of Kolkata with the Sittwe port in western Myanmar. The Kaladan is not only a more circuitous and expensive alternative to procuring overland goods transit rights from Bangladesh; it is also dependent on the tenuous and un-resolved political future of the Rakhine state within contemporary Myanmar.

Beyond the specific issues related to building land connectivity with Myanmar, there is a larger tension within the Indian government's LEP in this specific connectivity project. This larger tension is between the discourses of cross-border 'connectivity' on the one hand and the enduring practices of securing India's land borders on the other. Thus, while Prime Minister Singh in 2004 asserted publicly that India's Northeastern states were India's 'gateway' to ASEAN, in January 2007, on a delegation led by India's then External Affairs Minister, Pranab Mukherjee, to Myanmar, both sides discussed the manner in which their common border could be more closely policed, with border fencing being mooted as one possible option of securing the India-Myanmar border (Sam 2007). Besides the flow of insurgents fighting the Indian state, the securitisation of India's border with Myanmar has been driven by the unofficial (and thus illegal) flow of trade, arms and narcotics across this border. This tension between the border serving as a gateway and/or a boundary is perceptible at two levels. The first is the tension between the central Indian state and specific Northeastern states. For example, while road connectivity is a constant theme, and even though the re-opening of the Stilwell Road (also known as the Ledo Road) has been at the forefront of the local political agenda of the Northeastern states for years (specifically Assam and Arunachal Pradesh), successive governments have dithered over re-opening this land connection from India into Myanmar and subsequently to Yunnan province in China. Most recently, there are clear signals that the Indian government is still undecided on whether to re-open the Stilwell Road, even though only 61 km of the road runs within India and work is already underway to open the Myanmar-China part of this road link (which, in comparison, traverses 1,035 km in Myanmar and 640 km in China).⁴

The second seeming tension is between the different agencies of the Indian state and their apparently divergent perceptions about the function of the India-Myanmar border. On the one hand, India's MEA constantly espouses

the benefits of 'connectivity', including land connectivity, and relates these to the cause of stronger ASEAN-India relations as well as to the general economic improvement of the citizenry of both India and ASEAN. On the other side of the spectrum, India's intelligence agencies see open borders as a major threat. To put it more specifically, in the opinion of some sections of India's intelligence agencies, 'softening borders, building trade links obscures the fundamentally adversarial relationship (and) it just leaves everyone confused'.⁵ This inter-agency tension drives, to a certain extent, the continued confusion about the role of India's border with Myanmar (McDuaie Ra 2009). The central tension between it being a gateway and/or a boundary thus remains unresolved in India's LEP.

Endnotes

- ¹ Statement delivered by Prime Minister Dr. Manmohan Singh on 22 November 2004 on the occasion of the first India-ASEAN Car Rally, in Guwahati, India. For the full speech, see Press Information Bureau (2013).
- ² ASEAN (2010). See 'Executive Summary'.
- ³ The overland distance from the southern border of the state of Tripura to Chittagong port in Bangladesh is a mere 75 kilometres in comparison to traversing 1,645 kilometers to transport goods from Tripura to Kolkata port in India via the circuitous Siliguri corridor. See Rahmatullah (2010).
- ⁴ In fact even the strong public urgings of the current Governor of Arunachal Pradesh, a retired Chief of Army Staff, Joginder Jaswant Singh, for the Indian government to re-open the Stilwell Road seem to have made little impact. For details see, *The Telegraph* (Kolkata) (2013).
- ⁵ This is a quote attributed to an official from the Indian Research and Analysis Wing (RAW), the Indian state's intelligence agency. See Jha (2008).

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Strengthening Soft Connectivity between ASEAN and India

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1. Introduction

India is one of the two Dialogue Partners that shares both maritime and land borders with ASEAN. Given this close proximity, there is much potential for ASEAN and India to promote connectivity. 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 such as multi-modal links and cross-border transit transport agreement. Prime Minister Dr. Manmohan Singh in his keynote address at the 11th ASEAN-India Summit, held at Brunei on 10 October 2013, proposed a transit transport agreement between India and ASEAN. A transit agreement is basically a soft infrastructure that would facilitate the hard infrastructure to work between India and ASEAN and beyond.

Seamless transportation between India and ASEAN is essential for higher trade and investment. Simple, harmonised and standardised trade and Customs processes, procedures and related information flows will reduce transaction costs and time between ASEAN and India, thereby facilitating regional integration process.

2. ASEAN-India Connectivity

India's regional integration process with Southeast Asia has been following two major windows: Software - ASEAN-India FTA, RCEP, Single Window in Customs, etc., and Hardware - Trilateral Highway, Kaladan Multi-modal Transit Transport Project (KMTTP), Mekong-India Economic Corridor

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(MIEC), etc. While the first window will lead us to achieve paperless trade, the second one will help us achieve seamless trade. India's regional connectivity with Southeast Asia is being evolved on two pillars: Northeast India for multi-modal and inter-modal transportation and Southern India for multimodal operation.

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 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-Vietnam-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.

3. ASEAN-India Trade

In 2012-13, the two-way trade between ASEAN and India crossed US\$ 75 billion, with India contributing US\$ 33 billion, and ASEAN, US\$ 42 billion. ASEAN and India expect tariff-free lines to increase beyond the existing level in subsequent years. There is no doubt that 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 per cent. However, in the second half of 2013, ASEAN-India trade was back on its growth path. Despite these trends, ASEAN-India bilateral trade can achieve US\$ 100 billion by 2015 and US\$ 200 billion by 2022.

With the FTA in 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 FTA on services and investment becomes effective. The trade in goods agreement focuses on tariff liberalisation on mutually agreed tariff lines from both the sides and is targeted to eliminate tariffs on 80 per cent of the tariff lines accounting for 75 per cent of the trade in a gradual manner starting from 1 January 2010. ASEAN and India already met the target of achieving bilateral trade volume of US\$ 50 billion ahead of 2010.

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 realise this

objective. Building a common market between ASEAN and India may be achieved provided the trade liberalisation is adequately complemented by trade facilitation and connectivity.

4. ASEAN-India Transit Transport Agreement

The ASEAN-India Transit Transport Agreement (AITTA) shall serve as the “software” for the ASEAN-India connectivity, where a set of “hardware” is being developed through India-Myanmar-Thailand Trilateral Highway (IMTTH) and its possible extensions to Lao PDR, Cambodia and Vietnam.

AITTA template could first be agreed between India, Myanmar and Thailand, and then a back-to-back agreement can be signed with the rest of the ASEAN member countries. AITTA should be signed and implemented before the completion of the IMTTH.

AITTA will allow vehicles and passengers to move seamlessly for regional and international trade transportation purpose along the designated corridors between ASEAN and India. AITTA shall provide a series of procedures such as operating procedures (OP) for vehicles, customs procedures, etc., that would facilitate movement of cargo and passengers along the corridors. AITTA shall also provide the transit and transportation rights and obligations through Annexes and Protocols.

Further, AITTA shall cover agreement on the cross-border transport of persons, vehicles and goods to facilitate international transit along the corridors, providing the basis for exchange of traffic rights between and among the participating countries. It shall provide routes and points of border crossings, charges of inter-state and transit traffic, customs procedures, third party motor liability insurance, responsibilities of road transport operators, availability of infrastructure and other facilitation measures.

AITTA should facilitate the followings: (i) single-stop and single-window customs operation at border crossings; (ii) cross-border movement of passengers (i.e. visas for persons engaged in transport operations); (iii) transport arrangements such as registration of vehicles in international traffic transit regimes, criteria for driving licenses, exemptions from physical customs inspection, bond deposit, escort, and agriculture and veterinary inspection requirements that road vehicles will have to meet to be eligible for cross-border traffic; (iv) exchange of commercial traffic rights and infrastructure, including road and bridge design standards, road signs, and signals; (v) safety regulations such as carriage of dangerous goods; (vi) facilitation of frontier crossing formalities; (vii) multi-modal carrier liability regime and criteria for licensing of multi-modal transport operators for cross-border transport operations; (viii) container Customs regime and

application of modern technology such as RFID, GPS/GPRS in tracking container and vehicle, etc.

4.1 Protocols

We should have Protocols alongside on: (i) designation of corridors, routes, and points of entry and exit (border crossings); (ii) charges concerning transit traffic; (iii) standard operating procedures for vehicles and drivers; (iv) frequency and capacity of services and issuance of quotas and permits; and (v) customs documentations and control for third country goods and vehicles, etc.

Till date, ASEAN is yet to engage with its dialogue partners on transit and transport arrangement. Except Greater Mekong Subregion Cross-Border Transport Agreement (GMS CBTA), no regional or subregional transit and transport arrangement works in Southeast Asia. Even CBTA does not work in full in GMS mainly due to political differences between the Member States and Thailand is yet to ratify some protocols. AITTA, if signed, would be the first comprehensive cross-border transport arrangement between ASEAN and a dialogue partner. India may open a dialogue with the ASEAN Connectivity Coordinating Committee (ACCC) to facilitate the negotiation on AITTA.

5. Next Steps and the Way Forward

Building a common template for running and maintenance of transport corridor(s) and mutual recognition agreement (MRA) on value added services such as logistics between India and ASEAN countries is essential for not only removing the barriers to trade but also sharing the benefits and risks. Simple, harmonised and standardised trade and customs processes and procedures and related information flows are expected to reduce transaction costs and time between ASEAN and India, which will enhance trade competitiveness and facilitate regional integration process.

The AITTA may be drafted and negotiated bilaterally between India and ASEAN. Given that ASEAN countries and India are WTO members, AITTA may benefit GATT Articles. Recommendations while negotiating the AITTA with ASEAN:

- First, a Framework Agreement with ASEAN on cross-border transportation (this we may call Framework Agreement on the facilitation of Inter-State transport);
- Second, a Framework Agreement with ASEAN on the facilitation of goods in transit; and

- MRAs have to be signed on motor vehicles, driving license, vehicle certificates, insurance, etc.

In parallel, ASEAN and India (and also other dialogue partners) have to develop and implement a comprehensive trade facilitation measure, which aims at simplifying, harmonising and standardising trade and customs processes, procedures and related information flows. ASEAN-India FTA has the provision for harmonisation and simplification of customs operation without any binding commitments. To start with, we shall aim to (i) establish a regional trade facilitation cooperation mechanism between ASEAN and India, and then with other dialogue partners; (ii) establish ASEAN-India and/or EAS Trade Facilitation Repository; and (iii) develop comprehensive capacity building programmes to ensure smooth implementation of the work programme.

ASEAN and India shall aim to: (i) link Customs structures; (ii) modernise tariff classification, Customs valuation and origin determination and establish ASEAN-India e-Customs; (iii) smoothen Customs clearance; (iv) strengthen human resources development; (v) promote partnership with relevant international organisations; (vi) narrow the development gaps in Customs; (vii) adopt risk management techniques and audit-based control (PCA) for trade facilitation; (viii) develop and implement sectoral MRAs on Conformity Assessment for specific sectors identified in the ASEAN Framework Agreement on Mutual Recognition Arrangements; and (ix) enhance technical infrastructure and competency in laboratory testing, calibration, inspection, certification and accreditation based on regionally/internationally accepted procedures and guides. Most of these activities have been already undertaken nationally. We shall undertake a comprehensive regional customs integration work plan between ASEAN and India under AITTA.

ASEAN and India have to sign agreements and protocols on (i) Mutual Recognition of Driving Licenses, (ii) Motor Vehicle Third-Party Insurance Scheme, (iii) Mutual Recognition of Inspection Certificates, etc., before conclusions of AITTA.

While ASEAN has concluded several agreements for cross-border transportation of goods and transit in past, some ASEAN member countries are yet to be ratify some protocols related to the ASEAN Framework Agreement on the Facilitation of Goods in Transit (AFAFGIT). Some member countries of ASEAN are also yet to ratify ASEAN Framework on Multi-modal Transport (AFAMT) and the ASEAN Framework Agreement on the Facilitation of Inter-State Transport (AFAFIST), which was signed in 2009.

The Agreements on the (i) Recognition of Domestic Driving Licenses Issued by ASEAN Countries and (ii) Commercial Vehicle Inspection Certificates for Goods Vehicles and Public Service Vehicles issued by ASEAN member countries were ratified by all the ASEAN countries and have already come into effect in the region.

6. Conclusion

India, Myanmar and Thailand shall explore transit agreement if an ASEAN-wide agreement is not acceptable. This transit agreement is the essential element to fully operationalise the Trilateral Highway before 2016. An Inter-Ministerial Committee may be set up to take forward the implementation of transit agreement in a speedy manner.

India-ASEAN Strategic Partnership: Challenges and Way Forward

Ngo Xuan Binh*

1. Introduction

There has been steady progress in the India-ASEAN relationship since Indian Government initiated its “Look East Policy” in 1991. India became a sectoral dialogue partner of ASEAN in 1992, which was upgraded to full dialogue partnership in 1996. Since 2002, India had annual Summits with ASEAN. In 2012, India and ASEAN celebrated 20th Anniversary of their dialogue-level partnership and 10th Year of Summit-level partnership. At the Commemorative Summit in New Delhi on December 20-21, 2012, India and ASEAN decided to elevate India-ASEAN relationship to the strategic partnership level. It seems that India-ASEAN relationship has entered the best period we have ever had. Opportunities are obvious and both sides recognise the importance of their mutual engagement. The challenges can be identified from three angles: (i) from the Indian side; (ii) from the ASEAN side; and (iii) from the influence of great power rivalry in the region (China, Japan, the US and India). Indeed, apart from the common challenges that both India and ASEAN face such as energy and food security, rapid urbanisation, climate change, the empowerment of people through education and skill development, there are many other challenges arising from our own limitations, which we need to tackle in order to smoothen our integration process.

2. Challenges from the Indian Side

In our opinion, there are certain challenges from the Indian side, which put a limitation on India-ASEAN relationship.

First of all, so far India has maintained a limited economic integration with Southeast Asian region. Despite the fact that India has become a prominent

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market in most of ASEAN economies, trade transaction between India and this region is still low. The economic impact of India is often inferred from the rapid rate of India's economic growth and not from the real fact. To unlock the potential, India needs to undertake further economic reforms.

Related to this aspect, scholars have also pointed out that *India put too much focus on its domestic politics at the cost of foreign politics*. For India, the most important factors, which impact the formation of foreign and domestic policies, are internal factors.

Ineffective administrative processes are considered to put a limit on India's commitment in its integration with Southeast Asia. Although Indian leaders issue an open policy, yet ASEAN still feels that Indian bureaucratic system has not carried out this policy wholeheartedly. When Indian negotiators pay attention to a business transaction, they also put conditions for the implementation of the policy, including a long-term modification for India. ASEAN is also puzzled at India's federal political system in which central and state governments often acted differently with regards to free trade agreements.

Economic structure and different level of openness in the economies of India and ASEAN have influenced their approaches in economic integration. ASEAN's economies are often more open, more dependent on the import of raw materials and capital as commodity inputs, while Indian economy is mainly dependent on domestic resources. During negotiations of the India - ASEAN free trade agreement, rules of origin and import control list became a hindrance in the process. India is pretty strict about product origin, requiring at least 40 per cent of local products for export. Indian trade negotiators use rules of product origin as a protection tool. While ASEAN just want to have about 40 products in the initial import control list of India, this list in fact contains up to 1414 sensitive products.

Image issue is also a limitation. ASEAN traders see Indian entrepreneurs as not firm in their management and too harsh negotiators. This image is not quite right, but it influences decision making. For example, Thailand feels quite difficult to make long-term economic relations with India, while India feels that ASEAN is closer to China than to India in terms of cultural relationship, management style and business operation. Enterprises in ASEAN feel that India's import barriers are much higher than that of China.

Foreign direct investment does not play a prominent role in India's economic development. ASEAN is an important source of investment for China which helps in bringing about China's economic development and export production. Indian Government's policies to attract foreign direct investment is rather limited and investors tend to focus on services and information technology sectors, which require less capital as compared to other production sectors.

India's strategic role in regional security is still limited, except that India is a nuclear power and the second largest country in Asia. Besides participating in the dialogue in the ASEAN forum and a few anti-piracy activities in the Malacca Straits, India is not considered a prominent player in the regional security architecture (Ghoshal 2007).

3. Challenges from the ASEAN Side

In our opinion, ASEAN's role is limited by certain weaknesses:

Firstly, *it is the challenge of ASEAN's unity and cohesion.* As pointed out by Ba (2010), within ASEAN itself, there have been divisions over this question of how to improve its record on practical cooperation. The process of negotiating the ASEAN Charter and its components also proved protracted and even contentious at times, exposing and intensifying existing differences within ASEAN. It seemed to illustrate a degree of incoherence in ASEAN and to confirm ASEAN's coordination challenges. When fragmented, ASEAN loses not just the practical leverage that comes from strength in numbers, but also normative authority, which has been one key advantage for ASEAN vis-à-vis other actors (Ba 2010). ASEAN has to demonstrate to others that it is an effective body, able to lead others in the building of consensus and at minimum not stymied by its own divisions.

Recently, ASEAN's failure to pass a joint communiqué after its Phnom Penh Ministerial Meeting has revealed a deep crack in ASEAN, and the challenge now is how to reconcile the interests of particular member states and those of the whole bloc.

There are two sides to ASEAN's failure in issuing a joint communiqué in Phnom Penh. On the positive side, it showed that ASEAN persistently seeks consensus, which is often regarded as a sign of unity within the organisation. However, the other side of this principle might damage the dream. What occurred in Phnom Penh has led many to question the practicability of pursuing 'one community with one fate', and even the likely efficacy of the organisation's performance after 2015 when this community is in place. It is also useful to ask why the consensus principle has been maintained. Apart from the positive significance, it seems that the consensus principle has been maintained by some member states to prevent ASEAN from interfering in their internal affairs – almost all members have problems of human rights violations and ethnic conflict. Ironically, the consensus principle is now threatening the unity of the group when the national interests of one member state prevail at the expense of others. Cambodian diplomats made use of this weak point to prevent the group from raising a common concern about regional security in a document that was supposed to showcase ASEAN's unity. To bypass a similar incident in the future, it is time for ASEAN to reconsider the meaning of the consensus principle.

Second, *ASEAN's institutional constraints in producing more timely practical cooperation, however, have become a source of dissatisfaction on the parts of some participants and subject to growing commentary and criticism from both analysts and policy officials.* According to Alice D. Ba, the challenges of producing timely, “action oriented” responses to pressing problems have become a particular source of dissatisfaction among western powers like the USA (Ba 2010: 120). But the challenge for ASEAN is that major powers have not just different policy priorities and preferences but also different expectations about ASEAN institutional processes. In other words, ASEAN faces a fragmented major power audience that complicates any collective effort. One of ASEAN’s challenges is how to respond to the USA’ concerns and criticisms without alienating China and reversing what has thus far been a positive trajectory in China’s regional foreign policy from the perspective of most ASEAN states (Ba 2010: 122).

A related limitation of ASEAN and its extended regional arrangements is one of policy coordination. The caricatures of ASEAN as a “talk shop” speak to this criticism and limitation. Formal dispute resolution is also something that tends to elude ASEAN-related cooperation. These are historical challenges associated with ASEAN and its institutional culture. A sense of the fragility of regional relations has also tended to act as a check on those who might seek more ambitious initiatives (Ba 2010: 122). While ASEAN wish to cooperate closely with one power, it has to look at other power so that it will not increase further competition and suspicion among big powers in the regions.

Third, *ASEAN also faces the challenge of balancing increased great power rivalries in its own region.* The three main bilateral relations among the great powers in Asia are China-USA, China-Japan and China-India. ASEAN is highly dependent on regional dynamics, i.e. the degree of cordiality – or, the lack thereof – between the great powers. If relations among the major powers deteriorate then ASEAN would end up in an uncomfortable position wedged between antagonistic great powers. It could then be forced to choose sides, or become the battlefield for proxy wars (Egberink and Putten 2010). Thus, Southeast Asia is increasingly a potential theatre for geopolitical rivalry among great powers. China’s recent strong claim of most of the South China Sea has created frictions, not only with some of the Southeast Asian countries, but also with the USA and Japan, and also with India. The most pressing challenge of Southeast Asian countries is to find ways to deal with China’s assertion without encouraging new frictions between China and other great powers.

Added to these challenges are intra-ASEAN disputes and tensions, internal conflicts, and political changes within ASEAN countries. Inter-state disputes

and tensions within ASEAN have not disappeared in recent years. The land boundary dispute between Thailand and Cambodia has produced military clashes and seriously challenges ASEAN's claim to be a security community.

As pointed out by Acharya (2011), "the main sources of internal conflicts in ASEAN include the lack of fit between the territorial boundaries of the modern "nation-states" and the ethnic composition of their populations; and struggle for regime survival and demands for political change against authoritarian regimes". Domestic conflicts not only challenge the internal stability of ASEAN member states, but also regional stability as a whole. The past decade has seen the end of several long-standing separatist movements in ASEAN, particularly Aceh and East Timor. But, the separatist movements in the southern Philippines and southern Thailand have no immediate end in sight, and may well continue into the next two decades. Myanmar too is likely to see periodic flare-up of its myriad ethnic rebellions, as happened in 2009 and 2010 (Acharya 2011). ASEAN remains an odd mixture of authoritarian, semi-authoritarian and democratic regimes. The process of democratisation is sometimes seen as a source of instability and even war.

4. Challenges from Great Power Rivalry: the USA, China, Japan, India

The leading actors in ASEAN geopolitics are taken to be China, the USA, Japan and India. Regarding China, for ASEAN its relations with China are of crucial importance. However, while ASEAN is eager to engage China and is highly dependent on China's willingness to support its multilateral initiatives, at the same time, it fears becoming overwhelmed by China's rise to global power. The simmering dispute about the South China Sea has recently intensified, with China seemingly more assertive about its territorial claims than before. So far, the basic approach of the Southeast Asian countries in dealing with China's rise has been to strengthen ties with China, while at the same time encouraging other major powers to become or remain engaged in Southeast Asia, which is hoped to counterbalance Chinese influence (Egberink and Putten 2010). And, India is considered a potential power to counterbalance China.

The USA-China Relations: China's influence in Southeast Asia has been growing at the expense of American influence in the region. Recent moves of the USA to claim a role in the South China Sea conflict and Washington's opting for membership of the East Asia Summit could in turn be interpreted as a response aimed at preventing Chinese hegemony in the region. China-USA main issues include economic competition and the Taiwan issue. Currently, the South China Sea seems to be emerging as a new "hot spot" in China-USA relations.

China-Japan Relations: As in the case of the USA and China, there exists significant regional rivalry between Japan and China. In addition to the economic competition, China-Japan rivalry also involves their respective bids for a leadership role in regional cooperation as well as standing head to head in a territorial dispute in the East China Sea. A complicating factor for Japan is that it continues to be dedicated to its security alliance with the USA.

India-China Relations: India's economic growth, the size of its population and its growing interest in playing a role in international affairs precipitate a potentially major role in the region. However, critics has often pointed out that so far India has not yet been asserting its weight enough. India is trailing behind China's economic development and China's ability to use its economic assets to gain political influence. Still, it is possible that the Sino-Indian relationship develops into the "key element of the incipient balance of power system in Asia" (Egberink and Putten 2010).

Geographically, Southeast Asia occupies a central position in between the two great powers. India's strategic interest in the Indian Ocean is comparable to that of China in the South China Sea and its military expansion over the previous years is partly a response to that of China. Southeast Asia is the entry point for Chinese shipping into the Indian Ocean, and Indian shipping into the Western Pacific. In this regard, and given the increasing degree of maritime rivalry between India and China, Southeast Asia is potentially one of the regional focus points of strategic considerations of the two great powers towards each other.

The ongoing power shift in the region triggered mainly by the rise of China and to a lesser extent, of India poses a challenge for ASEAN.

Among the major powers, China exerts greater influence to the activities of ASEAN. China's policy has two sides: on the one hand, China strengthens relationship with ASEAN as a group and on the other, China also promotes bilateral relations with each member of ASEAN. China has economic power, and thus, it uses economic aids, especially in form of ODA in a flexible way in order to achieve its goals in the region. China has gone far ahead of India in its cooperation with Southeast Asia.

Some imagine a concert of powers developing in Southeast Asia, wherein China, Japan, India and the USA could jointly manage regional security issues (Acharya 2011). This puts a great challenge for ASEAN. ASEAN does not want Southeast Asian to become a battle field for great power rivalry. But, would it be in the interest of ASEAN if great powers shake hands with each other? The answer is not certain. As the saying in Southeast Asia goes, the grass suffers not only when the elephants fight, but also when they make love (Acharya 2011).

5. The Way Forward

For India-ASEAN strategic partnership to be a really effective one, it is important that both India and ASEAN do certain action.

For India, continuing economic reform and strengthening of the Look East Policy is important. India needs to loosen its tariff barriers, and expand trade cooperation for deeper economic integration. At the same time, India needs to play a more assertive role in the security architecture of the region.

ASEAN must address the practical challenges of unity and cohesion, policy coordination, as well as the reputational challenges associated with perceptions of ASEAN as a mere “talk shop”. If ASEAN wishes to remain relevant vis-à-vis a larger regional security environment and even within its own narrower Southeast Asian context, it must address these growing dissatisfactions from inside and outside the organisation. At the same time, ASEAN must address the challenges of great power rivalries in the region as well as intra-ASEAN disputes and tensions and internal conflicts within ASEAN member states. Otherwise, threats to ASEAN’s institutional centrality will always be around the corner.

It is also very important to have combined efforts of ASEAN and India. We have to show more commitment and strengthen our mechanisms for cooperation in every field, be it economic, security, socio-cultural, or connectivity.

In our opinion, it is also very important for both India and ASEAN to redefine the implications and meaning of the concept “strategic partnership”. “Strategic Partnership” is considered to be the highest level of international relationship, but, how do we differentiate “strategic partnership” with just “partnership” and “comprehensive partnership”? It seems that our understanding in this matter is not very clear. We have not formally defined the content of this concept. This leads to ambiguity in policy implementation. Most of the people are of the view that the main principles of strategic partnership are: (1) do not attack each other; (2) do not form alliance to fight against another country; (3) do not interfere in to internal affairs of each other; (4) and most importantly, mutual confidence towards each other (Khank 2013).

In Vietnam, because our understanding of “strategic partnership” are general and not specific, there is a situation of “inflation” of strategic partnership in Vietnam. We have signed “strategic partnership” with more than 10 countries. But, the implementation of strategic partnership is not the same with all these countries.

By formally defining the content of “India-ASEAN Strategic Partnership”, both India and ASEAN will have clearer understanding of our relationship. We know where we stand and what should be done in order to make our relationship a fruitful and truly strategic partnership.

6. Conclusion

Given the challenges described above, it is easy to be pessimistic about the prospects of ASEAN-India partnership. However, these challenges should be seen as tests for ASEAN and India to strengthen the relations with maturity and foresight. Coping with these challenges would require a measure of cohesion and purpose within ASEAN and a measure of the political will and commitment and practical action on the part of India. We believe that with the strong combined efforts of both India and ASEAN, our strategic partnership will have a bright future.

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Advancing ASEAN-India Relations in the Asian Century: Reflections on the Role of Socio-Cultural Pillar

A. Ibrahim Almuttaqi*

1. Background

1.1 The Asian Century

In the past decade, if not even earlier, much has been made of the “Asian Century.” A term that was once the preserve of a limited number of government officials, policymakers and academics, the “Asian Century” is increasingly finding itself entering the lexicon of the public domain. Demonstrating the rising acceptance and recognition of the Asian Century’s importance, the Australian Government recently issued a White Paper on “Australia in the Asian Century”. In her foreword, the then-Australian Prime Minister, Julia Gillard declared, “Whatever else this century brings, it will bring Asia’s rise,” before adding, “The transformation of the Asian region into the economic powerhouse of the world is not only unstoppable, it is gathering pace” (Australian Government 2012: ii). The Asian Development Bank concurs by noting, “Asia is in the middle of a historic transformation” (ADB 2011: 3).

The Australian White Paper went on to detail, among others, (a) the rise of Asia up to this point, and (b) the expected future of Asia in 2025. It noted that the pace and scale of Asia’s rise had been “nothing short of staggering” with hundreds of millions lifted out of poverty and some parts of the region halving their infant mortality rates and adding decades to life expectancy (Australian Government 2012: 29). The improvement in the living standards for billions of people in Asia had risen at a rate “not previously experienced in human history” and the transformation of the region into the world’s most dynamic economic region had been a “defining development of our time” (Australian Government 2012: 30).

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Key characteristics of Asia's rise up to this point include the way in which the region has seized upon its favourable demographics to reap its dividends. It has been noted how this favourable demographic was crucial in underpinning the region's growth over the previous four decades and was expected to carry on into the 21st century (Australian Government 2012: 32). Moreover, the region has shifted global trends in production, trade and investment with the emergence of "Factory Asia" (Australian Government 2012: 41). Furthermore, the rise of Asia has born witness to the region's emergence as a global innovation hub. For example, studies have noted how in the period from 2000 to 2010 the number of scientific publications from India had risen from 2.1 per cent of the world's total to 3.5 per cent whilst those from Indonesia and Vietnam had multiplied by more than twofold and threefold, respectively (Australian Government 2012: 45).

Perhaps the defining feature of Asia's rise, however, is the emergence of an affluent middle class in the region that is driving consumerism not only in Asia but also their increasing mobility, to beyond. It was this middle class that has insulated key economies in the region from the Global Financial Crisis of 2007-2008, and, in 2025, Asia is expected to be home to the majority of the world's middle class (Australian Government 2012: 49). For example, the Asian Development Bank (ADB) expects an additional three billion Asians to attain affluence by 2050 (ADB 2011: 3).

1.2 ASEAN and India as Key Players in the Asian Century

The ADB notes seven Asian economies will drive the Asian Century of which, three are member states of ASEAN (Indonesia, Malaysia and Thailand) with another being India (ADB 2011: 5). Indeed, by 2025 it is expected that four of the world's ten largest economies will be from Asia with India in the third place, and Indonesia – the largest economy in ASEAN – in the tenth place (Australian Government 2012: 52). Moreover, at the height of the Global Financial Crisis of 2007-2008, three Asian economies stood out for their continued economic growth, namely, China, India, and Indonesia.

As a global swing state – one that is increasingly influential at the regional and global level – Indonesia's expected role in the Asian Century mirrors that of the regional organisation it is part of. Indeed, with ASEAN's adoption of the Jakarta-proposed Bali Concord II in 2003, Indonesia, Brunei Darussalam, Cambodia, Lao PDR, Malaysia, Myanmar, Singapore, Thailand and Vietnam have committed themselves to forming an ASEAN Community in 2015 to be based on the three pillars, namely, political-security, economics, and socio-cultural. In 2008, ASEAN issued its ASEAN Economic Community Blueprint, which lists the following key characteristics for the ASEAN Economic Community (ASEAN Secretariat 2008: 6):

- a single market and production base;
- a highly competitive economic region;
- a region of equitable economic development; and
- a region fully integrated into the global economy (ASEAN Secretariat 2008, p.6).

These aspirations are a clear expression of ASEAN's desire to not only be part of the Asian Century but also be at the very heart of it. Its consistent calls for "ASEAN Centrality" to be maintained and enhanced within the evolving regional architecture attest to the regional organisation's wish to position itself at the core of the Asian Century.

The potential contributions of ASEAN to the Asian Century are also apparent when one observes the fact that the ten member states combined represent 600 million people, covering an area of 1.7 million square miles with an economy valued at US\$ 1.5 trillion (East-West Center 2010).

With regards to India, studies have noted its GDP of US\$ 4 trillion and an average 7.4 per cent annual growth between 2000 and 2010 (Fontaine and Kliman 2013: 98). For 2012-2025, the projected average annual economic growth rate is expected to be 6.75 per cent and with its massive market of 1.2 billion consumers, India together with China stand to have a combined output that exceeds that of the entire G7 by the next decade (Australian Government 2012: 51, 53). Indeed, studies have suggested that Asia's contribution to world output growth will mostly be the product of sustained growth from China and India, who will make the largest contribution to global and regional economic growth up to 2025 (Australian Government 2012: 51).

1.3 ASEAN-India Relations

Given the significant roles expected from ASEAN and India in the Asian Century, it is perhaps unsurprising to see a plethora of agreements and declarations being signed by them. The ASEAN-India Vision Statement of 2012 significantly saw ASEAN-India relations elevated to that of a "Strategic Partnership." The timing of this elevation was deliberately scheduled to coincide with the commemorations of twenty years of ASEAN-India relations. Beginning in 1992, when the two sides first engaged as sectoral dialogue partners, the relationship was evolved into a dialogue partnership in 1995 before being elevated into the current strategic partnership level.

The evolution of ASEAN-India relations has witnessed the signings of agreements such as:

- Joint Declaration for Cooperation in Combating International Terrorism of 2003;

- ASEAN-India Framework Agreement on Comprehensive Economic Cooperation of 2003;
- ASEAN-India Partnership for Peace, Progress and Shared Prosperity of 2004;
- ASEAN-India Plan of Action for 2004-2010;
- ASEAN-India Aviation Cooperation Framework of 2008;
- ASEAN-India Trade in Goods (TIG) Agreement of 2009;
- ASEAN-India Plan of Action for 2010-2015; and
- Memorandum of Understanding (MoU) between ASEAN and India on Strengthening Tourism Cooperation of 2012.

Significantly, in many of these agreements is the reaffirmation that the peoples of ASEAN and India are,

“...Bound together by our shared rich and valuable heritage of civilisation, culture, and peaceful economic and social interaction and linkages extending over two millennia as well as by the pluralistic, multi-religious and culturally diverse nature of our respective societies...” (ASEAN Secretariat 2004).

Therefore, while official ASEAN-Indian relations only began in 1992, there nevertheless remains acknowledgement of the two millennia of linkages between these two key players in the Asian Century.

2. Key Issues and Concerns

2.1 Wake-up Call

Away from the niceties of documents and agreements, the realities of ASEAN-India relations have at times shown a number of worrying signs. These relate to a number of key issues and concerns regarding the ASEAN-India relationship. Most notably in July 2013, during the 11th ASEAN-India Foreign Ministers’ Meeting, India’s External Affairs Minister, Mr. Salman Khurshid highlighted a decline in ASEAN-India trade for 2012-2013, which, he argued, should serve as a wake-up call (*India Today* 2013). The decline reinforced the fact that both ASEAN and India must not rest on its laurel with External Affairs Minister, Mr. Salman Khurshid calling for a “sense of urgency” in concluding ongoing negotiations over ASEAN-India trade in services and investment (ASEAN India 2013a).

Concurring with this view is Noor (2013), who decried the “piecemeal” nature of Indian investment in Southeast Asia. He added that India’s presence in ASEAN markets pales in comparison to that of China’s, which was not only more visible in its role as an investor in the region (especially in the communicative infrastructure of mainland Southeast Asia) but also with

the wealth of Chinese products that flood the ASEAN economy (Noor 2013). It has also been noted that Indian public sector companies have been slow to implement projects in ASEAN and Indian private sector companies have been reticent to move into Southeast Asia, in stark contrast to that of Chinese companies (Borah 2012).

2.2 China as a Push Factor

Comparisons of the engagement of India and China with ASEAN highlight another key issue in the ASEAN-India relations, which is only being pushed in reaction to the rise of Beijing. Numerous articles calling for closer ASEAN-India relations often cite the need to balance the rise of China. For example, Shankar (2013: 1) remarked on how the rapid elevation of India as a highly sought as partner by ASEAN was driven by the changing strategic context of the region. In particular, he argued, "It is hardly surprising that ASEAN states view India so favourably, especially in the context of recent Chinese assertiveness" (Shankar 2013: 1). Baru (2012) also commented on the sensitivity many ASEAN member states feel regarding India's engagement in Southeast Asia and moreover highlighted how this sensitivity has been heightened by ASEAN's wariness towards Beijing's assertiveness in the region.

It has, therefore, been suggested that India was a "natural remedy" available to ASEAN to counter the asymmetric interdependence that characterised ASEAN China relations (Shankar 2013: 1). Shankar (2013: 2), moreover, cited the shared security problems and concerns faced by both ASEAN and India over "Chinese territorial ambitions and assertiveness." Here, Noor (2013) opined that squashed between China's "increasingly bold moves" and the United States' pivot to the region, ASEAN should consider "forgotten India."

What the above cases demonstrate is the way in which ASEAN-India relations have largely been framed in the context of the geopolitical and geostrategic considerations facing the region's security environment, mainly the rise of China. The "wake-up call" warnings from India's External Affairs Minister, Mr. Salman Khurshid and aforementioned concerns at the lack of Indian investment and trade presence in ASEAN is of little wonder if ASEAN-India relations are being pushed by the Chinese factor rather than pulled by the merits of the enormous economic opportunities abound from closer ASEAN-India cooperation, let alone the two millennia of socio-cultural linkages.

2.3 The "Look East Policy"

Commentators have observed India's intentions to seize upon ASEAN's growing apprehension towards China as a way to more fully implement its "Look East Policy", which was first launched in the early 1990s (Keck 2012). For example, during the ASEAN-India Summit of 2009, India's

Prime Minister Dr. Manmohan Singh declared, “India’s engagement with... ASEAN is at the heart of our Look East Policy (Baru 2012). At the same time, India’s External Affairs Minister has numerously gone on record to state, “Our partnership with ASEAN is the foundation of our Look East Policy” (ASEAN India 2013b), and that, “The partnership with ASEAN countries, in fact, constitutes the core of India’s “Look East Policy” (ASEAN India 2013c).

Despite these reassurances from the very highest levels of India’s Government, it has been observed how India’s External Affairs Ministry website page on “India and Neighbours” defines those neighbours as countries from the Indian subcontinent (Baru 2012). While admittedly the list does include Myanmar as a neighbour, the high level reassurances from the Indian Government that ASEAN is at the heart of the India’s Look East Policy appears to be at odds with the India’s External Affairs Ministry’s statement that “India gives highest priority to her [Indian subcontinent] neighbours” [brackets added] (Ministry of External Affairs, u.d.).

At the same time, India’s Prime Minister Dr. Manmohan Singh’s message that India and Thailand are “maritime neighbours” – a message that has also been expressed with Indonesia, Malaysia and Myanmar – seems to have less meaning given the traditional Indian concept of the ocean as a barrier that divides rather than a bridge that brings us together (Baru 2012). This is perhaps in stark contrast to Southeast Asian nations, especially maritime Southeast Asia.

3. The Socio-Cultural Pillar Argument

3.1 Lessons from the Past

If there is one thing to be taken from the aforementioned key issues and concerns highlighted in the previous section, it is that ASEAN-Indian relations have not always been smooth. Indeed, the above cases expose the fact that at times ASEAN-India relations have often been cool and detached. Osius and Raja Mohan (2013: 3) argued that India “neither welcomed nor condemned” ASEAN when it was formed in 1967, suggesting there were reservations about the way in which ASEAN was aimed as a bulwark against communism. This indifference took a turn for the worst in 1971 upon the signing of the “India-Soviet Peace and Friendship Cooperation Treaty.” Anand (2009: 1) argued that the signing of the treaty led to ASEAN member states viewing India’s intentions with suspicion. This was further exacerbated by India’s support for the Kampuchea regime and close links with Vietnam when it was outside of the ASEAN family (Anand 2009: 1). As such the 1970s and 1980s saw uncertain ASEAN-India relations that were plagued by political and diplomatic differences (Anand 2009: 1).

Thus, just as the current ASEAN-India engagement is largely being framed in the context of the geopolitical and geostrategic considerations facing the region's security environment, so too did it influence and contribute to ASEAN-India coolness in the past. In other words, ASEAN-India relations are determined by the interests of politicians and officials. These have a tendency to be pragmatic, short-term and occasional insincere to the detriment of the peoples of ASEAN and India. Instead, a far more effective glue to cement ASEAN-India relations lies in the socio-cultural pillar, especially as it facilitates greater people-to-people linkages.

3.2 The Missing Piece

Indeed, it has been argued that people-to-people linkages represent the true ballast of bilateral relations. For example, commenting on the ASEAN-US relationship, Prof. Dewi Fortuna Anwar suggested that people-to-people linkages were an effective way to address the changeable nature of government-to-government relations (The Habibie Center 2012: 12). This is just as applicable, if not more so, with the ASEAN-India relations. As such, genuine personal friendships and networks should be fostered not only at the government-to-government level, but more so at the level of academics, the media, members of NGOs/CSOs and especially the youths. Prof. Dewi Fortuna Anwar also noted that despite the ups and downs in Indonesian-US relations at the government-to-government level, the Indonesian public still regarded the US highly as a point of influence for its system of government, concepts of freedom and democracy, and culture and lifestyle; in other words its soft powers (The Habibie Center 2012: 12). This has enormous implications for ASEAN-India relations given the aforementioned two millennia of socio-cultural linkages that bound ASEAN and India together. In this sense, it is reassuring to see that the socio-cultural pillar has not been forgotten in the numerous ASEAN-India relations. Indeed, the former ASEAN Secretary General, Ong Keng Yong suggested,

“ASEAN and India should develop extensive people-to-people interactions involving exchange programmes among youth, media personnel, academics, business people, government officials and artists and literati. We need to give more attention to the people's component in our partnership and to narrow the perception gaps among our people. More exchange of visits at the grassroots level can take place. The more they meet, the better they value each other” (Yong 2005: 9).

It is, therefore, reassuring to hear India's Prime Minister Dr. Manmohan Singh draw on the fact that,

“India and Southeast Asia have centuries-old links. People, ideas, trade, art and religions have long criss-crossed this region. A timeless thread of civilisation runs through all our countries. While each one of us has a unique and rich heritage, there

are abiding linkages of culture and custom, of art and religion and of civilisation, all of which create a sense of unity in the diversity and pluralism in our region" (ASEAN India 2013d).

However, there can be a feeling that this aspect takes a back seat to that of the political-security pillar. This is unfortunate as the wealth of two millennia of socio-cultural linkages should ideally be the key engine that drives ASEAN-Indian relations.

3.3 Shared Heritage of Civilisation, Culture and Interaction

There have been countless research and studies regarding the shared heritage of civilisation, culture and interaction that existed between India and Southeast Asia over the past two millennia. For example, articles have noted the similarities in language such as the way in which the Southeast Asian languages of Thai, Khmer, Burmese, Malay and Indonesian all contain traces of Sanskrit and Pali (Osius and Raja Mohan 2013: 1-2 and Noor 2013). It has also been noted that Pali remains the language of religion in Thailand and is studied by Buddhist monks. In addition, the religions of Southeast Asia were brought into the region via India. S.D. Muni highlights the way in which the expansion of Hinduism, Buddhism and Islam was facilitated by cultural and commercial engagement between the people of India and Southeast Asia (Osius and Raja Mohan 2013: 1). The legacy of this exchange can also be found in the region's mythology and arts, with the Hindu epic, the *Ramayana* not only being widely told in Southeast Asia, but indeed makes reference to the region.

In addition, many of the great Southeast Asian kingdoms such as the Srivijayan and Majapahit empires were influenced by India as evident by the region's Hindu and Buddhist temples such as Indonesia's Borobudur and Prambanan, Cambodia's Angkor Wat and Lao PDR's Wat Phuin. Osius and Raja Mohan (2013: 2) also added that even in Vietnam, "spectacular temples influenced by Tamil architecture" can be found along its central and southern coasts. However, Noor (2013) made a very salient point that, "Talk of long historical legacies and cultural contact may appeal to academics such as myself, but they are the stuff of history books and conferences." Indeed, beyond Bollywood movies a crucial question relates to what contemporary socio-cultural links exist in the ASEAN-India relations.

3.4 An Asian Century Update

If all discourse on ASEAN-India relations focuses on their expected roles in the Asian Century, the discussion on ASEAN-India socio-cultural linkages must move beyond that of "talk of long historical legacies and cultural contact" towards a more contemporary relationship befitting of the modern

21st century. As Noor (2013) noted, “China’s weight in the region is based on hard, concrete investment...this is what gives China a tangible presence in the Southeast Asia region.” In other words, ASEAN and India must also focus on hard concrete areas for socio-cultural linkages that lead to a more visible presence. These refer to things as direct flights, South Asian studies in ASEAN universities and Southeast Asian studies in Indian universities, language courses, academic exchanges, business fairs, tourism, liberal visas, and so forth.

In this sense, it should be appreciated that previous ASEAN and Indian observers have over the years come up with a series of sound recommendations to improve the contemporary socio-cultural pillar of the ASEAN-India relations. However, as the next section will show, there remain gaps between these recommendation and their actual implementation.

4. Findings of Some Case Studies

4.1 Direct Flights between ASEAN and Indian Capitals

One recommendation for greater contemporary ASEAN-India socio-cultural linkage relates to improvements in travel-related issues. During the 11th ASEAN-India Foreign Ministers’ Meeting, India’s External Affairs Minister, Mr. Salman Khurshid, had announced that India was exploring the feasibility of providing a link from ASEAN to Buddhist sites in India in order to facilitate greater ASEAN tourist arrivals (ASEAN India 2013a). Similarly, writing in 2011, Indonesia’s Ambassador to India, Amb. Andi M. Ghalib (2011: 4) noted that there would soon be direct flights between Indonesia and India by mid. 2011.

Unfortunately, progress has been slow. Direct flights between New Delhi and the capitals of ASEAN member states exist only for New Delhi-Bangkok, New Delhi-Kuala Lumpur and New Delhi-Singapore. Thus, the aim of establishing direct flights between New Delhi and Jakarta by mid. 2011 was not met and indeed has yet to be realised. This is surprising given that Jakarta hosts the ASEAN Secretariat. Similarly, it is surprising that no direct flights exist between India and CLV countries.

4.2 Visa Regulations for ASEAN Nationals in India

Related to the tourism-related issue of direct flights is that of visa regulations. Indonesia’s Ambassador to India, Amb. Andi M. Ghalib (2011: 4) expressed appreciation for India’s decision to launch visa on arrival scheme for Indonesian nationals. Similarly, schemes have been introduced to nationals of Cambodia, Lao PDR, the Philippines, Singapore, Myanmar and Vietnam. Thus, nationals of Brunei Darussalam, Malaysia and Thailand do not yet

enjoy visa on arrival arrangements, which is again surprising given that (a) there is a significant Indian minority in Malaysia that maintains ties with India and (b) as a Buddhist majority country one would expect Thailand to be a main priority for India's aforementioned proposal to provide a link from ASEAN to Buddhist sites in India.

Indeed, it has been suggested that Thailand is a preferred destination for Indian tourists with the number of visitors rising as much as 29 per cent between 2009 and 2010 alone (Osius and Raja Mohan 2013: 6). Other statistics reveal that the number of Indian tourists to Indonesia has risen from 37,000 in 2005 to over 145,000 in 2010 (Ghalib 2011: 4). This was expected to increase to over 160,000 over the next few years. The figure for Singapore is higher with 700,000 Indian visitors to the island republic (ASEAN Briefing 2013). One wonders, how much higher these figures would be if all ASEAN nationals could enjoy visa on arrival schemes to India and if this policy was reciprocated by ASEAN countries.

4.3 South Asian Studies/Language Courses in ASEAN Universities

Another recommendation for greater contemporary ASEAN-Indian socio-cultural linkage relates to cooperation in the education sector. Osius and Raja Mohan (2013: 63) suggested higher education collaboration should be demonstrated via flagship efforts and highlight the introduction of an Institute of South Asian Studies at the National University of Singapore as one example. They also call for a reciprocal Institute for South East Asian studies to be established in India.

Focusing on the ASEAN Universities Network (AUN) and in particular the fourteen universities located in ASEAN capitals¹, only Malaysia and Singapore had dedicated South Asian Studies programmes. In addition to the aforementioned National University of Singapore, only Nanyang Technological University (Singapore)² and University of Malaya (Malaysia)³ had either a South Asia Studies programme or offered Indian language courses. Whilst University of Indonesia and the Royal University of Phnom Penh (Cambodia)⁴ did offer modules on South Asia, the majority of AUN universities examined did not possess the kind of flagship efforts called upon by Osius and Raja Mohan (2013). More surprising was that many universities did have Chinese studies programme and/or offered Chinese language courses. This was true for Vietnam, Thailand, the Philippines, Lao PDR and Brunei Darussalam. Indeed, Lao PDR's National University hosted the Confucius Institute⁵, Myanmar's University of Yangon had a Department of Oriental Studies, and the Vietnam National University had a Centre for Chinese Studies.⁶

4.4 Indian Cultural Centres in ASEAN

On a similar line to the recommendations regarding greater ASEAN-Indian education cooperation are calls for the opening of Indian Cultural Centres in ASEAN. The establishment of such institutions would “greatly facilitate cultural ties and promote people-to-people contacts” (Osius and Mohan 2013: 7). Currently, the Indian Council for Cultural Relations (ICCR), an autonomous body of the Indian Government, lists Bangkok, Jakarta, Kuala Lumpur and Yangon along with the Indonesian island of Bali as cities, where it has established Indian Cultural Centres. Plans are in place to also open such centres in Hanoi and Singapore, which still leaves Brunei Darussalam, Cambodia, Lao PDR, and the Philippines without official Indian Cultural Center. It should further be added that India now hosts the ASEAN-India Center which is expected to help improve ASEAN-India relations, especially on the socio-cultural front (ASEAN India 2013c).

5. Conclusion

Under the theme of “Advancing ASEAN-India Relations in the Asian Century: Reflections on the Role of the Socio-Cultural Pillar,” this paper first began by analysing the Asian Century. It was observed that the term “Asian Century” was no longer the preserve of government officials, policy makers, and academics but has increasingly found itself entering the lexicon of the public domain. The paper then went on to analyse the findings of the Australian Government’s White Paper entitled “Australia in the Asian Century” and the Asian Development Bank Report entitled “Asia 2050 – Realising the Asian Century.” It was noted that ASEAN and India stood to be key players in the Asian Century and this would be all the more so with ASEAN’s ambitions to establish the ASEAN Community 2015.

The paper observed how ASEAN and India had increasingly heightened their level of engagement, as evident by the plethora of agreements and declarations signed by the two sides. Moreover, the relationship was elevated to that of strategic partnership. Yet, despite this, it was noted that the ASEAN-India relations had not always proceeded smoothly. There had been a number of worrying signs such as a fall in ASEAN-India trade, the feeling that ASEAN-India relations were merely a reaction to China’s rise, and inconsistencies with India’s Look East Policy. Indeed, these cases exposed the fact that ASEAN-India relations had for many years been cool and detached.

It was at this point that the paper argued for greater attention to be placed on the socio-cultural pillar. In particular, it was argued that the ASEAN-India relations should not be framed within the context of the geopolitical and geostrategic considerations facing the region’s security environment.

Instead, a far more effective glue to cement ASEAN-India relations lies in the socio-cultural pillar, especially through the facilitation of greater people-to-people linkages. Moving the responsibility of ASEAN-India relations away from the government-to-government level and more towards the people-to-people level would ensure more commitment, longevity and sincerity. In this sense, it was useful to note the two millennia of socio-cultural linkages that already defined India and Southeast Asia with the paper identifying Indian influences in Southeast Asia's language, religion, architecture, mythology, arts, and so forth.

However, as one commentator observed, such discourse on historical legacies and cultural contact have limited appeal. Indeed, in the context of the Asian Century, attention is needed to be paid to updating our socio-cultural linkages with focuses on contemporary socio-cultural issues such as direct flights, South Asian studies in ASEAN universities and Southeast Asian studies in Indian universities, language courses, academic exchanges, business fairs, tourism, visas, and so forth. The paper then went to explore a few case studies and found that whilst proposals and recommendations did exist to increase direct flights, introduce visa on arrival schemes, establish South Asian studies and language programmes in ASEAN universities, and open Indian Cultural Centres, there remained a number of gaps with their actual implementation. The Asian Century is yet to be fully realised and with two key players – ASEAN and India – yet to take their roles in driving this Asian Century, it is high time that such gaps are fixed, sooner rather than later. It cannot be emphasised enough that the merits of greater ASEAN-India cooperation driven by people-to-people linkages are boundless and provide enormous opportunities for peace, stability and prosperity. Let us, therefore, strive to realise the Asian Century with ASEAN and India truly at its core.

Endnotes

- ¹ For Myanmar, the universities located in the former capital of Yangon were considered instead of Naypyidaw.
- ² See <http://www.rsis.edu.sg/idss/> and http://www.rsis.edu.sg/research/Country_Studies.html
- ³ See <http://language.um.edu.my/?modul=Undergraduate> and <http://um.edu.my/mainpage.php?module=Maklumat&kate>
- ⁴ See http://www.rupp.edu.kh/fssh/history/?page=course_desc
- ⁵ See <http://www.nuol.edu.la/index.php/en/confucius-institute.html>
- ⁶ See <http://ussh.vnu.edu.vn/trung-tam-nghien-cuu-trung-quoc/1033>

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Cultural and Educational Exchange between India and Vietnam

Do Thu Ha*

1. Introduction

Over the years, the relationship between Vietnam and India is grounded by unshakable faith. The fine sentiment between people of two countries is time tested. In the recent years, the relationship between our two countries was upgraded to a new height.

We can say that Vietnam and India has got a very special relation, which is rarely seen in the world. It is considered “a cloudless sky” by President Ho Chi Minh. In order to find out a possible road map for strengthening the relations, we would like to look back at the role that India has been playing in Southeast Asia in general and Vietnam in particular.

1.1 India’s Position in the World

- Home to the ancient Indus Valley Civilisation and a region of historic trade routes and vast empires, the Indian subcontinent was identified with its commercial and cultural wealth for much of its long history. Four of the world’s major religions – Hinduism, Buddhism, Jainism, and Sikhism – originated here, whereas Zoroastrianism, Christianity, and Islam arrived in the First millennium CE and also helped shape the region’s diverse culture.
- A nuclear weapons state and a regional power, it has the third-largest standing army in the world and ranks ninth in military expenditure among nations. India is a federal constitutional republic governed under a parliamentary system consisting of 28 states and seven union territories. It is one of the five BRICS nations.
- India is a pluralistic, multilingual, and multiethnic society. It is also home to a diversity of wildlife in a variety of protected habitats.

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- India is the 7th largest country by geographical area, the second-most populous country with over 1.2 billion people next to China and the most populous democracy in the world.
- The Indian economy is the world's 10th largest by nominal GDP and third largest by purchasing power parity (PPP). Following market-based economic reforms in 1991, India became one of the fastest-growing major economies; it is considered a newly industrialised country.
- India's experience of wielding power on the global stage of late, boosted by its temporary seat on the United Nations Security Council (UNSC).
- However, India continues to face the challenges of poverty, illiteracy, corruption, and inadequate public healthcare.

1.2 India's Position in Southeast Asia

The transmission of Indian culture to distant parts of Central Asia, China, Japan, and especially Southeast Asia, is certainly one of the greatest achievements of Indian history or even of the history of mankind. None of the other great civilisations - not even the Hellenic - had been able to achieve a similar success without military conquest.

From about the First Century, India started to strongly influence Southeast Asian countries. Trade routes linked India with southern Burma, central and southern Siam, lower Cambodia and southern Vietnam, and numerous urbanised coastal settlements were established there.

For more than a thousand years, Indian Hindu/Buddhist influence was, therefore, the major factor that brought a certain level of cultural unity to the various countries of the region. The Pali and Sanskrit languages and the Indian script, together with Theravada and Mahayana Buddhism, Brahmanism and Hinduism, were transmitted from direct contact as well as through sacred texts and Indian literature, such as the Ramayana and the Mahabharata epics.

From the 5th to the 13th Century, Southeast Asia had very powerful Indian colonial empires and became extremely active in Buddhist architectural and artistic creation. The Sri Vijaya Empire to the south and the Khmer Empire to the north competed for influence.

A defining characteristic of the cultural link between Southeast Asia and the Indian subcontinent is the spread of ancient Indian Vedic/Hindu and Buddhist culture and philosophy into Myanmar, Thailand, Indonesia, Malaya, Lao PDR and Cambodia. Indian scripts are found in Southeast Asian Islands, ranging from Sumatra, Java, Bali, south Sulawesi and most of the Philippines.

After actively involving in Indonesian freedom movement, assisting Myanmar (Burma) to maintain stability and security in the turbulent days following Aung San's assassination and the benign role in Geneva at the end of the first Indo-China War, Southeast Asia unfortunately came to be neglected by the Indian Foreign Office. However, the end of the Cold War provided an opportunity for both to mend fences. Without the distorting prism of the Cold War, the two began to view each other in a more constructive way.

India's efforts to "rediscover Asia" are taking place at a time when India is vigorously pursuing its "Look East Policy". On the Southeast Asian side, it must be stated that after decades of dependence on the West for strategic and economic compulsions, these countries have realised that engaging India in a benign manner would provide them multiple options in the pursuit of foreign policy objectives.

Nowadays, the leaders of Southeast Asian countries regularly visit India; Indian leaders, in turn, visit Southeast Asian countries and are engaged in strengthening relations at political, strategic, economic and cultural levels.

1.3 The Importance of India-Vietnam Relations

1.3.1 Cultural Dialogue

In the late half of the Second Century BC, two Indian Buddhist Zen monks, known as Mahajavaka and Kalyanacuri, came to Vietnam. Kalyanacuri became the head bonze of Dau Pagoda (in Bac Ninh Province) combining his teachings with indigenous beliefs of Tu Phap (cloud, wind, thunder, lightning) and founded Buddhism in Vietnam.

At the start of the Third Century AD, K'ang-seng-huei, of Sogdiane origin, migrated to India and then to Giao Chau (Vietnam) with his family. He learned religious teachings and later on became a famous Zen monk. He translated the Astasahasika on the topic of Sunyata and Nagarjuna (the Second and Third Century AD) and developed the famous theory of Madhyamaka. This theory had a large impact on the teachings of Zen as well as on Buddhism in Vietnam, especially Buddhism during the Ly- Tran dynasties (the 12th and 13th centuries).

In the Fifth Century, famous Vietnamese Buddhist Zen monks came to China to popularise Buddhist teachings such as Hue Thang, Dao Thiem or men wise in both Buddhist and Confucian teachings such as Dao Cao, Phap Minh held dialogue with Chinese officials and governors on Buddhism.

At the end of the Sixth Century, Virutaruci, an Indian Zen monk, came to Giao Chau (Vietnam) to establish the first Zen branch in Vietnam, and expanded the principles of eight negations of the Nagarjuna. This Zen branch lasted until the early 13th Century with 19 generations.

In the beginning of the 11th Century, the Zen monk Sung Pham, the 11th generation of the Virutaruci branch, came to India to study Buddhism for nine years, and then returned home to bring strong development of Tantrism, which has existed since the 10th Century. Many other Tantrist monks from India such as Yogibrahman (the 13th Century), Bodhist (the 14th Century) came to Vietnam, and were well received by the Tran dynasty.

The early exchanges between India and Vietnam took place peacefully through trading on the sea. Lured by the attraction of Suvarnnabhumi and spices in Southeast Asia, many Indian traders sailed to sea with monks on board to offer prayers in case of natural disasters. They usually brought along statues of Dipamkara, the Boddhisattva Avalokitecvara, famed for merciful rescues, a Boddhisattva, worthy of note of the Mahayana and Pureland teachings. Indian monks during the first few centuries could have come to Vietnam from Middle India on land through Three Pagodas Pass to come to Menam Chao Phaya delta, cross the Mekong into Lao PDR and then climb the Truong Son mountains into the provinces of Thanh Hoa, Nghe An and Hue. As such, since the beginning, Indian culture had spread peacefully to Vietnam through three branch - Zen, Pureland and Tantrism. A mentality of peace and friendship is the crucial basis in cultural exchanges to achieve the desired cultural diversity seen in Vietnam's history.

1.3.2 Vietnam-India Cultural Exchange

In these bilateral cultural relations in history, Vietnam received more than it contributed. The most evident factor is probably Buddhism. Buddhism has had a strong and constant influence on Vietnam's history over the last 2000 years. No matter which sects, Buddhism knowledge all come from the first teachings of the Buddha in the Deer Park after his enlightenment about the Four Noble Truths and the Eightfold Path. Buddha's preaches that mankind suffers both physically and mentally. Each person must free themselves from the cause of suffering. Later on, Zen teaching expanded this spirit of freeing the self in the famed phrase "Look straight into yourself and become enlightened". The universal truth does not lie any where far from us but instead right inside of us, it is the unchanging heart. The teachings of the Supreme Buddha and Zen have become embedded in the mind of the Vietnamese in any aspects. Vietnamese have considered this self-freeing spirit as "magic power" to help them overcome obstacles in the course of history.

As a small country that has been around for roughly 2000 years, the Vietnamese people have faced no less than 18 invasions campaigned by the most ruthless forces of the times (Qui, Han, Liang, Sui, Tang, Nan Han, Song, Yuan, Ming and Quing) and then French and American, and they have

emerged victorious thanks to the merging of the destiny of the individual self with that of the country, and with patriotism. This connection has become a constant factor in the mentality of people of Vietnam and lives on till today.

Cultural and economic links between India and Vietnam date back 2000 years ago. The Indic Champa Kingdom had a profound impact on Vietnamese art and architecture even now. Many other similarities may be recounted as proof of the cultural exchange between India and Vietnam that has taken place in an atmosphere of peace and have helped diversify Vietnamese culture. These similarities can stem from the sacred – the core of all religions and faiths – in life. The sacred speaks of the relationship, on the one hand among people, individuals and the community with supernatural powers, and, on the other hand, between people, individuals and the community. The sacred in life bring people closer by itself. It is the sacred that has linked Indian and Vietnamese cultures and created the foundations for relations between the two since the beginning. It manifests in the mentality of the people, in actions, behaviours of the common man to that of the leaders.

India-Vietnam cultural dialogue not only increases the diversity of their culture but also acts as an assurance for peaceful coexistence. This is a beautiful example of cultural dialogue, especially in the context of today when the globalisation is quickly happening and the cultures of people stand on the brink of being “assimilated” by military and economic powers of superpowers.

2. Strong Bilateral Relations

In different periods of history, the relations between the two countries have got different characteristics and levels. The relations between India and Vietnam in the modern time began in 1927, when President Ho Chi Minh and Prime Minister Jawaharlal Nehru met each other in The League against Imperialism Conference in the Egmont Palace in Brussels, Belgium, on February 10, 1927, in the presence of 175 delegates, among which 107 came from 37 countries under colonial rule. After Dien Bien Phu Victory, the first foreign leader who came to Vietnam within a few weeks to congratulate and support was Prime Minister Jawaharlal Nehru. Throughout the time Vietnam struggled for independence, it was India who continually supported both in spirit and material for Vietnam. When Vietnam had a close door policy, it was India who was the door for Vietnam to English speaking world.

India supported Vietnam’s independence from France, opposed the USA’s involvement in the war and supported unification of Vietnam. India established official diplomatic relations in 1972 and maintained friendly relations, especially in wake of Vietnam’s sensitive relations with the People’s Republic of China.

The 1972 was a very important landmark in our bilateral relationship, which has grown strongly over the years. India was actively supporting Vietnam and was strongly behind Vietnam. Then, after implementation of economic reforms, popularly known as Doi Moi, many new opportunities for cooperation between the two nations came up in the fields of capacity building, infrastructure development, etc.

In 1992, India and Vietnam established extensive economic ties, including oil exploration, agriculture and manufacturing. The relations between the two countries, especially defense ties, benefitted extensively from India's Look East Policy. Bilateral military cooperation includes sale of military equipment, sharing of intelligence, joint naval exercises and training in counterinsurgency and jungle warfare.

In the last 10 years, we have tried our best to strengthen and widen the multi-faceted relations between the two countries. In 2007, India and Vietnam signed the 'Strategic Partnership' Agreement, which was very important, with the aim of taking our relationship to higher level than before. To date, Vietnam and India have strongly cooperated in many fields of politics, national defense, security, trade and investment, culture, education and capacity building.

2.1 Development of Bilateral and Commercial Ties

India granted the "Most Favoured Nation" status to Vietnam in 1975 and both nations signed a bilateral trade agreement in 1978 and the Bilateral Investment Promotion and Protection Agreement (BIPPA) on March 8, 1997. The Indo-Vietnam Joint Business Council has worked to promote trade and investment since 1993. In 2003, both nations promulgated a Joint Declaration on Comprehensive Cooperation, when the General Secretary of the Communist Party of Vietnam Mr. Nong Duc Manh visited India. In 2007, a fresh joint declaration was issued during the state visit of the Prime Minister of Vietnam Mr. Nguyen Tan Dung. Bilateral trade has increased rapidly since the liberalisation of the economies of both Vietnam and India. India is the 13th largest exporter to Vietnam, with exports growing steadily from US\$ 11.5 million in 1985-86 to US\$ 395.68 million by 2003. Vietnam's exports to India rose to US\$ 180 million, including agricultural products, handicrafts, textiles, electronics and other goods. Between 2001 and 2006, the volume of bilateral trade expanded at 20-30 per cent per annum to reach US\$ 1 billion by 2006. Continuing the rapid pace of growth, bilateral trade is expected to rise to US\$ 2 billion by 2008, two years ahead of the official target. India and Vietnam have also expanded cooperation in information technology, education and collaboration of the respective national space programmes. Direct air links and lax visa regulations have been established to bolster tourism.

One of the most important expectations of our partnership is business to business relationships. During Vietnamese President Truong Tan Sang's official visit to India in October 2011, leaders of the two countries reemphasised that economic and trade cooperation is the core of the bilateral cooperation, and that the two countries will try to increase bilateral trade. Thus, the two sides always hope for the most favourable conditions to have more Indian companies invest in Vietnam, as well as encourage Vietnamese companies look for business opportunities in India.

Many Indian companies have established representative offices in Vietnam in various sectors, including agriculture, rubber, coffee, cashew nut, carbon black and tea. India also has a US\$ 5 billion steel plant project by Tata Steel in the province of Can Tho.

In the year of friendship 2012, the Vietnam India Business Forum was set-up by Vietnam Chamber of Commerce and Industry (VCCI), the Indian Embassy and Indian Chambers of Commerce in Vietnam, with the aim of creating an active mechanism for further cooperation and enhancing the mutual prosperity, development and friendship. Also, it will be a bridge to exchange general information for businesses and other concerned agencies on both sides.

In terms of trade, the two-way trade turnover reached US\$ 4 billion in 2012 and is expected to hit US\$ 7 billion by 2015. Bilateral investment relations have flourished with many Indian projects in different fields worth billions of US\$. Vietnam's economic policies have brought great opportunities to Indian investors in taking advantages of developing markets of both Vietnam and ASEAN, and exporting their goods to other countries. Both countries' businesses should actively exploit each other's market place given the great potential, especially when the ASEAN - India Free Trade Agreement comes into effect.

2.2 Strategic Cooperation

India and Vietnam are members of the Mekong-Ganga Cooperation, created to enhance close ties between India and nations of Southeast Asia. Vietnam has supported India's bid to become a permanent member of the UN Security Council and join the Asia-Pacific Economic Cooperation (APEC). In the 2003 joint declaration, India and Vietnam envisaged creating an "Arc of Advantage and Prosperity" in Southeast Asia; to this end, Vietnam has backed a more important relationship and role between India and ASEAN and its negotiation of an Indo-ASEAN free trade agreement. India and Vietnam have also built strategic partnerships, including extensive cooperation on developing nuclear power, enhancing regional security and fighting terrorism, transnational

crime and drug trafficking. Vietnam has also welcomed Indian Navy ships in their region, which would enhance India and Vietnam military relations.

Various significant achievements in the last two years have contributed to the strengthening of the bilateral relations of friendship and cooperation. These have been reflected by a number of exchanges of high level visit, especially the State visit to Vietnam by H.E. Mrs. P. Patil, President of India in 2008, and the visits to India by H.E. Ms. Nguyen Thi Doan, Vice President in 2009, by H.E. Mr. Nguyen Phu Trong, President of the National Assembly in 2010 and by President Mr. Nguyen Minh Triet in 2012. Dialogue channels have been maintained. The relations among mass organisations have been further consolidated. Our cooperation in international and regional for continues to be strengthened and developed. Taking the “Look East Policy” to new heights, former President of India Mrs. Pratibha Patil embarked on a 10-day visit to Vietnam and Indonesia in 2008 to further expand India’s bilateral ties with India’s ASEAN neighbours.

Vietnam also had a great pleasure to welcome H.E. Mr. Atal Bihari Vajpayee, former Prime Minister of India in Hanoi in November 2001 and January 2011; H.E. Dr. Manmohan Singh, Prime Minister of India during his visit to Vietnam to participate in the ASEAN-Indian Summit and East Asia Summit meetings in Hanoi in October 2011. And in 2013, Vice President Mohammad Hamid Ansari’s four-day official visit to Vietnam manifested vividly the cordial relationship between the two nations.

2.3 Cultural and Educational Relations

In this part, I would like to mention the cultural and education cooperation between the two countries.

Up to now, India has helped Vietnam to train personnel in high education with many Ph.D., M.A. BA’s degrees’ holders. Among the trainees who studied in India, there have been many high-ranking staff such as former Ministers of Ministry of Foreign Affairs, Ministry of Agriculture and Rural Development, many scholars and professors in Vietnam’s premier universities and National Academy, officials in other institutions in Vietnam. Nowadays, where integration and cooperation for development have become very important in the world, the relations between India and Vietnam have got more favorable conditions to develop.

Education and training had been fruitful with the establishment of a high quality information and communication technology human resource centre (ARC-ICT) funded by the Indian government in Hanoi, English language training centers in Hanoi and Da Nang city and a vocational training centre in Ho Chi Minh City. As a leading country in software, India has helped

Vietnam to train IT programmers in order to export softwares abroad and M.A. degree holders in the same field in the last 15 years.

Every year, India gives Vietnam about 100 scholarships to train students in such fields as history, philosophy, literature, IT, national defence, biology, agriculture, journalism, political science, MBA, and some scholarships for post-graduates, researchers and apprentices. The rate of Vietnamese students in India is getting higher and higher and the scale is more and more widened.

At the beginning of the year 2000, in both Ho Chi Minh City and Hanoi, Departments for Indian Studies were established in University of Social Sciences and Humanities. In the departments, students can study Hindi, English and subjects of Indian Studies with the strong support from Indian Embassy and Government. The numbers of students who applied for the department have increased year by year, in some cases outnumbering those of Department for Japanese Studies and Southeast Asian Studies.

Currently, Indian government has decided to double the number of scholarships that they offer through the Indian Technical and Economic Cooperation (ITEC) Programmes. These scholarships are for short and medium term courses in various sectors like finance, banking, management, information technology, many engineering and water management related issues.

India has already set-up the Entrepreneurship Development Centre (EDC) in Hanoi.

In September 2012, they negotiated with the People's Committee of Hanoi to inaugurate the Vietnam-India Advanced Resource Centre in Information and Communication Technology with a grant of US\$ 2 million. Thus, education exchanges are quite strong.

Besides, the two governments have built up good relations in culture. Cultural exchanges between the two nations have been maintained for a long time and Indian arts such as film, music and dance are popular in Vietnam. Recently, we signed the cultural exchange programme for the next three years. India has also announced a US\$ 3 million project for conservation and restoration of temples at My Son, and we hope this project will start very soon. We are also looking at the possibility of starting a research project between Vietnamese and Indian scholars on the links between the Cham civilisation and India. Thus, I think this project will highlight the relationship between our two countries. On the side of Buddhism, we already had many strong exchanges; many Buddhist scholars from Vietnam have gone to India for higher studies and participating in conferences. Just in 2012, we organised

an international conference on Buddhism in Hanoi. In 2012, we organised an important seminar, entitled 'Life and legacy of Rabindranath Tagore' on the occasion of his 150th Birthday (1861-1941). The Indian government has also announced plans to open a cultural centre in Hanoi, aiming to promote Indian culture and education activities in Vietnam, and we hope very much this centre will be opened by 2014.

In 2012, Vietnam Academy of Social Sciences (VASS) established the Institute of Indian and South West Asian Studies.

3. Some Suggestions

- The numbers of scholarships currently available not yet reflect the real demand and quality of students. We should select students more carefully keeping in view their command of English. The education quality in many Indian universities is fairly good but those who apply for Indian scholarships are mostly poor at English. Indian students often rank Vietnamese students the worst only next to Chinese students! Their listening and comprehension skills are not good enough to understand the lessons and complete their tests. Vietnamese students rank number eight in quantity in the USA and their achievements there are also good. The problem here is that we should select more strictly to send the best students for study in India.
- The number of Vietnamese students going to study in India should be consulted in choosing the subjects they study. It will be wasteful if they study only few fashionable subjects and can't make them their careers when they are back to Vietnam.
- Some educational fields, which should be taken into consideration, because India is good at them, when we send students and scholars to India, are:
 - Performing Arts: movie, traditional dancing, traditional theatre
 - Social sciences and humanities: philosophy, linguistics, culture, literature, sociology, journalism, negotiating (one of the best in the world), history, etc.
 - Economics, business administration, finance, banking
 - Technology: I.T., nuclear power, telecom
 - English short courses.
- In the past, Indian movies were very popular in Vietnam. In our opinion, Indian movie are fairly healthy, having good movie magic, artistic settings,

the contents keep up with modernity but still keep Asian morality, suitable with Asian people. It is not at random that there are Indian movies everywhere in the world. However, the choices Vietnamese side has made of Indian movies are not very exact, which drive Vietnamese viewers away! We should be more professional after careful surveys.

- We should widen Indian Studies in Vietnam because Vietnam is located in Southeast Asia with strong influences from India. Nowadays, when the tendency of returning to Oriental values has attracted more and more people in the world, we need to go back our Asian origin. Indian Studies should be paid more and more attention because Indian culture is one of the two greatest civilisations having got the strongest influences on Asia in particular and the world in general.
- Following are some of the proposals from Vietnam National University:
 - Building up the biggest Institution for Indian Studies in Vietnam in all levels such as undergraduate and post graduate to train the experts in Indian Studies.
 - Besides continuing the training graduates and Master degree holders at the moment, we will widen the training and education curriculum to Doctorate degree like the other Departments in Faculty of Oriental Studies in VNU, University of Social Sciences and Humanities (USSH).
 - Doing research on all aspects of Indian Studies with high quality from ancient history to the contemporary hot issues; focusing on urgent needs created by the reality.
 - Creating a group of outstanding experts in the long run to contribute to Governmental policy-making by putting theoretical studies into practice. They will be the links between the both sides.
- With such long-termed goals, it is easy to understand that we are badly in need of precious help and cooperation from India. Thus, to fulfill such important tasks, VNU suggests:
 - Upgrading the Department for Indian Studies in USSH, which is still insufficient, to become the biggest Institution for Indian Studies in Vietnam at all levels such as undergraduate and postgraduate to train the experts in Indian Studies. Thus, we would like to have the precious help and cooperation from the Indian side about training and education for our new lecturers and students as soon as possible.

- We hope to receive some exchange lecturers and professors from India regularly to give lecture to our students. They should give lecturers in English so that our students can be updated with the current information about India during the contemporary time and improve their command of English at the same time.
- Creating the favourable conditions so that our students can do prentice in India after graduating or higher education.
- Exchanging students between our university and others in India following advice and guidance of India as well as the real requirements of the Vietnamese side.
- Grants for Vietnamese students who apply to study Sanskrit, Hindi or Indian Studies in India as has been done by India for a long time.
- In detail, in term of the teaching staff, we would like to receive the kind and precious help from India's government on the followings:
 - Train one Vietnamese lecturer per year in English and professional subjects (South Asian Studies) in short courses. It would be better to begin the training soon. Time for training and education depends on the concrete situations.
 - Sponsor one Professor-Chair in History or Culture granted by the Indian Council for Cultural Relations (ICCR) like those in Ho Chi Minh City to give lectures in our Department in order to improve the qualification for teaching and studying as soon as possible.
- Up to the beginning of 2013, the Department for Indian Studies in VNU, University of Social Sciences and Humanities has had nearly all the lectures supplied with documents and books in print or soft copies edited, compiled and written by the lecturers of the department. I myself have written 11 books about India.
- The Department also has translated seven books published in India into Vietnamese for lecturers and students to refer.
- We hope to receive the kind help from Indian side to supplement the documents and textbooks:
 - Grants to compile textbooks for undergraduates and post-graduates
 - Grants to write the textbooks written by Vietnamese lecturers
 - Grants to translate Indian books and documents which are so essential for our students.

- Provide us books and documents about India in all kinds, especially those which meet our curriculum herewith (in English, French or Hindi) so that we can set up a good library for Indian Studies in VNU.
- Get the copyright to publish the books translated already in the form of reference books.
- Everyone knows that between India and Vietnam, we have had a very long and precious legacy of friendship and cultural contacts. However, because of special conditions in history, we still haven't known much about each other. Therefore, we would like to recommend:
 - To provide us grants for scientific seminars, workshops and conferences on Indian Studies in all aspects.
 - Have exchange programmes regularly between the Indian lecturers, scholars and professors and Vietnamese ones to strengthen mutual understandings and cooperations because we know that in Jawaharlal Nehru University, Calcutta University, The Maulana Abul Kalam Azad Institute of Asian Studies, set-up at the joint initiative of the Government of India, Department of Culture, the Ministry of Human Resource Development and the Government of West Bengal and many others in India, there are Departments for South and Southeast Asian Studies too.

4. Conclusion

During the past few years, we have witnessed with satisfaction the development of friendship and cooperation between Vietnam and India. We are confident that, with the continuous efforts of both sides, the relations between Vietnam and India will be strengthened and developed further with every passing day so that we can develop and enhance not only the friendship but also strengthen the scientific research and teaching in Indian studies, enforce the labor forces to meet the urgent requirements in globalisation, and contribute to opening a new chapter in the relations between our two countries.

We would like to conclude by quoting what the poet Rabindranath Tagore said about the purpose of education and learning. He said "The highest education is that which does not merely give us information but makes our life in harmony with all existence." What we are trying our best today is to create a brighter future and a stronger friendship between our countries.

Ideational Interaction: The Next Frontier in India-ASEAN Relations

Muthiah Alagappa*

1. Introduction

International relations (IR) are shaped by the interactions of ideas, power, and interests. Considerations of parsimony, theoretical elegance and certain beliefs, however, have led some IR theories to emphasise the material or interest dimension with little or no regard for ideational influences. Realist theories, for example, emphasise power and its distribution, and national interest in explaining and predicting international behaviour of states. Ideas are equally important. In fact, it is possible to argue that in the long-run the influence of ideas outlives that of material power and interest. At the same time, it is important to recognise that ideas derive their influence at the outset and at critical junctures from the material power and interests of leading states in the system. However, once ideas gain traction they can take on a life of their own with consequences for the application of material power and the definition and pursuit of national interest. It is in that vein that I write this paper.

From the early 1990s India has begun to figure more prominently in Southeast Asian thinking especially on matters relating to economic development and security. Much of this has to do with India's economic and technological growth since then as well as the changing international strategic landscape especially as a consequence of the rise of China and the problems confronting the US. Although India has begun to feature more prominently in Southeast Asian thinking and it is a member of numerous Southeast Asian and East Asian forums, it is not incorrect to state that India has yet to find a firm footing in the region (some may contest this assertion which may be an incorrect perception on my part).

This paper explores the basis for an enduring relationship between India and Southeast Asia. Clearly economic and strategic considerations will be important. Although these dimensions appear to have commanded

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considerable interest and attention, further in-depth work and practical actions are required for India to gain a firm footing in the region. For the present, India's strategic importance in the region appears largely derivative. Effort is required to make it important in its own right (How?). If India's economic growth stutters, it will have a dampening effect on Southeast Asian interest and enthusiasm for India as well.

The argument of this paper is that although economic and security considerations will continue to be important in India-Southeast Asia relations, that relationship should be buttressed by ideational influences which are likely to be more enduring. Ideational influence is not a one-way street and has to be backed by power and interest of relevant states as well as by successful examples at home and demands in the regional market place.

2. History

Since before the dawn of the Christian era ideas originating in the Indian subcontinent have had significant and lasting influence in Southeast Asia and beyond. Among others these included spiritual ideas, literature, law, political treatise, language, the solar-lunar calendar (dating systems), architecture, social practices and the arts. Many political, legal and cultural practices in contemporary Southeast Asia may be traced to ideas originating in pre-modern and pre-colonial India. At the same time, it should be stressed that although heavily Indianised from the first to the fourteenth century, political entities in Southeast Asia were not dependencies, cultural colonies or primitive civilisations as sometimes implied. Indigenous leaderships and societies in Southeast Asia imbibed ideas and values they deemed attractive. In the process, they transformed and localised those ideas. There was little imposition but considerable borrowing and indigenisation. Push factors appear to have been less salient than pull factors in the spread of Indian ideas and values to Southeast Asia and beyond. Those ideas penetrated, interacted with and refined or transformed an existing stratum. The blend of Indian and Southeast Asian ideas and skills, and their incorporation into regular political and social practices appear to underlie the lasting influence of Indian ideas. In many ways they are no longer considered Indian or foreign. Those ideas have become local ideas. Like trade, they were the basis for much interaction between Indian and Southeast Asian entities of that time. In contemporary parlance, they would have been the basis for "soft power", although it is unclear if they were packaged and deployed as such to advance political and other influences in the region at that time.

3. Contemporary Ideas

The domestic and international dynamics of India and the Southeast Asian countries have altered dramatically since historical times. At best history can

be a guide. It is important not to submit to the tyranny of history in the search for ideas of contemporary relevance. Although some historical ideas may continue to be relevant as, for example, in the spiritual and literature domains, more salient ones are likely to have their origins in the common post-colonial endeavours of India and Southeast Asian countries. Mostly post-colonial in origin all these countries are in the process of making cohesive and coherent nations, building peaceful societies and effective states, building strong national economies, making scientific and technological advancements, and constructing a stable, peaceful, and rule-governed international system that supports national goals.

Political ideas of relevance may include civic nation, democracy, federalism, and constitutionalism. Civic nation making is the approach taken in making the Indian, Indonesian and Singaporean nations. These three countries can take the initiative in developing and marketing this idea. Likewise there are many democracies in the region with India and Indonesia the two largest democracies in Asia. Federalism and constitutionalism are practiced in India, Malaysia, others?

In the socio-cultural domain history adapted to suit contemporary times may be relevant in the areas of spiritualism, literature and the arts. The Nalanda University project may be a possible case in point.

4. Ideational Interaction: Some Guiding Principles

Not all countries have to participate in each undertaking. Participation of key relevant countries should be encouraged. Due to religious apprehensions certain Muslim-majority countries like Malaysia, for example, may be reluctant to participate in a project like the Nalanda University Project. But, other countries may be interested.

Ideational interaction projects may be government initiated or assisted at the outset. Subsequently, they must be driven by civil society and the market place.

Horizontal interaction with different countries taking the lead on different issues shall be encouraged. It should not be viewed as pushed by India. That may create resistance.

5. Generation and Development of Ideas and Construction of Market Dynamics

The challenge lies in supply (generating and developing ideas) as well as in creating demand in the market place. Ideational interaction may in the first instance be government initiated and supported but to be successful eventually they must be driven by demands in the regional market place.

Some avenues that need to be explored are:

- Educational institutions of excellence specifically targeting scientific and technological needs;
- Joint centres of excellence for the generation and development of certain political and economic ideas;
- Emulation of successful political and economic institutions, patterns and models. Successful examples at home and their potential for resolving problems or conflicts elsewhere are crucial;
- We need to harness film world. Bollywood (along with others like Kollywood) is hugely popular among the masses in India and Southeast Asia;
- Exchange through print, electronic and digital media; and
- Opening of the private sector

PowerPoint Presentations

WORKING SESSION: I

**ASEAN-India Strategic
Partnership: Economic
Cooperation**

List of Presentations in Session: I

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2. **ASEAN-India Trade Relation: Challenges and Prospects**
Poch Kongchheng, Researcher, Economic Institute of Cambodia (EIC), Phnom Penh 109
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Sanchita Basu Das, Fellow and Lead Researcher, ASEAN Studies Centre, and Coordinator, Singapore APEC Study Centre, Institute of Southeast Asian Studies (ISEAS), Singapore..... 118

Lao PDR-India Economic Relations: Performance and Perspectives for Future Economic Relations

Leeber Leebouapao

2nd Round Table of ASEAN-India Networks of Think-Tanks



Lao PDR-India Economic Relations: Performance and Perspectives for Future Economic Relations

Dr. Leeber Leebouapao
Director General
National Economic Research Institute

Points of Discussion

- Lao PRD-India Economic Relations Framework
- Recent Performances of Lao PDR-India Economic Relations
- Perspectives for Future Economic Relations
- Recommendations

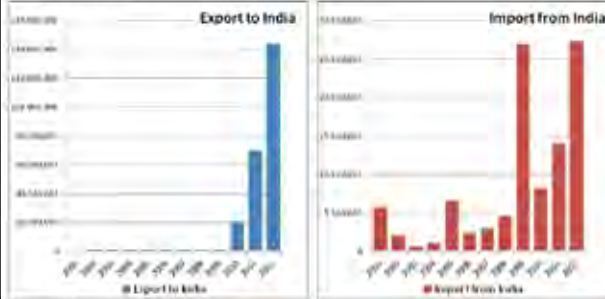
Lao PDR-India Economic Relations Framework

- Asia-Pacific Trade Agreement
- Mekong- Ganga Cooperation
- ASEAN-India Agreement on Trade in Goods
- ASEAN-India Agreement on Trade in Services
- India's Duty Free Tariff Preference Scheme for Least Developed Countries.

These cooperation schemes provide good frameworks for strengthening the economic relations between Lao PDR and India.

Recent Performances of Lao PDR-India Economic Relations

• Trade



Source: International Trade Centre.

Recent Performances of Lao PDR-India Economic Relations

• Lao PDR's major destinations for exports

Unit: % of total export

Year	2006	2007	2008	2009	2010	2011	2012	Rank in 2012
Thailand	46.1	48.7	49.7	42.8	36.3	33.9	45.0	1
China	1.6	7.8	9.6	26.1	29.1	21.5	18.7	2
India	2.0	0.0	0.0	0.6	1.9	2.4	5.1	3
Japan	1.1	3.0	1.5	1.9	1.8	3.4	4.6	4
United Kingdom	5.1	4.0	4.4	4.9	3.8	0.0	3.9	5
Germany	3.7	4.3	1.4	4.9	3.1	3.0	2.9	6
Australia	1.7	0.8	0.6	0.1	0.1	0.2	1.7	7
United States	1.8	0.9	0.6	1.9	0.7	0.5	1.3	8
United States of America	0.9	1.8	1.2	1.1	1.0	1.1	0.9	9
Malaysia	6.7	6.7	8.6	8.5	8.7	8.7	6.9	10
France	3.0	3.8	2.4	1.7	1.2	0.9	0.6	11
Indonesia	1.2	1.0	1.6	0.7	0.9	0.6	0.6	12

Source: International Trade Centre.

Recent Performances of Lao PDR-India Economic Relations

• Lao PDR's major sources for imports

Unit: % of total imports

Year	2006	2007	2008	2009	2010	2011	2012	Rank in 2012
Thailand	69.2	69.7	69.3	62.9	65.5	65.6	67.3	1
China	11.4	9.4	10.6	14.4	14.8	11.2	17.4	2
Republic of Korea	1.6	3.0	2.1	2.1	3.4	3.6	3.1	3
Germany	0.7	1.7	0.9	0.6	0.7	0.9	2.9	4
Japan	1.4	2.0	2.5	2.8	1.9	1.8	2.6	5
United Kingdom	0.7	0.6	0.7	2.1	1.7	3.2	0.7	6
Australia	1.3	1.1	0.6	0.3	0.7	0.6	0.7	7
Netherlands	0.4	0.5	0.6	1.1	0.6	0.7	0.6	8
United States of America	0.5	0.7	0.7	0.8	0.4	0.6	0.9	9
Indonesia	0.0	0.0	0.3	0.0	0.0	0.1	0.6	10
Singapore	2.8	2.1	1.0	1.4	0.7	0.8	0.6	11
India	0.2	0.2	0.2	1.0	1.3	0.1	0.5	12

Source: International Trade Centre.

Recent Performances of Lao PDR-India Economic Relations

• Major imports from India

Unit: thousand USD

	2006	2007	2008	2009	2010	2011	2012
Meat and edible meat offal	0	0	0	0	0	0	10,312
Vehicles other than railway, tramway	0	59	0	333	968	1,475	5,248
Aluminium and articles thereof	3	0	0	5,632	249	11	4,939
Pharmaceutical products	160	605	1,128	1,556	1,355	1,596	1,297
Plastics and articles thereof	7	30	13	12	42	18	1,238
Articles of iron or steel	130	52	2,266	4,850	1,715	1,455	1,131
Machinery, nuclear reactors, boilers, etc	281	1,102	271	1,151	223	5,125	289
Optical, photo, technical, medical, etc apparatus	298	18	57	6,261	121	323	267
Organic chemicals	306	311	419	57	54	177	222
Electrical, electronic equipment	884	4	9	6,662	1,486	3,017	190
Others	293	758	428	405	1,967	769	2,175
Total	2,362	2,939	4,591	26,919	8,180	13,966	27,308
Share of imports from India in Lao total imports (%)	0.16	0.16	0.18	1.03	0.25	0.33	0.51

Source: International Trade Centre

Recent Performances of Lao PDR-India Economic Relations (cont'd)

• Major exports to India

Unit: thousand USD

	2006	2007	2008	2009	2010	2011	2012
Ores, slag and ash	-	-	-	-	19,802	69,560	142,831
Wood and articles of wood, wood charcoal	-	-	7	65	71	20	170
Lac, gums, resins, vegetable saps and extracts nes	286	54	4	89	105	126	2
Others	53	26	380	26	45	143	21
Total	339	80	391	180	20,023	69,849	143,024
Share of export to India in total Lao exports (%)	0.03	0.01	0.03	0.01	0.97	2.41	5.20

Source: International Trade Centre

Recent Performances of Lao PDR-India Economic Relations (cont'd)

Trade Complimentary Index between Laos and India

	Laos's Import & India's Export	India's Import & Laos's Export
2003	17.80	6.60
2004	18.33	6.65
2005	30.15	6.69
2006	32.23	7.06
2007	33.19	7.80
2008	36.93	6.40
2009	38.25	5.99
2010	31.87	6.11
2011	35.72	5.55
2012	36.93	5.71
2013	31.28	5.21
2012	30.52	5.73
Average	25.16	6.06

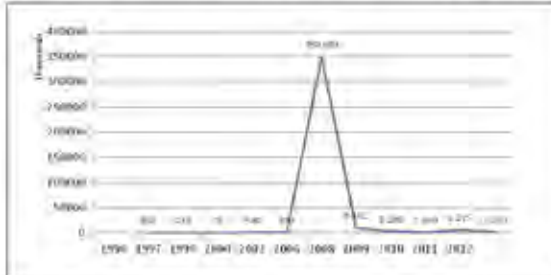
Source: Calculated by Vietnam Institute and Statistics Department, Export and Import Index (2012) & STATSOFT data from World Integrated Trade Solution (WITS), Geneva

Note: The index equals 100 if (Laos's Import/India's Export) equals (India's Import/Laos's Export)

Sizable potentials for increasing bilateral trade in particular on the import of Indian goods

Recent Performances of Lao PDR-India Economic Relations (cont'd)

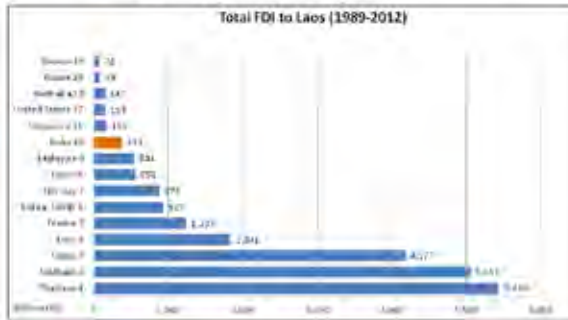
FDI inflows from India remains small but focuses on priority area



Source: Department of Investment Promotion

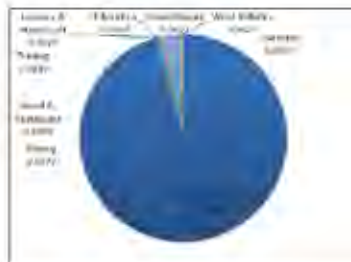
Recent Performances of Lao PDR-India Economic Relations (cont'd)

FDI by major investing countries



Recent Performances of Lao PDR-India Economic Relations (cont'd)

- Major sectors which attracted Indian investments include plantation (agar wood and eucalyptus) and mining (iron ores).



Perspectives for Future Economic Relations

- Lao PDR and India have a long history of good relations and never have political conflicts. This friendly political relations provides a good foundation for economic cooperation.
- India is one of the dialogue partners of ASEAN while Lao PDR is a member of ASEAN. Hence the ASEAN-Indian cooperation provides very strong fundamental for improving bilateral economic cooperation between our two nations.

Perspectives for Future Economic Relations (Cont'd)

- Lao PDR is a least developed country hence investment in Laos could enjoy the Duty Free Tariff Preferences Scheme given by the Indian counterpart.
- Lao PDR has a favourable business climate such as political stability, macroeconomic stability, natural resources endowment, relatively low labour cost and low land concession/rent, generous investment incentives for FDI and land linked country. These are some of the advantages that Indian investments could enjoy.

Some Challenges to Lao PDR-India Economic Relations

- No direct connectivity between Lao PDR and India together with the land-locked position of Lao PDR could cause high cost of transportation.
- Lao PDR maybe too small market for India in particular trade and investment.

Recommendations

- Improve connectivity between Lao PDR and India
- Review current cooperation framework in particular under ASEAN-India, Mekong-Ganga and bilateral framework.
- Explore possibilities and opportunities for further cooperation in the potential sectors including tourism, agro-processing, ICT and education.
- Increase cooperation between Lao and Indian Chamber of Industry and Commerce to promote more Indian investment in Laos and exchanges ideas on SME and private sector development.
- Continue to organize forums and workshops to share development experiences between Lao PDR and India.

Thank you

ASEAN-India Trade Relation: Challenges and Prospects

Poch Kongchheng

ASEAN-INDIA TRADE RELATION: CHALLENGES AND PROSPECTS

10 September 2013

Kongchheng POCH (Mr.)

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

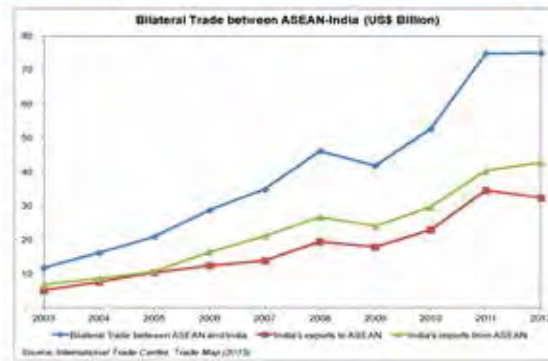
Contents

1. Introduction
2. Recent developments
3. Challenges
4. Prospects
5. Concluding remarks

Introduction

- ASEAN-India relation has taken new shape (since the AIFTA came into effect since 1 January 2010).
- AIFTA, one of the world's largest FTAs, covers a combined GDP of US\$2.75 trillion and a combined market of nearly 1.8 billion people.
- Though it's early to conclusively assess impacts of AIFTA, bilateral trade between ASEAN and India has expanded significantly after the AIFTA conclusion.
- Current status, challenges, and prospects?

Recent developments (1/3)



Recent developments (2/3)

- Total value of bilateral trade between two economies reached roughly US\$75 billion in 2012, contributed US\$42.7 billion by ASEAN's exports and US\$32.3 billion by India's exports.
- Bilateral trade remained flat in 2012 compared to 2011 due to global economic uncertainty or any other issues?
- The bilateral trade remains concentrated between India and 4 developed ASEAN members (Singapore, Indonesia, Malaysia and Thailand).

Recent developments (3/3)

- Two-way trade between India and remaining ASEAN members, especially CLMV countries, remains at small scale.
- Bilateral trade between two economies is around 3% of ASEAN's total trade with the world or less than 10% of India's global trade.

Challenges

- Costs of trading
- Cumbersome customs process
- Emerging protectionism
- Multiple rule of origins
- Utilizing FTA embeds fixed costs: Large enterprises are in better position than SMEs
- Many SMEs are unfamiliar with tariff preferences

Prospects (1/2)



Prospects (2/2)

- Robust economic performance in two economies
- Fast-growing CLMV economies
- India gradually integrated into regional production networks
- Sizeable growth of intra-ASEAN FDI in CLMV economies
- RCEP: opportunity for streamlining the so-called "ASEAN+1" FTAs

Concluding remarks

- Bilateral trade between ASEAN and India has been driven significantly by FTA.
- However, two-way trade between two economies remains at low level and particularly unbalanced among ASEAN members.
- Required policy actions:
 - Diversifying export products
 - Enhancing utilization of FTA through involving SMEs in regional supply chains and facilitating better investment flows
 - Monitoring FTA implementation and accelerated domestic reforms (governance)

**Thank you for your attention!
Questions & Comments!**

ASEAN-India Strategic Partnership And Design of Future Regional Trading Architecture

Agus Syarip Hidayat

ASEAN-India Strategic Partnership and Design of Future Regional Trading Architecture

Mr. Agus Syarip Hidayat
Economic Research Center, Indonesian
Institute of Sciences (LIPI)

Roundtable ASEAN-India Network of Think Tanks (AINTT) Meeting
Vientiane, Lao PDR, 10 September 2013

Introduction

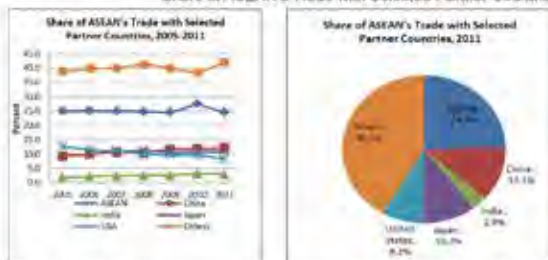
- ❖ AIFTA has come into force since 1 January 2010.
- ❖ AIFTA is expected to influence the trajectory of the current and future international order:
 - The Global Swing States
 - The engine of economic growth in Asia under the Asian Century scenario 2050.
 - BRICS
- ❖ Future regional trading architecture
 - TPP vs. RCEP, AIFTA...???

What are the roles of AIFTA to contribute in designing a future regional trading architecture?

ASEAN-India FTA (AIFTA)

Implementation of AIFTA has been responded positively by the business sector as indicated by the significant increase of total trade between ASEAN and India.

Share of ASEAN's Trade with Selected Partner Countries



Source: ASEAN Regional Information Exchange Database System (REXDBS)

Level of Liberalization by Country Under the ASEAN+nFTAs

Among ASEAN+nFTAs, AIFTA is regarded as the FTA's lowest level liberalization.

ASEAN	ASEAN-Korea (%)	ASEAN-China (%)	ASEAN-ANZ (%)	ASEAN-India (%)	ASEAN-Japan (%)	Average (%)
Singapore	100	100	100	100	100	100
Brunei	97.8	97.9	98.5	82.6	96.4	94.6
Malaysia	93.5	93.7	95.0	79.6	92.1	90.9
Thailand	93.7	88.3	96.8	74.3	96.9	90.4
Indonesia	86.3	89.0	93.8	59.4	88.7	82.9
Philippines	97.9	86.5	94.8	75.8	86.0	90.2
Vietnam	84.3	81.1	80.9	69.7	84.7	82.4
Cambridge	85.5	86.7	86.2	84.1	76.0	85.7
Laos	85.8	96.4	90.7	77.5	84.1	86.8
Myanmar	87.5	86.9	86.1	73.6	79.4	82.7
Korea	91.7					
China		84.6				
ANZ			100			
India				74.1		
Japan					86.1	
Average	91.6	92.0	94.6	76.3	89.2	

Source: AFTA Study, 2007.
Note: Data on Myanmar under the ASEAN-China FTA is missing for 2007 survey.

AIFTA, a New Driver For Resurgence of Asia

Three drivers of Asian growth in the future: the emerging Asian middle class; climate change; and the communications revolution

Projection on the Population of Middle-Upper Class and GDP Per-capita

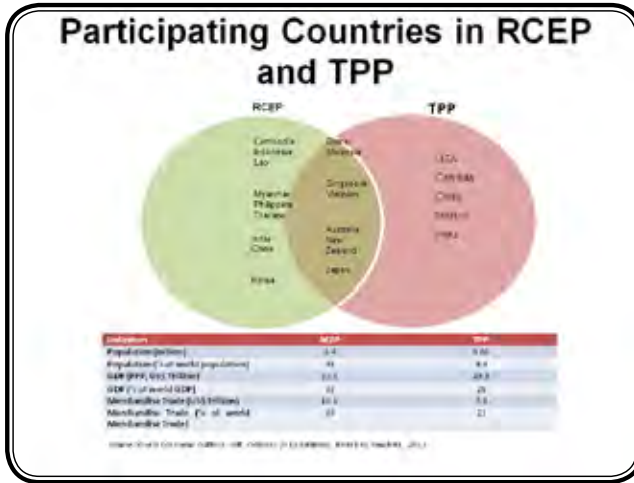
Country	2010			2050		
	Middle Class Population (million)	Upper Class Population (million)	GDP per capita (USD PPP)	Middle Class Population (million)	Upper Class Population (million)	GDP per capita (USD PPP)
China	1,120	40	21,700	1,240	190	47,600
India	1,190	85	12,000	1,400	210	41,700
Japan	200	5	15,600	250	40	77,400
Republic of Korea	120	20	40,900	50	40	56,700
USA	30	20	60,200	10	26	107,600
Germany	40	10	15,900	100	16	33,400
World	4,680	540	19,400	5,900	1,000	30,000
US	180	100	55,900	130	200	86,600
Germany	50	30	51,300	25	50	77,000

Source: Centennial Group projections, ADB Report 2011

Regional Trading Architecture

	RCEP	TPP
COMPARISONS	<ul style="list-style-type: none"> RCEP is led by ASEAN to gather all regional ASEAN FTAs. Open out of ASEAN-3 FTAs with China, India, Japan, South Korea, Australia and New Zealand. Based on open economic class, where membership can be expanded later as more countries sign FTAs with ASEAN. Negotiations expected to start in 2013 and to be concluded by 2015. 	<ul style="list-style-type: none"> TPP is led by the US to bring with its trade policy objectives of open toward Asia. Open out of FTA agreement between New Zealand, Brunei, Singapore and Chile in 2002. TPP countries have been encouraged to join negotiations, also open to access later by non-TPP members. Negotiations started in 2011 and are likely to be concluded by October 2011.
CHARACTERISTICS	<ul style="list-style-type: none"> Aim to have an integrated regional economic agreement that is deeper than existing FTA operations, and to support sustainable economic development. Areas include: trade liberalization in goods, services and investment; technical cooperation; intellectual property; dispute settlement (DPS); security. 	<ul style="list-style-type: none"> Aim to establish regional FTA that can tackle the challenges of 21st century. Areas include: trade liberalization in goods, services, investment, intellectual property rights, environmental protection, labor, financial services, technical barriers to trade and other regulatory issues (TRIs) etc.
INITIATION AGREEMENT	<ul style="list-style-type: none"> Flexibility including provision for special and differential treatment, plus additional facilities to the least-developed ASEAN Member States. 	<ul style="list-style-type: none"> High-level and comprehensive.

Source: Basu Das, Sanjitha, 2013 and Jayant Menon, 2013



TPP vs. RCEP: Competition Between Two Giants?

- ❖ TPP as part of political scenario of USA in the Pacific region.
- ❖ USA has a strong concern over the emergence of China as a second largest economy in the world that will strengthen the China's influence in the region, particularly in Asia.
- ❖ USA has also concern on the effort of China to dominate ASEAN in the economic and security aspect.
- ❖ Medeiros (2005) views that the effort of China to embrace ASEAN is not only for the economic purpose, but also as China's "hedging strategy" to offset USA domination in the Asia.
- ❖ USA also has no interest to include India in the TPP negotiation.

In what respect, AIFTA can support RCEP as future regional trading architecture?

- Strengthening unity of RCEP participating countries.
- Rebalancing power among RCEP participating countries.
- Bridging/ Hub to other region.

Strengthening Unity of RCEP Participating Countries

- ❖ Some ASEAN countries have double membership both in RCEP and TPP.
 - Disunity of ASEAN members into TPP and RCEP blocks could undermine ASEAN's centrality in the RCEP design.
- ❖ RCEP framework would provide more benefit to the ASEAN than that of TPP's scheme:
 - ASEAN centrality will still be retained under RCEP scheme.
 - TPP liberalization scheme is more suitable for the members who have relatively similar stage of development.
 - RCEP can be regarded as an "exercise field" for ASEAN + nFTAs to compete in a wider and tighter competition.
 - intra trade and regional production network (RPN) among RCEP members would increase significantly more than that in the TPP.

Rebalancing Power among RCEP Partner Countries

- AIFTA is expected to counterbalance the dominance of China in the Asia region.
- Trade bloc dominated by a country that has enormous economic, politic and security power will be hard to be developed.
- Trade bloc, regardless of its shape, shall have the power scattered among its members.

Bridging/ Hub to other Regions

- AIFTA is also expected to become a hub between RCEP and other regions in Asia.
- If RCEP could be able to pull a few countries in other regions (ie: South Asia) to join, then the RCEP power will be greater.
 - market size,
 - regional security,

Recommendation

- a. AIFTA should consider proposing a deepening liberalization among the members by addressing not only the issues of trade and investment, but also the issue of capacity building for business actors categorized as Small Medium Enterprises (SMEs). Nowadays, SMEs are the largest business entity as well as the backbone of most of ASEAN countries and India.

Recommendation (cont'd)

- b. AIFTA should make lobbies to ASEAN members that are still have double standing under RCEP and TPP. By considering some aspects, it is better for ASEAN to focus on RCEP.
- c. AIFTA should propose a clear mechanism of RCEP liberalization in a concrete manner. For instance in the issues of RoO, NTB, technical cooperation, capacity building, intellectual property right, dispute settlement mechanism etc.

Thank You

ASEAN-India Strategic Partners – Economic Cooperation

Sanchita Basu Das

Asean-India Strategic Partners – Economic Cooperation

Ms. Sanchita Basu Das

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Overview

- ❖ Introduction
- ❖ ASEAN-India Relation
- ❖ Discussion on Production Network and
Barriers to trade
- ❖ RCEP – Benefits and Challenges
- ❖ ASEAN-India: Way Forward

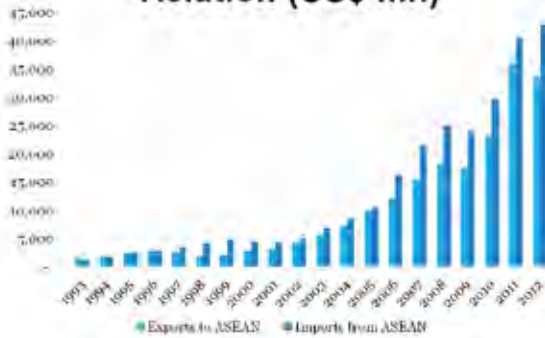
Introduction

- ❖ India initiated a "Look-East Policy" in 1991.
- ❖ India and ASEAN has been steadily rising since the
initiation of India's Look East Policy (Sen, *et al.* 2004).
 - ❖ sectoral dialogue partner of ASEAN in 1992 and full dialogue
partner in 1995.
 - ❖ member of the ASEAN Regional Forum in July 1996
 - ❖ first ASEAN-India summit in November 2002.
 - ❖ India signed bilateral FTAs with Thailand in 2003 and with
Singapore in 2005
 - ❖ sub-regional cooperation between India and some of the ASEAN
members – MQC and BIMSTEC
 - ❖ Framework Agreement on establishing a FTA between ASEAN
and India came in 2003.
 - ❖ India became a strategic partner of ASEAN in December 2012
 - ❖ India is negotiating RCEP since May 2013.

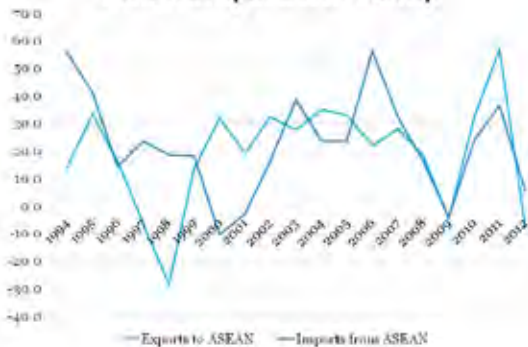
ASEAN-INDIA: MACROECONOMIC INDICATORS

	2008	2009	2010	2011	2012
GDP (US\$trn)					
ASEAN-10	1.48	1.49	1.82	2.11	2.25
India	1.22	1.36	1.71	1.87	1.84
Real GDP Growth (%)					
ASEAN-10	3.8	1.2	6.7	4.4	4.9
India	3.9	8.5	10.5	6.3	3.2
Population (million)					
ASEAN-10	580	587	594	601	608
India	1,175	1,190	1,206	1,221	1,237

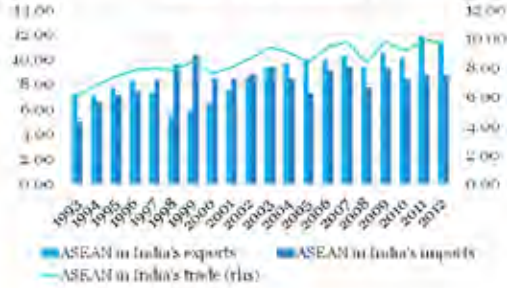
ASEAN-INDIA: Bilateral Trade Relation (US\$ mn)



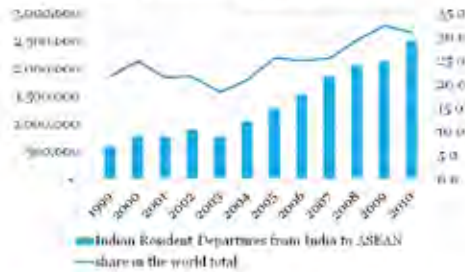
ASEAN-INDIA: Bilateral Trade Relation (Growth Rate)



ASEAN-INDIA: Bilateral Trade Relation (% share of ASEAN in India's trade)



ASEAN-INDIA: People's Movement (persons)



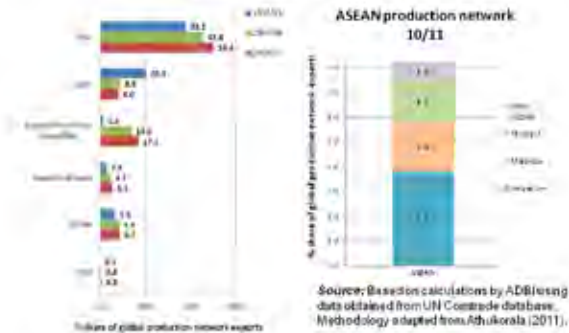
Note: ASEAN includes nine countries. Data was not available for Vietnam.
Source: CEIC Database

ASEAN-INDIA Relation and other FTA Partners

	Bilateral Total Trade, 2010 (US\$ billion)	FDI Inflows to ASEAN (2008-10, US\$ billion)	Tourist arrivals in ASEAN, 2011 ('000)
Australia	55.4 (2.7)	3.3 (2.1)	3926 (4.8)
China	232.0 (11.3)	8.9 (5.5)	7315 (9.0)
India	55.4 (2.7)	3.9 (2.4)	2711 (3.3)
Japan	205.6 (10.1)	16.3 (10.1)	3664 (4.5)
Korea, Rep. of	98.6 (4.8)	6.7 (4.2)	3862 (4.8)
New Zealand	7.3 (0.4)	0.3 (0.2)	390 (0.5)
ASEAN Total	2,045	161	81,779

Note: The numbers in bracket gives the share (%) in ASEAN total.

Evolution of Production Network Exports, 1992-2011



Production Networks - at the Heart of Asia's Manufacturing Growth Success

- ❖ ASEANs export success over the last decades is linked to PNs
- ❖ PNs have been driven by a market forces and institutional factors, for example:
 - ❖ advances in technology allows industries to break down the long production chain into a shorter one;
 - ❖ communication technology and the development in transportation systems reduces costs while improving the speed and efficiency in coordinating the fragmented production processes; and
 - ❖ deregulation in trade and investment policies reduce the cost of cross-border business activities.

Production Networks - at the Heart of Asia's Manufacturing Growth Success (cont'd)

- ❖ Key shifts in PNs in 2000s particularly since GFC:
 - ❖ Further rise of East Asia led by China, Korea and ASEAN
 - ❖ Limited participation by India
 - ❖ Large firm dominance but some SME participation

Other Barriers to trade

- ❖ Further advancement of production networks requires further economic integration – mainly trade and investment facilitation
- ❖ The increased economic integration should address the 'noodle bowl' of FTAs
- ❖ Encourage SME participation in production networks
- ❖ Invest in infrastructure to reduce the cost of doing business

Why Trade and Investment Liberalization and Facilitation?

- ❖ Capture rising consumption in Asia. Create more business opportunities for firms and enable more exports in goods and services to Asian markets.
- ❖ Promote economic growth. Stimulate necessary structural reforms to boost competitiveness and revitalize the domestic economy.
- ❖ Advance beyond at WTO Doha impasse. Have a voice in construction of economic rules and systems in the Asia Pacific region.

Source: Adapted from Urata (2011) and Kiwa & Urata (2012)

Issues with ASEAN+1 FTAs

- ❖ ASEAN + 1 FTAs show patterns of "Noodle Bowl" effect.
- ❖ ASEAN-India FTA has tariff elimination rate of 79.6% (Fukunaga and Isono (2013), citing Kuno).
- ❖ Commitment to services liberalization vary across agreements and still generally low.

REGIONAL COMPREHENSIVE ECONOMIC PARTNERSHIP (RCEP) AGREEMENT

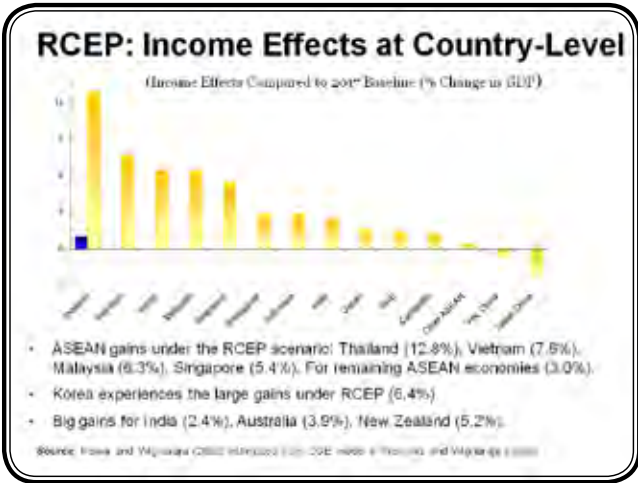
- ❖ Joins the 10 ASEAN members with its 6 FTA partners – Australia, China, Japan, Korea, and New Zealand.
- ❖ A comprehensive and mutually beneficial FTA aiming for significant improvements over the existing ASEAN+1 FTAs.
- ❖ Guiding Principles list 8 negotiation areas - trade in goods, trade in services, investment, economic and technical cooperation, intellectual property, competition, dispute settlement, among others.
- ❖ Given the lack of progress in the WTO Doha round, RCEP validates the fact that it is easier for small groups of “like-minded” trading partners to work towards economic cooperation.

Relevance of RCEP

- ❖ A comprehensive and mutually beneficial FTA aiming for significant improvements over the existing ASEAN+1 FTAs.
- ❖ Entrenches ASEAN centrality.
- ❖ A good compromise between the China-favoured EAFTA and the Japan-favoured CEPEA.
- ❖ RCEP’s flexibility clause takes into account the development stages of the members.

Benefits of RCEP

- ❖ Consolidates the five existing ASEAN+1 FTAs into a broader regional architecture that will minimize the “noodle or spaghetti bowl” effect of multiple, varied, and overlapping FTAs.
- ❖ Robust regionalism may alleviate challenges faced by the existing FTAs, such as under utilization by companies - Thailand (25 per cent), the Philippines (20 per cent) and Singapore (17 per cent).
- ❖ Expected to generate 32% of world’s GDP (US\$26.2 trillion), covering about 48% of world population (3.5 billion) by 2015.



Challenges for RCEP Negotiations

❖ 3 different dynamics across 16 members

Table 1: Status of FTAs between RCEP Members

	ASEAN	Aus	NZ	China	India	Japan	Korea
Australia	S/E	—	S/E	S	N	N	N
N. Zealand	S/E	S/E	—	S/E	N	P	N
China	S/E	S	S/E	—	P	N	N
India	S/E	N	N	P	—	S/E	S/E
Japan	S/E	N	P	N	S/E	—	P
Korea	S/E	N	N	N	S/E	P	—
Rep.							

S – Signed, S/E – Signed and in Effect, N – Negotiation Launched, P – Proposed and Under Study

Source: Author's compilation; Asia Regional Integration Centre (ARIC), ADB

Challenges for RCEP Negotiations (cont'd)

❖ Differences in development stages and interests among negotiating partners - will RCEP's flexibility clause break deadlocks or curtail greater liberalization? Will the pursuit of harmonization, consensus, and flexibility lead to a robust agreement or one that is watered down?

Table 2: Varying Levels of Development

Low Income Economies (US\$ 1,025 or less)	Lower Middle-Income Economies (US\$ 1,026 – US\$4,035)	Upper Middle-Income Economies (US\$4,036 – US\$12,475)	High-Income Economies (US\$12,476 and more)
Cambodia & Myanmar	Indonesia, India, Laos, Philippines, Vietnam	China, Malaysia, Thailand	Australia, Brunei, Japan, Korea, Rep., New Zealand, Singapore

Note: Economies are divided among income groups according to 2011 gross national income (GNI) per capita.

Source: Author's compilation from World Bank (country classification data).

Challenges for RCEP Negotiations (cont'd)

- Highly varied FTAs; FTA engagement still viewed as a threat by the private sector; the RCEP has yet to garner key domestic support.

Table 3: Economic Coverage of ASEAN+1 FTAs

	AANZFTA	ACFTA	AFTA	AJCEP	AKFTA
Signed	2009	2002	2009 (G)	2008	2006
Date of Entry into Force	January 2010 (G,S,I)	July 2005 (G), July 2007 (S)	January 2010 (G)	December 2008	June 2007 (G), May 2009 (S)
(IIP)		Feb 2010 (I)			Sept 2009 (I)
Negotiation Approach	Comprehensive Single Undertaking	Sequential	Sequential	Single Undertaking	Sequential
Total Population, million, 2011	635	1955	1815	736	658
Total GDP, US\$ billion, 2011	3822	9474	4003	8043	3292
Total trade, US\$ billion, 2011	2983	6036	3162	4072	3474

Note: G: Goods, S: Services and I: Investment. Single Undertaking: Virtually every item of the negotiation is part of a whole and indivisible package and cannot be agreed separately. Sequential: A leading country decides whether to negotiate sequentially with only a subset of countries or simultaneously with all countries.

Source: Author's compilation from various sources.

ASEAN-India: Way Forward

- ❖ India needs to embark on the second phase of 'look east' policy.
 - ❖ link themselves to production networks in East Asia and
 - ❖ develop production networks in manufacturing and services within their region.
- ❖ Cross-border infrastructure
 - ❖ Ports, airports and highways as well as soft infrastructure (use of ITC)
 - ❖ Public-private sector partnerships
 - ❖ Coordination among sub-regional governments

ASEAN-India: Way Forward (cont'd)

- ❖ FTAs work best when firmly embodied in a domestic economic reform agenda
- ❖ Key elements of a domestic reform agenda
 - ❖ domestic market-oriented reforms (e.g. services and investment liberalization)
 - ❖ financial sector reform and regulation
 - ❖ upgrading human capital and technological capabilities

ASEAN-India: Way Forward (cont'd)

- ❖ Rising use of FTA preferences by firms in Asia (24% to 37% between 2008 and 2011) but below optimum.
- ❖ Large firms and multinationals use FTAs more than SMEs.
- ❖ Lack of information is key impediment. Low margins of preference, cumbersome procedures, EPZ/ITA schemes are others.
- ❖ Need to improve business support for SMEs to benefit from FTAs.
- ❖ Integrated service package, partial cost recovery, public and private sector provision.

Conclusion

- ❖ ASEAN and India has come a long way both in terms of economic and strategic relation
- ❖ India needs to embark on the second phase of 'look east' policy.
- ❖ Deepening of production network is needed – require liberalization and facilitation of trade and investment flows
- ❖ FTA-led liberalization via ASEAN+1s have helped reduce barriers to trade

Conclusion (cont'd)

- ❖ There is a need to consolidate ASEAN+1 FTAs to reduce the risk of “noodle bowl” and facilitate a WTO trade deal
- ❖ RCEP is a means to achieving greater regional integration
- ❖ However, there are other issues that need to be addressed to make RCEP work for growth

THANK YOU!

WORKING SESSION: II

**ASEAN-India Strategic
Partnership: Connectivity**

List of Presentations in Session: II

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ASEAN-India Strategic Partnership: Connectivity

Bounpan Kongnhinhsayaseng

2nd Round Table on ASEAN-India Network of Think Tanks “ASEAN-India Strategic Partnership: Connectivity”

Mr. Bounpan KONGNHINHSAYASENG
Deputy Director, IFA, Lao PDR
Don Chan Palace, 10 September 2013

1. Laos-India Cooperation

- We are very pleased to note that the long standing ties of friendship and traditional cooperation between Laos and India as of 57 years have been continuously strengthened over the last decades as shown through regular exchanges of high-level visits;
- India has assisted Laos in the areas of education, culture, agriculture, energy and other fields. India is committed to providing low interest loans to Laos to support socio-economic development in the country. Mekong-Ganga Cooperation projects have also contributed to socio-economic development and strengthened cooperative relations between India and the five Mekong countries as well as a vision for cooperation between India and the Mekong countries;

1. Laos-India Cooperation (cont'd)

- The Lao government and people highly valued the consistent support and solidarity extended in the past by the Indian government and people to the Lao people at the time of fighting for national independence and their present assistance in many spheres for the Lao PDR in the tasks of national safeguard and construction;
- Indian support and assistance had significantly contributed to the economic and social development in Laos, thus gradually improving the living conditions of the Lao people.
- We really hope that the friendly relations and existing good cooperation will be further intensified and flourished in the years to come so as to ultimately bring tangible benefits to the peoples of our two countries;

1. Laos-India Cooperation (cont'd)

- In terms of education: Indian Government has provided scholarships for Lao Nationals such as: 20 people per year for long-term training and 130 for short term training;
- Loan for US \$ 72.55 million to Laos, while India ranks at 7 of FDI in Laos with US\$ 365 million has been implemented in 14 projects (as of 2011).

2. The Achievements

- 2012 was a good year to commemorate the 20th Anniversary of the ASEAN-India Dialogue Relations under the theme of "ASEAN-India Partnership for Peace and Shared Prosperity"; In support of this commemoration, a series of commemorative activities were carried out to signify the expanding and deepening of the Dialogue Partnership, especially the ASEAN-India Car Rally showcasing the physical connectivity between ASEAN and India as well as promoting the visibility of ASEAN-India cooperation in both regions. As such the ASEAN-India partnership has been elevated to the Strategic Partnership. The Commemorative Summit also adopted the ASEAN-India Vision Statement which serves as a basis for ASEAN-India cooperation in the future. In addition, it is worth noting that the negotiations on Agreements on ASEAN-India Trade in Service and Investment were concluded, thus, completing the ASEAN-India FTA negotiations. I look forward to the signing of these agreements by the ASEAN-India Trade Ministers;

2. The Achievements (cont'd)

- India plays important role to ensure regional peace and stability through its accession to the Treaty of Amity and Cooperation in Southeast Asia (TAC) in 2003 and India's active contribution in the ASEAN Regional Forum (ARF), the East Asia Summit (EAS) and the ASEAN Defence Ministers' Meeting (ADMM) Plus;
- In the context of connectivity – physical, institutional, people-to-people, digital and by sea and air become the key to closer partnership. In addition, connectivity can link people, stimulate trade and generate prosperity across the region as well as leading the expansion of economic, trade, tourism, social and culture as exceed in trade as of 100 billion U.S. dollars by 2015 and aim for the milestone of 200 billion U.S. dollars ten years from now;

2. The Achievements (cont'd)

- The effective implementation of the Master Plan on ASEAN Connectivity to put in place the efficient system of road, rail and air link will not only boost ASEAN integration but also help ASEAN to integrate with other regions as well. Therefore, we thank India for its strong interest to engage directly with ASEAN in implementing the said Master Plan, which has helped to build a more solid foundation for further strengthening our strategic partnership in the recent years;
- India has intended to develop the India-Myanmar-Laos-Viet Nam-Cambodia highway and the extension of the India-Myanmar-Thailand trilateral highway to Laos and Cambodia;

2. The Achievements (cont'd)

- As far as Laos is concerned, I would like to inform the meeting that a feasibility study on the route in Luangnamtha province (from Sing village-Long Village-Xiengkok village) with a total length of 170 km which is the main route that will connect Laos through Myanmar with the India-Myanmar-Laos-Viet Nam-Cambodia highway had been undertaken. However, funding has not yet been secured for the construction. In this regard, ASEAN would highly appropriate if India could provide financial support for connectivity projects, either in form of grant or soft loan;

2. The Achievements (cont'd)

- The Commemorative Summit also adopted the ASEAN-India Vision Statement which serves as a basis for ASEAN-India cooperation in the future. In addition, it is worth noting that the negotiations on Agreements on ASEAN-India Trade in Service and Investment were concluded, thus, completing the ASEAN-India FTA negotiations. I look forward to the signing of these agreements by the ASEAN-India Trade Ministers.

3. Proposal/Recommendations

- To further enhance ASEAN-India cooperation, I am of the view that: both sides should exert more efforts and cooperation to effectively implement the ASEAN-India Plan of Action 2010-2015 to move the relations between ASEAN and India forward;
- ASEAN and India should work closely to ensure that the Vision Statement and the recommendations of the ASEAN-India Eminent Persons Group (AIEPG) are translated into concrete action, taking into account the specific needs of new ASEAN Member States;

3. Proposal/Recommendations (cont'd)

- Attach high priority to a quick implementation of the India-Myanmar-Thailand Trilateral Highway and its extension to Lao PDR and Cambodia. We should also launch the second track that would run from India through Myanmar, Lao PDR and Cambodia to Vietnam;
- Encourage to work closely with the Indian Inter-Ministerial Group on ASEAN Connectivity to enhance air, sea, land and digital connectivity within ASEAN through supporting the Master Plan on ASEAN Connectivity as well as the ASEAN ICT Master Plan 2015; and between ASEAN and India, through ASEAN-India connectivity projects. We are 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 of ASEAN and India;

3. Proposal/Recommendations (cont'd)

- These infrastructure projects demand enormous finances. We should think of innovative ways of financing and executing these projects, which also draw upon the expertise and resources of the private sector;
- Strengthen resource mobilization remains a key factor. Therefore, India should continue to render support by not only sharing India's best expertise and technology transfer but also funding contribution;
- Continued support for the implementation of the IAI Work Plan II, in particular the setting up of the Entrepreneurship Development Centres (EDC) and the Centre for English Language Training (CELT) in the new ASEAN Member States, including Laos. This will, in turn, help narrow the development gaps within ASEAN as well as continue to implement initiatives for highway development to connect India to Myanmar, Laos, Vietnam and Cambodia. This would facilitate trade, investment and tourism in the sub-region;

3. Proposal/Recommendations (cont'd)

- Most importantly, I would like to propose the Indian Government to increase infrastructure fund to fulfill the implementation of Mekong-Ganga Cooperation as other connectivity projects to meet the goals;
- Increase cooperative mechanism between ASEAN-India's Inter-Ministerial Group on Connectivity;
- Set a clear future plan for connectivity in each period in accordance with reality needed for ASEAN-India cooperation and move towards a more action oriented activities with more secured funding in the implementation process;
- We note that the approvals of projects proposals have been delayed and only few activities are implemented. Therefore, ASEAN and India need to work closely together to explore ways and means to effectively implement the Plan of Action of ASEAN-India Partnership for Peace, Progress and Shared Prosperity;

3. Proposal/Recommendations (cont'd)

- Today, as we stand at the crossroads of the ASEAN-India partnership on their 20th anniversary, visibly there is much that has been achieved in absolute terms. However, we still have a long way to go towards deepening this integration. Distance being a prime determinant of trade, trade volume can be increased through better physical connectivity which will reduce trade costs, by reducing distance. At the same time, in order to successfully build on the two decades of partnership, ASEAN and India should renew and strengthen their commitments according to the constantly evolving Asian geo-political dimensions and economic structure.

**Thank you for your kind
attention!**

Myanmar's Important Position To Enhance Regional Connectivity

Tin Htoo Naing

Myanmar's Important Position To Enhance Regional Connectivity

Dr. Tin Htoo Naing
Visiting Fellow
Yangon institute of Economics
Myanmar

2nd Round Table of AINTT
10 September 2013, Vientiane

What is new in Myanmar?

New Government

- It is the first democratically elected government to come to power through general elections in five decades.
- The government has put in place measures to achieve positive changes in political, economic and social spheres in line with the market conditions and international circumstances.

New Political and Social Landscape

- In politics, although it cannot be said that political conflicts and struggles for democracy that have been locked in many years of stalemate have been resolved, cooperation on the common grounds has become a possibility based on the concept of unity in diversity.
- In the ethnic affairs, negotiations have been carried out with almost all the nationality organisations that have been engaged in armed insurrection for decades and most of them have resulted in preliminary agreements and successes while some racial strife remain and delay the reform process.

New Economic Landscape

- Myanmar is in the process of instituting a series of policy and strategic reforms with the aims of achieving national development and catching up with the economic success of neighboring countries.

New Development Ideology

- to reduce poverty and to increase wealth
- to lift the country out of the least developed country status
- to ensure job opportunities and health and social security benefits for its people

Goals of the Fifth Five-Year Plan (2011-12 to 2015-16)

- To achieve an average annual GDP growth rate of 7.7%
- To increase industrial share of GDP from 26% to 32% together with an increase in the service sector, reducing the currently high share of agriculture.
- To increase Per capita GDP growth between 30-40% from the base year of 2010, which will help attain the first goal of MDG in reducing the poverty incidence by half over the period 2000-2015.

Source: MNPED.

Table 1: Myanmar SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> • Abundant natural resources (agriculture, gas, oil, minerals, precious stones) • Less population pressure on land (Land-population ratio is relatively high.) • Half of arable land area fallow • Abundant trainable labor force with basic education • Well connected to major Asian market: ASEAN, China and India • Strategic location: Geopolitical importance for regional connectivity as the tri-junction of East Asia, Southeast Asia and South Asia • Benefit of late comer in development: can leapfrog • Significant foreign exchange reserves 	<ul style="list-style-type: none"> • Macroeconomic instability associated with a number of policy inconsistencies and weak institutions • Low saving and investment rates • Lack of implementing capacity and governance issue • Underdeveloped banking and financial system • High dependence on natural resource extraction and agriculture sector • Poor infrastructure, institutional and business environment • High poverty, low HDI, low income and high emigration rate • Lack of comprehensive approaches and appropriate funding to human capital formation • Absence of accurate and reliable economic data to provide exact diagnostics of the economy

Table 1 continued...

Opportunity	Threat
<ul style="list-style-type: none"> Regional hub for multimodal transportation and a potential supply route bypassing the Malacca Strait Relationship-bridge between two giant economies, China and India High potential to be a 'food basket' and 'energy source' for Asia Huge industrial potential for FDI from ASEAN and global supply chains 	<ul style="list-style-type: none"> Resource Curse: lack of balancing economic growth and environmental sustainability Danger of Dutch disease Social and Spatial inequality Increase in corruption Political instability and ethnic insurgency International pressures and economic sanctions Strong influence of China

Source: J.P. Verbiest and Tin Htoo Naing (2011), ASEAN 2030 Study, Asian Development Bank Institute.

Reviewing Myanmar Strategic Potential



Connectivity

- Myanmar is of geopolitical importance for regional connectivity with its location at the tri-junction of East Asia, Southeast Asia and South Asia, and a potential central hub for exchange of goods, services and technology.
- Underdeveloped infrastructure and unfavorable institutional and business environment seriously limit participation of the economy into regional and global networks.
- The cross-border connectivity plays a very important role in this scenario.

ASEAN, India and China Ranking on Logistics Performance Index, 2012

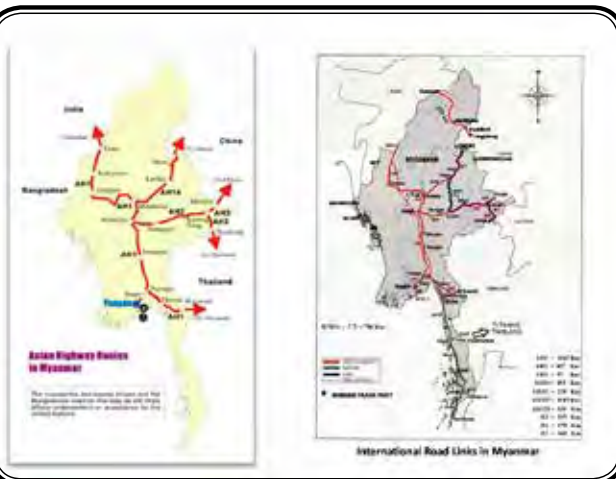
Country	LPI Rank	LPI Score	Customs	Infrastructure	International shipments	Logistics competence	Tracking & tracing	Timeliness
Singapore	1	4.12	4.12	4.10	2.89	4.07	4.07	4.20
Hong Kong, China	2	4.12	3.97	4.12	4.10	4.00	4.00	4.20
China	20	3.52	2.25	2.81	2.50	3.47	3.52	3.00
Malaysia	25	3.49	3.20	3.47	3.40	3.45	3.54	3.00
Thailand	26	3.19	2.90	3.05	3.21	2.90	3.10	3.40
India	40	3.00	2.77	2.87	2.50	3.14	3.00	3.00
Philippines	42	3.02	2.82	2.80	2.97	3.14	3.30	3.30
Vietnam	43	3.00	2.85	2.85	3.14	2.80	3.10	3.64
Indonesia	44	2.84	2.53	2.44	2.87	2.66	3.12	3.61
Cambodia	50	2.96	2.30	2.20	2.81	2.00	2.77	2.95
Laos PDR	50	2.90	2.30	2.50	2.40	2.80	2.40	2.60
Myanmar	175	2.17	2.14	2.30	2.47	2.40	2.34	2.30

Source: World Bank 2013.

Access Road to Neighbouring Countries From Myanmar

- (1) ASIAN HIGHWAYS (32) countries - 141000 km
- (2) ASEAN HIGHWAYS (10) countries - 37070 km
- (3) GREATER MEKONG SUBREGION, GMS-HIGHWAYS (6) countries , (9) corridors
- (4) BIMSTEC HIGHWAYS
- (5) INDIA-MYANMAR-THAI TRIPARTITE HIGHWAY
- (6) INDIA-MYANMAR, THAI-MYANMAR, BANGALARDESH -MYANMAR BILATERAL HIGHWAYS
- (7) GMS, EAST-WEST ECONOMIC CORRIDOR HIGHWAYS
- (8) GMS, NORTH-SOUTH ECONOMIC CORRIDOR HIGHWAYS

Source: Ministry of Transport, Myanmar.



Current Status of Projects along Asian Highways

- ASIAN Highways in Myanmar, AH1, AH2, AH3 and AH14, most of the routes are either overlapping or contiguous with other Highways. Myawady to Thingannyinaung of about (18) km is already upgraded to AH class III Standard, with the Grant Aid of Thai Government. Kyaikhto to Mandalay, including Payagyi-Yangon section of about 893 km is already upgraded to AH standard with the Government budget and Private sectors by B.O.T basis.
-The last section of Kalay/Kalewa to Tamu of about (150) km was upgraded to the intermediate road class, with (5.5) meter carriageway width, with the grant aid of India Government, still need to upgrade AH standard.

- AH2 starts from Thai-Myanmar border cities of Maesai-Tachileik to meet the AH1 at the city, Meiktila via Kyaington and is about (807)km.
-Tachileik to Kyaington section of about (164)km is upgraded to AH class III standard by B.O.T.
-Kyaington to Meiktila section of about (643)km is under upgrading to AH class III standard by Construction units from Public Works, MOC, with Government budgets and (79)km is already upgraded.
- AH3 (93)km, the section between Kyaington and Mongla, the city at the border of Myanmar and China, is upgraded to two lanes bituminous paved road, but still need to improve to get AH class III standard.
- AH14 (453)km, with AH class III standard, is operated by B.O.T scheme. Construction of new bridges and culverts in the places of old bridges and culverts along the AH in accordance with the AH design loading.

Mekong-India Economic Corridor



Myanmar is placed on the Northern Corridor, North-South Economic Corridor and East-West Economic Corridor and, Southern and Western Corridors. Although East-West Economic Corridor known as EWEC connects eastern ASEAN countries, Western Corridor and Southern Economic Corridor are the key base to establish Mekong-India Economic Corridor (MIEC) by extending the link to Dawei of Myanmar.

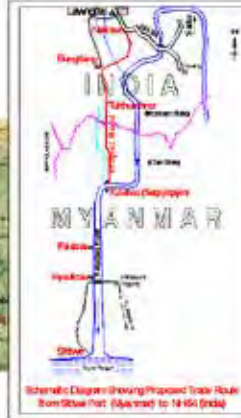
- **India-Myanmar-Thailand Trilateral Highway project** under the Mekong-Ganga cooperation initiative that started in 2005 is also a vital one to improve cross border connectivity between India and Myanmar - 1360 km, US\$ 700 million, runs from Moreh in India to Maw Sot in Thailand through Bagan in Myanmar.
- The road from Moreh to Mae Sot via Bagan includes part of East-West Economic Corridor (EWEC) in Myanmar, particularly Myawaddy-Mawlamyine section and part of No.1 Asian Highway (AH 1).



- **Tiddim-Rhi-Falam road:** Engineers and surveyors from Border Road Organization of India and Public Works of Myanmar had prepared detailed Project Report (DPR) of upgrading Tiddim-Rhi-Falam road since 2006.
- A technical team from India also visited to consult with the Myanmar government with regards to the Tiddim-Rhi-Falam road upgrading project in 2008.
- Again, a delegation from two countries conducted a reconnaissance survey in 2009 and India allocated USD 60 million for the respective project.

- **Kaladan Multimodal Transport Project:** A major purpose is to develop Sittwe port (Myanmar) by India Government for supporting the cargo flow from Kolkata to Aizawl (Mizoram State, India) through Kaladan river (Myanmar).
- The project involves a major upgradation of infrastructure at Sittwe, located about 250 km from the Mizoram border on the north-western coast of Myanmar where the Kaladan river joins the Bay of Bengal (IPCS 2008).
- The project will connect Kolkata seaport, East India with the seaport in Sittwe (Arakan State) – a total distance of 539 km. It will then link Sittwe to the landlocked area of Mizoram in Northeastern India via Kaladan river and road transport.
- M/S ESSAR Co. Ltd (India) with Max Myanmar Construction Co. Ltd.

Kaladan Multimodal Transport Project



Railway Lines of International Importance in Myanmar



Existing lines

- Mandalay-Yangon = 617 km
- Mandalay-Lashao = 343 km
- Mandalay-Kalay = 539 km
- Bago-Thandabyrayat = 270 km

Missing lines

- Kalay-Tamu = 127.4 km**
- Lashao-Khejia = 141.8 km**
- Thandabyrayat-Three Pagoda Pass = 110 km**

** The route lengths of missing lines are referred from feasibility reports

Source: Ministry of Rail Transportation

Indian-Myanmar Rail link (Kalay-Tamu)



The missing length between Kalay and Tamu is 127 Km in Myanmar Territory. A survey team from Rail India Technical and Economics Services (RITES) had made feasibility study for that link in 2004.

Source: Ministry of Rail Transportation

China-Myanmar Rail link (Muse-Kyaukpyu)



The Memorandum of Understanding (MOU) has been already signed between Ministry of Rail Transportation and China Railway Engineering Corporation on Muse-Kyaukpyu rail transportation system project at 27th April, 2011. Two parties are negotiating to sign Memorandum of Agreement at present.

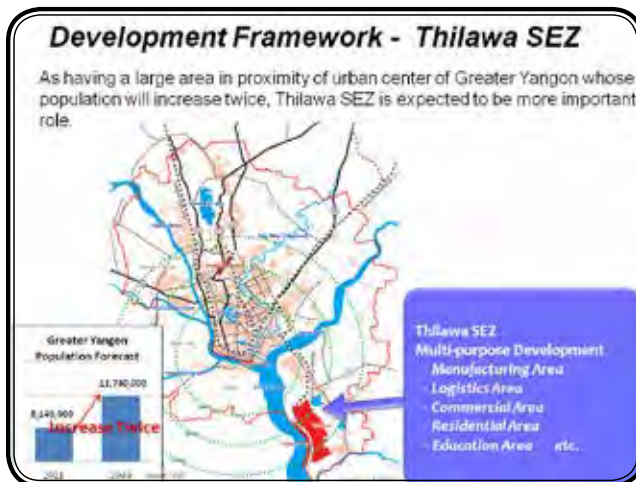
Source: Ministry of Rail Transportation

Deep Sea Ports Projects in Future

All existing ports of Myanmar including Yangon Port are river ports and not deep enough for large conventional vessels and container vessels.

For long term requirement, if the economic situation of the country and the region demands traffic of larger vessels, then the development of Deep Sea Commercial Ports will have to be implemented at suitable sites along the coast of Myanmar such as Kyaukpyu at western coast and Kalegauk, Dawei and Bokpyin at eastern coast of Myanmar.







Two New Deep Seaport Projects

Myanmar Port Authority (MPA) has signed Memorandum of Understanding (MoU) with Thai (9 August, 2013) and Singapore firms to conduct feasibility studies of two new deep sea ports in Mon State and Ayeyarwaddy Region.

Kalargote Deep Sea Port Project

- Locate between Yay and Mawlamyine in South-Eastern Mon State
- Accommodate thirty 50,000 tonnes vessels simultaneously

Ngayokekaung Deep Sea Port Project (A deep sea port with and an industrial zone)

- located at Ngayokekaung Bay in Ayeyarwaddy Region

Conclusion

- The connectivity projects will enhance the strategic importance of Myanmar as a regional logistics and trading hub and will be definitely beneficial for Myanmar, India, ASEAN and for the entire region.
- India-Myanmar-ASEAN Connectivity could be realized through enhanced physical infrastructure development, effective institutional arrangements and empowered people.

Conclusion (cont'd)

- Building an enhanced regional connectivity requires not only the infrastructure development but also the development of new strategies and institutions, more effective implementation of existing and future initiatives (ADB 2010).
- To realize the positive outcomes, Myanmar, India and ASEAN need to respond to the opportunities offered by its geographical and natural advantages and to the competitive advantages brought about by regional and global market chain.

India's NER and India-ASEAN Connectivity

Sinderpal Singh

India's NER and India-ASEAN Connectivity

Dr. Sinderpal Singh

Research Fellow

Institute of South Asian Studies

National University of Singapore

2nd Round Table AINTT, Vientiane
10 September 2013

The Indian State and India's Borders Since 1947

- India's political leadership and early encounters with the issue of Indian territoriality – the formation of Pakistan and the issue of the princely states
- The East Pakistan crisis- once again demonstrated the Indian state's 'anxiety' over the durability of India's borders
- More recently, the 1999 Kargil War another reminder of the tenuous nature of India's territorial boundaries and the acute need to defend India's borders
- India's NE has historically caused Indian political leaders a similar 'anxiety' – porous borders and the need to maintain India's territorial integrity. The fact that the NE is so tenuously linked to Indian mainland though the 'chicken neck' invariably heightens this sense of anxiety for India's political leaders
- Only 2 % of the borders of the NE states are national borders (Assam and W. Bengal)- the rest of the borders are international (Assam-Bhutan & Bangladesh, Arunachal-China & Myanmar, Nagaland-Myanmar, Manipur-Myanmar, Mizoram-Myanmar & Bangladesh, Tripura-Bangladesh, Meghalaya-Bangladesh)

India's NE and India's Neighbours: Gateway or Boundary?

- The colonial period and the status of the NE
- The declaration of Naga independence on the eve of India's independence
- Different minorities in the NE wanted two contrasting things
- There were those who wanted to redraw India's territorial borders outside the borders of the Indian state
- Yet there were those who wanted a more durable and less porous border – anxieties about the movement of people from across India's territorial borders.

India's NE and Indian FP- Myanmar

- U Nu and Nehru's close friendship made for largely friendly bilateral relations
- However, the inability of the Burmese government to effect control outside Rangoon and especially in the border areas- Naga insurgents in India able to use porous border to their advantage
- 1962 and General Ne Win's rise- policies targeting 'foreign' communities and the flight of Indians- relations begin downturn
- On the Indo-Burma border, the Nagas and the Kachins forged close ties in their fight against the Burmese and Indian governments respectively
- Naga insurgent headquarters in Burma throughout the 1960's and 70's

India and Myanmar

- Things improved to some extent in 67-68- joint ops by the Burmese and Indian militaries in the border areas- limited success on the part of the Burmese military.
- India-Burma border treaty in 1967- first to delimit entire India-Burma boundary.
- After 1988, Burmese democratic uprising – India begins to fund and arm the Kachin rebels in Burma- a viable buffer between the NE groups and the Burmese army
- In return, the Burmese military aided PLA cadres across Manipur frontier – also turned a blind eye to the activities of the ULFA, the Nagas and other Manipuri groups fighting the Indian state till the early 1990s.

India and Bangladesh

- After the 1971-2 war, Indian intelligence flushed out Mizo rebels from CHT
- Also RAW trained the *Shanti Bahini* – their armed struggle against the Bangladeshi state in 1976 and their demise in 1985 revealed their links to RAW and worsened relations between the two countries
- From 82-90, Bangladesh largely ignored the presence of NE insurgents seeking refuge on its soil
- ULFA has had a network of financing and shelters in Bangladesh since 1989.

India and China

- China's support to militant groups in the NE from the 1950's onwards
- Close links between the Nagas and the Chinese government – China organized meeting of Naga chiefs in early 1960's
- Strong links between the KIA, the Chinese government and the Naga insurgents during China's Cultural Revolution – the provision of military and political training in Yunnan and Beijing.
- Provision of funds and training to the Mizos once MNF took up cause of separatism in the late 1960's.
- However evidence shows a drastic slowdown of Chinese support for NE groups in the 1980's and 90's.

LEP- India, NE and ASEAN

- India's economic liberalization and India's LEP – closer economic links with Southeast Asia
- Change in policy towards Myanmar- 1993 visit by Foreign Secretary Dixit
- Border stability- Operation Golden Bird, 1995- joint ops by the two armies- moderately successful
- LEP – Myanmar becoming member of ASEAN in 1997 increased its importance
- Important to note that the NE did not feature in India's initial articulation of its LEP

LEP– India, NE and ASEAN

- In the second phase of the LEP, besides security engagement with East Asia, the issue of connecting the NE to SEA emerges
- Manmohan Singh's statement in 2004 – that India's NE was its 'gateway to ASEAN' – 'Our growing interaction with ASEAN is critical to fulfilling the promise of the 21st century being an Asian Century, with the main engines of the world economy emerging in the Asia-Pacific Region. We want our North Eastern States to be in the forefront of these interactions and to reap the benefits of enhanced peace and prosperity'

India's NE and ASEAN - Gateway or Boundary?

- Inherent tension in Indian policy towards the NE as a gateway to ASEAN
- On a national level, greater connectivity seen to increase India's trade volume with ASEAN countries and aid India's economy
- At the level of the NE, the aim to develop the NE economically with greater connectivity – the assumption of economic investment leading to economic growth - reduced levels of insurgency against the Indian state
- Connectivity, however, can have potentially negative implications for India's territorial borders- ease of movement applies to goods as it does to economic migrants, insurgent groups, clandestine money and arm flows

India's NE and ASEAN- Gateway or Boundary?

- On the migrant front alone, there is significant disquiet in Manipur for example about Chin migrants from Myanmar
- The focal position of Bangladesh in India-SEA connectivity via the NE – greater connectivity may intensify unresolved bilateral Indo-Bangladesh issues
- The inherent tension – using rhetoric of 'connectivity' while utilizing border 'trade' agreements with Myanmar mainly for the purpose of securing the Indian border – increased military presence in the NE
- The main aim of the Indian state is to build stronger relationship with Myanmar largely to counterbalance China's influence – larger 'connectivity' to ASEAN is largely rhetoric
- Securing India's borders the main aim

Conclusion

- Borders and the Indian state – the perennial 'anxiety'
- Esp. pronounced in the NE – tenuous physical link to mainland India, extensive international borders and widespread attempts to re-draw India's territorial boundaries since 1947
- India's LEP, the NE and ASEAN 'connectivity' – despite the cliché of economic gains for all, the fundamental tension is unresolved
- Is the Indian state truly ready for the NE as a gateway to SEA? Or is physical connectivity (mainly via Myanmar) a means of policing its borders even more rigorously?
- For greater progress in building connectivity between India and SEA, this broader tension in Indian FP needs to be understood

Enhancing People to People Connectivity: Tourism in ASEAN

Marife M Ballesteros

Enhancing People to People Connectivity: Tourism in ASEAN

Dr. Marife M Ballesteros

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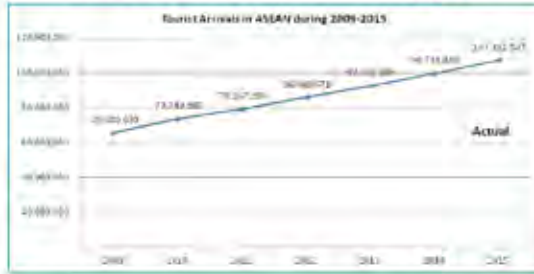
Outline

- Definition: People to People connectivity
- Prospects of Tourism in ASEAN
- Common Goals for tourism cooperation
- Challenges and shared concerns
- Philippines Tourism Milestones for ASEAN

Why people to people connectivity?

- ASEAN Integration in 2015 is aimed not only at economic and physical integration but also community building
- Community building involves creating “unity in diversity” which is an important foundation for improvements in physical and institutional connectivity
- People to people connectivity can be attained through education (i.e. higher education) cultural exchanges and tourism.

Tourism in ASEAN Region



Note: * ASEAN NTOs= National Tourism Organizations

Source: ASEAN Secretariat 2012.

- International tourism has expanded rapidly in the ASEAN region
- Projected double digit growth | tourist arrivals 2009 to 2015

Top Ten International Tourist Destination in Asia

Rank	Country	2011	
		Inbound Tourism Arrivals (Millions)	Inbound Tourism Expenditure (Million US\$)
1	China	57.6	53.3
2	Russian Federation	24.9	34.2
3	Malaysia	24.7	33.7
4	Hong Kong, China	22.3	31.2
5	Thailand	19.2	28.5
6	Macao, China	12.9	18.0
7	Singapore	10.4	17.5
8	Indonesia	7.7	17.2
9	Japan	6.2	17.0
10	Viet Nam	6.0	12.5

Note: No Data for some countries.

Source: UNESCAP Statistical Yearbook for Asia and the Pacific 2012.

ASEAN Tourism Cooperation

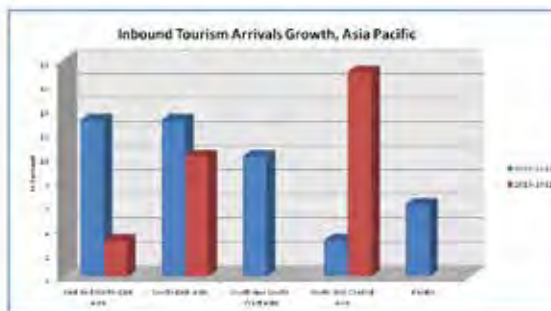
- Increasing tourism cooperation among ASEAN, ASEAN+3
 - Implementation of the ASEAN Tourism Strategic Plan 2011-2015
 - Progress of joint collaboration in developing main ASEAN tourism products: cruise and river based tourism, nature, culture and heritage, eco-tourism
 - Establish basic guidelines and principles to ensure quality of tourism (e.g. Clean tourist city standards, green hotels, homestay standards)
 - Institutionalize ASEAN Tourism Forum
 - Efforts for ASEAN Connectivity to further promote linkages and promote cooperation with other Asia-Pacific countries

Common Goals

- Positioning tourism as a central contributor to economic growth
- Tourism industry to improve foreign exchange earnings
- Tourism as a tool for poverty alleviation, cultural preservation, natural conservation, gender and minority issues

Challenges to Sustainable Tourism Development and Cooperation (Shared Concerns)

- Improving competitiveness
 - Tourism growth different across Asia
 - The level of competitiveness differs across countries in Asia



Note: No data for some countries.

Source: UNESCAP Statistical Yearbook for Asia and the Pacific 2012

Travel and Tourism Competitiveness Index

Country	TTCI
	Rank/139
Brunei Darussalam	67
Cambodia	109
Indonesia	74
Lao PDR	-
Malaysia	35
Myanmar	-
Philippines	94
Singapore	10
Thailand	41
Vietnam	80
ASEAN	-

Sources: World Economic Forum; UNWTO 2012; IMF, World Economic Outlook (April 2012); and authors' calculations.

ASEAN TTCI 2011 rankings by Pillars

Pillars (rank out of 139 economies)	Singapore	Malaysia	Thailand	Brunei Darussalam	Indonesia	Vietnam	Philippines	Cambodia	ASEAN (average)
TTCI 2011	18	35	41	67	74	80	94	109	75
1. Policy rules and regulations	1	21	76	120	88	97	70	132	75
2. Environmental sustainability	41	84	97	136	127	115	84	82	96
3. Safety and security	13	93	94	23	72	86	109	79	78
4. Health and hygiene	55	75	85	79	113	89	97	153	85
5. Promotion of Travel & Tourism	2	48	38	127	19	197	70	13	42
6. Air transport infrastructure	14	34	23	41	58	85	80	143	50
7. Ground transport infrastructure	2	38	56	49	82	77	114	103	87
8. Tourism infrastructure	23	74	40	91	110	110	98	131	95
9. ICT infrastructure	20	52	81	47	86	87	98	123	74
10. Price competitiveness	29	3	18	1	4	18	20	31	18
11. Human resources	2	37	74	47	51	72	80	109	62
12. Affinity for Travel & Tourism	12	17	24	48	121	87	65	21	45
13. Natural resources	98	22	21	38	17	61	70	53	45
14. Cultural resources	36	33	32	91	39	36	78	111	38

Source: World Economic Forum 2012

Challenges to Sustainable Tourism Development and Cooperation (Shared Concerns)

- Travel facilitation
 - Ease of visa requirement
 - Air accessibility among cities

- Safety and security
 - Tourist safety/security
 - Health risks (inbound tourist)
 - Security of cultural heritage and other infra (e.g. tourism ethics)

- Cooperation of national tourism organizations (NTOs)

- Human resource development
 - Professionalism in tourism industry

Tourism Industry in the Philippines

- Contribution to Total expenditure: **P1.19 billion** which will potentially increase to **P1.76 Billion (US\$40.9 M)** by 2015
- GDP contribution: **5.9% of GDP in 2011** to increase to **6.8%** by 2015
- Employment contribution: **3.7million persons in 2011** and estimated to rise to **6.5 million persons or 12% of total employment** in 2015

Philippine Tourism: Milestones

- On Tourism Policy
 - Open skies policy (2011)
 - Bilateral agreements with neighboring countries to promote, facilitate connectivity
 - Promoting cluster destinations offering alternative and diverse experiences
 - Establishment of tourism zones to improve business environment and infrastructure
 - Promoting community-based ecotourism for poverty alleviation and environmental preservation

Philippine Tourism: Milestones

- On Infrastructure
 - Upgrading of airport infrastructure
 - Road improvements in tourist cluster destination
 - Upgrading of ports , terminals, to boost cruise tourism
 - Development of low cost carrier (LCC) terminals

ASEAN-India Partnership in Building Regional Connectivity in Asia

Prabir De

ASEAN-India Partnership in Building Regional Connectivity in Asia

Dr. Prabir De

Senior Fellow

RIS, New Delhi

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

Vientiane, Lao PDR

10 September 2013

Connectivity is Central to ASEAN-India Strategic Partnership

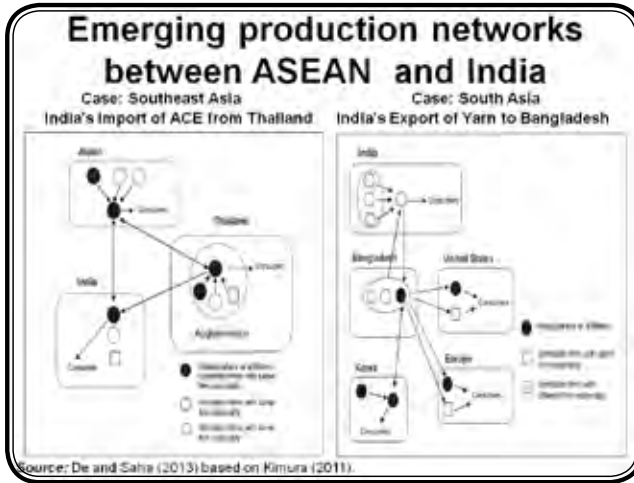
- ASEAN – India Eminent Persons Group Report 2012
- ASEAN – India Vision Statement 2012
- Two major windows:
 - FTA (software) – e.g. RCEP, Single Window in Customs -> Paperless trade
 - Connectivity / services links (hardware) – e.g. Trilateral Highway -> Seamless trade
- Connectivity in India shows two structures:
 - National connectivity [DMIC, DFC, NMDP, a.o]
 - Regional connectivity [TH, KMTTP, MIEC, a.o]
- India's regional connectivity with ASEAN two axis:
 - North East India [multimodal & intermodal type]
 - Southern India [multimodal]

ASEAN-India Trade Growing Exponentially

- India's trade with ASEAN India's trade with ASEAN and ASEAN+3
 - US\$ 2.38 billion in 1990
 - US\$ 76.44 billion in 2011
- ASEAN as India's partner
 - 11.74% export share
 - 8.73% import share
- ASEAN-India FTA in goods from 1 January 2010, services + investment added in 2012
- India's trade with CLMV countries yet to pick-up a pace, showing lot of potential

	2000	2011	CAGR* [%]
ASEAN	7.13 (7.67)	76.44 (11.39)	23.83
ASEAN+3	18.02 (15.67)	184.90 (27.57)	24.73
World	92.96	670.76	20.50

Source: DOTS, IMF.



India's Trade in Parts and Accessories of Capital Goods (BEC code 42), Southeast Asia

Year	Trade Flow	Partner	TEU*	av Ratio**
2000	Export	Indonesia	295	11.54
2011	Export	Indonesia	303	11.71
2000	Import	Indonesia	35	4.87
2011	Import	Indonesia	362	4.63
2000	Export	Malaysia	241	7.95
2011	Export	Malaysia	715	5.60
2000	Import	Malaysia	648	5.21
2011	Import	Malaysia	1477	2.59
2000	Export	Myanmar	25	12.11
2011	Export	Myanmar	119	10.23
2000	Import	Myanmar	6	15.65
2011	Import	Myanmar	6	5.81
2000	Export	Singapore	220	9.35
2011	Export	Singapore	1098	1.75
2000	Import	Singapore	634	5.01
2011	Import	Singapore	1427	1.78
2000	Export	Thailand	125	14.26
2011	Export	Thailand	733	12.08
2000	Import	Thailand	137	1.85
2011	Import	Thailand	1341	5.45

*Volume deficit with Malaysia, Singapore, Thailand

*Volume surplus with Indonesia, Myanmar

Source: De (2011)

India's Trade in Parts and Accessories of Capital Goods (BEC code 42), +6 partners

Year	Trade Flow	Partner	TEU*	av Ratio**
2000	Export	Australia	289	21.02
2011	Export	Australia	750	3.38
2000	Import	Australia	63	5.10
2011	Import	Australia	137	1.62
2000	Export	China	250	37.07
2011	Export	China	2021	6.28
2000	Import	China	813	8.17
2011	Import	China	4104	3.01
2000	Export	Japan	141	15.50
2011	Export	Japan	543	19.65
2000	Import	Japan	1501	6.59
2011	Import	Japan	4382	4.51
2000	Export	Korea, Rep.	148	17.73
2011	Export	Korea, Rep.	722	14.52
2000	Import	Korea, Rep.	616	9.79
2011	Import	Korea, Rep.	4398	4.30
2000	Export	New Zealand	16	14.88
2011	Export	New Zealand	66	10.00
2000	Import	New Zealand	7	5.40
2011	Import	New Zealand	28	2.94

*Volume deficit with China, Japan, Korea

*Volume surplus with ANZ

Source: De (2012).

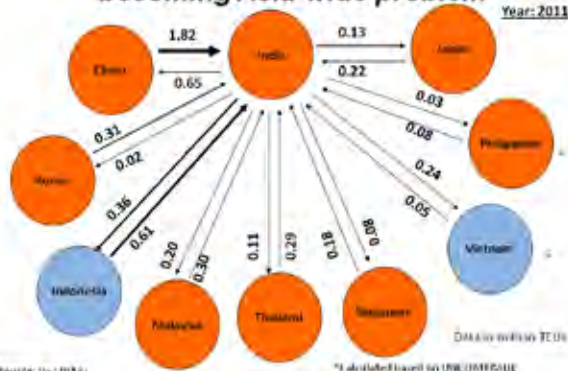
Thailand's Trade in Parts and Accessories of Capital goods (BEC code 42) with South Asia

(in Tk11)

Partner	Year	Export	Import	BOT
South Asia*	2000	801	180	621
	2011	3200	658	2543
India	2000	467	174	293
	2011	2641	656	1985

Note: *including Myanmar
Source: De (2013)

Volume of ocean freight between ASEAN and India – showing large deficit, congestion is becoming Asia-wide problem



India's mixed performance in logistics, but impressive improvement in time to trade

Logistics Performance Index			Trading across Borders	
Country	India		India	
	2007	2012	2006	2013
LPI	3.07	3.12		
Customs	2.69	2.70		
Infrastructure	2.90	2.81		
International shipments	3.08	3.13		
Logistics competence	3.27	3.16		
Tracking & tracing	3.03	3.14		
Timeliness	3.47	3.61		
Documents to export (number)			9	9
Time to export (days)			27	16
Cost to export (US\$ per container)			864	1,120
Documents to import (number)			11	11
Time to import (days)			41	20
Cost to import (US\$ per container)			1,324	1,200

Source: World Bank

Key Barriers to ASEAN-India Trade: *Stylized facts*

- High NTBs
- High non-physical barriers
- Inadequate infrastructure – national and regional (inadequate and poor stock and link of infrastructure)
- Lack of trade facilitation and absence of regional transit trade
- Unfavourable currency in border trade
- Inconsistent and difficult border crossing formalities and procedures
- Restrictive visa regime
- Different standards on vehicles and drivers across countries
- Restrictions on entry of motor vehicles

Important ASEAN-India Connectivity Projects

1. Integrated check posts (ICP): Moreh / Tamu in 2015
2. Kaladan Multimodal Transit Transport Project
3. India – Myanmar – Thailand Trilateral Highway and further extension to Cambodia, Lao PDR and Vietnam
4. The new corridor: India-Myanmar-Lao PDR-Viet Nam-Cambodia
5. Rih – Tidim Road in Myanmar
6. Delhi – Hanoi Railway Link: DPR on Tamu – Kalay missing link
7. Imphal – Mandalay Bus Service
8. Mekong – India Economic Corridor
9. Sitwe SEZ and Port and IWT – Sitwe port to be ready by December 2013
10. India – ASEAN ocean shipping network
11. India – ASEAN gas and oil pipeline
12. India – ASEAN open sky
13. ASEAN-India ICT link

Kaladan Project

- Piloted and funded by MEA
- Project area entirely in Myanmar.
- Transport infrastructure components planned originally
 - Port/IWT development between Sittwe and Kaletwa along Kaladan river
 - Road from Kaletwa to Indo-Myanmar border (Mizoram)





- ### India – Myanmar-Thailand Trilateral Highway
- Highway links Moreh (in India) with Mae Sot (in Thailand) through Mandalay (in Myanmar)
 - The alignment of this trilateral highway falls within the AH 1 and 2, being pursued by UNESCAP.
 - Border Roads Organisation (BRO) upgraded the Tamu-Kalewa-Kalemyo (TKK) road (160 km) in Myanmar at a cost of about US\$ 27.28 million.
 - Government of India is also responsible for upkeep of the TKK road.
 - Development of new roads between Kalewa to Yargi ongoing
 - Rehabilitation/ reconstruction of weak or distressed bridges
 - The target deadline of opening the highway is 2015/16



Delhi – Hanoi Railway Link

- Two objectives – (a) to link India's Manipur with India's main railway corridor, and (b) to re-establish and renovate railway networks in Myanmar.
- Indian consulting engineering company, RITES, has already completed a preliminary study to establish Delhi – Hanoi railway link in 2006.
- Indian government has come forward and extended US\$ 56 million credit line to the Myanmar government for upgradation of 640 km railway system between Mandalay and Yangon section.
- Indian Railways is engaged in harmonization of railway tracks in the northeastern India and also construction of new lines.

Delhi – Hanoi Railway Link (cont'd)

- Project under construction in Indian side: Diphu – Karong – Imphal - Moreh rail link which will link India with ASEAN.
 - Construction of a 98 km railway line connecting Jiribam to Imphal has already been taken up at the cost of Rs 31 billion. The project was initiated in April 2003 and supposed to be completed by March 2014 for Jiribam-Tupul section and March 2016 for Tupul-Imphal section.
- On completion of these projects there could be possibilities for (i) India – Myanmar – Thailand – Malaysia - Singapore rail link, and (ii) India – Myanmar – Thailand – Hanoi rail link.

Delhi – Hanoi Railway Link Alignment



Update of Major Railway Projects in India's Northeast

State	Route (length)	Estd. cost (Rs. crore)	Date of completion
Arunachal Pradesh	Harmuti (Assam) to Nahanagon (33 km)	161	March 2014
Meghalaya	Tetelia to Shillong (138 km)	4473	Not fixed. First 30 km by March 2014
Manipur	Jiribam to Imphal (125 km)	3123	March 2016
Mizoram	Bhairabi to Saizang (58 km)	619	March 2014
Nagaland	Dimapur to Kohima (123 km)	850	March 2015
Tripura	Agartala to Sabroom (110 km)	813	March 2014

Source: DE (2012).

Mekong – India Economic Corridor

- MIEC involves integrating the four Mekong countries (Myanmar, Thailand, Cambodia and Vietnam) with India.
- It connects Ho Chi Minh City (Vietnam) with Dawei (Myanmar) via Bangkok (Thailand) and Phnom Penh (Cambodia) and further linking to Chennai in India.
- It is expected to augment trade with India by reducing travel distance between India and MIEC countries and removing supply side bottlenecks.
- Approx. investment US\$ 88 billion*



ASEAN-India Connectivity: New Proposals

SEZ and Border Township at Moreh, India and Sitwee, Myanmar

- India is setting-up 2000 acres of township at Moreh (India – Myanmar border)
- Similar projects at Sitwee (Myanmar), Champai (India)



New Ports and SEZs

- India has approved building two deep sea ports, Sagar (West Bengal) and one at Andhra Pradesh (US\$ 5 billion)
- Bangladesh is planning to set-up a deep sea port
- Four ports + SEZs in Myanmar – Sitwee, Kyaukphyu, Dawei, Thilawa, etc.
- Thailand is planning to set-up a port in Southern seaboard



India – Myanmar – Thailand Trilateral Highway (TH), Three New Mekong Bridges, & Extension of TH to Vietnam

- Mekong bridge between Houysai (Lao PDR) and Xiengkong (Thailand): This is being constructed with funding assistance from China and Thailand. Construction is expected to be completed in 2013.
- Mekong bridge between Paksan (Lao PDR) and Bueng Kan (Thailand): Governments of the Lao PDR and Thailand have agreed to construct a bridge on the Mekong river between Paksan (Bolikhamsay Province) and Bueng Kan Province.
- Mekong bridge between Xiengkong (Lao PDR) and KaingLap (Myanmar): Governments of the Lao PDR and Myanmar have agreed to construct a Mekong bridge between Xiengkong and KaingLap. Funding of the bridge will be shared by the countries.

India – Myanmar – Lao PDR – Vietnam Economic Corridor

- The new route: Yangon-Meikhtila-Tarlay-Kenglap (Myanmar)- Xieng Kok- Loungnamtha-Oudomxay- Deptaechang (Lao PDR)- Tay Trang- Hanoi (Vietnam).



MIEC - SKRL Interlink

- Singapore-Kunming Rail Link (SKRL) is one of the ambitious projects of ASEAN countries, covering 3,900 km in Southeast Asia.
 - Links Kunming in the Yunnan Province in China with Singapore, and passes through countries like Myanmar, Thailand, Cambodia, Vietnam, and Malaysia.
 - Missing links - Kunming (China) to Lashio (Myanmar), Nam Tok (Thailand)-Three Pagodas Pass (Thailand/Myanmar border) to Thanbyuzayat (Myanmar), and Ho Chi Minh City (Vietnam) to Phnom Penh (Cambodia)



MIEC - SKRL Interlink (cont'd)

- Link SKRL with a spur/alternative line to the Dawei Port.
- Facilitate bulk movement of goods and passengers by railway between India and Southeast and East Asia.
 - Chennai, the other end of MIEC, is well connected with the Indian railway system.

Linking CLMV with India by Air

- Present air links between India and CLMV very poor.
- Conclude ASEAN-India Air Transport Agreement
- CLMV countries shall give 5th freedom rights to Indian carriers and vice versa
- Some proposals:
 - Extend Kolkata – Yangon flight to Hanoi / HCM City
 - Private airlines to operate Delhi – Dhaka – Yangon and Delhi – Vientiane – Bangkok
 - Encourage budget airlines (Air Asia, Indigo, Spice Jet) to connect prominent tourist spots – Luang Prabang, Siem Reap, Bagan, Phuket, Mandalay, etc. with Kolkata, Delhi or Guwahati.

Air links as on August 2013

Sector	No of flights per day
India - Thailand	22
India - Malaysia	9
India - Singapore	20
India - Myanmar*	1
India - Philippines	1

Future Directions, Major Challenges and Recommendations

- Air cargo growing faster than ocean cargo, ASEAN and India need more airport.
- Factory Asia syndrome moving to India, connectivity over Bay of Bengal important.
- More application of ICT – death of 'distance'
- Environment friendly transport
- Funding of regional connectivity projects (uncertain global economic environment)
 - Institutional mechanism, financing instruments
- Stronger institutions for regional cooperation
- Supporting skill development
- Poverty reduction
- Land acquisition, environment, a.o
- Stronger coordination

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India's role as Dialogue Partner

- Fully committed to ASEAN Centrality, support ACCC for connectivity projects and MPAC
 - India has wide experience in PPP in infrastructure development, which can be extended to ASEAN
- Development cooperation through investment in ASEAN and continue doing in bigger scale
 - Special focus on CLMV countries
 - Capacity building and education
- Continue to build unique projects - Trilateral Highway, Kaladan MTP, ASEAN – India railway link, ASEAN – India open sky, ASEAN-India maritime cooperation, a.o.

India's role as Dialogue Partner (Cont'd)

- Active partner in RCEP, and extensive network in trade in services
 - Tourism (e.g. India second highest contributor in tourism sector in Thailand)
 - Health (e.g. India one of the largest contributors in health sector in Singapore)
 - Education (e.g. 1/3rd of foreign students in NUS are Indians)
 - ICT (eg. India provides most of critical IT projects in ASEAN)
- People to people connectivity
 - Eminent person lecture series
 - ASEAN – India Networks of Think-Tanks (AINTT)
 - Media and film
- India recently opened ASEAN – India Centre (AIC) at RIS, New Delhi

Proposed Activities on ASEAN-India Connectivity

- More emphasis on bilateral connectivity, but within regional context
- Negotiate ASEAN-India Transit Transport Agreement
- Maritime sector
 - Ports need to be integrated as part of multi-modal mix
 - Draft of the feasibility study of a maritime cargo route between India and ASEAN, particularly with CMTV
 - Setting-up ASEAN-India maritime transport working group
- Connectivity is also about quality and reliability

Proposed Activities on ASEAN-India Connectivity (cont'd)

- Need to build on national planning programs, but build-in an international dimension.
- ASEAN-India Centre (AIC) may organise a Round Table on ASEAN-India Maritime Transport Cooperation.
- ASEAN – India Centre (AIC) may conduct ASEAN-India Connectivity Phase II study.

WORKING SESSION: III

**ASEAN-India Strategic
Partnership: Socio-Cultural and
Development Cooperation**

List of Presentations in Session: III

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Socio-Cultural and Development Cooperation**
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ASEAN-India Strategic Partnership: Socio-Cultural and Development Cooperation

Piti Srisangnam

ASEAN-India Strategic Partnership: Socio-Cultural and Development Cooperation

Dr. Piti Srisangnam
Director
Faculty of Economics
Chulalongkorn University, Thailand



India-Thailand Socio-Cultural Relationships



- The cultural relationships between India and Thailand could trace back through histories. Symbols and structures used by the two countries are proof of shared culture and civilization.
- The Lion Capital of Ashoka the Great, a Buddhist king who brought Buddhism to Thailand, is the national emblem of the country where Hinduism is the religion of the majority of people, while Garuda, a birdlike mythological beast of Hindu tradition, is the national emblem of Thailand where the majority is Buddhist.
- These cultural ties illustrated a key stepping stone to build efficient and seamless connections for a more competitive, prosperous, and integrated region.

Outline

1. Introduction
2. Rational for ASEAN Connectivity
3. What Motivates ASEAN – India Connectivity?
4. Potential Implications of Connectivity Projects
5. ASEAN-India Connectivity: Lesson Learnt from The Experiences of the Greater Mekong Sub-region (GMS)
6. ASEAN-India Connectivity: Lesson Learnt, Future Challenges
 - Future Challenges
 - Look East India – ASEAN Connectivity
7. Conclusion

Introduction: History and Evolution of ASEAN-India Socio-Cultural Relations

- Southeast Asia and India are by no means strangers. Civilizational and cultural links date back thousands of years, perhaps even well into the prehistoric period. Ancient Indian classical works, such as the Ramayana, reference parts of Southeast Asia, while Indian merchants began bringing Hinduism and Buddhism across the sea by the 1st century AD, influencing the development of kingdoms and empires like Srivijaya in Sumatra and the Majapahit in Java, Bali and the Philippine archipelago.
- Indian influence is still visible today in Southeast Asian architecture, food, pop culture, language and religion.

Introduction: History and Evolution of ASEAN-India Socio-Cultural Relations

- However, ideological differences precluded close political ties from developing after Indian independence from the British in 1947 and throughout most of the Cold War. Though India initially was a champion of decolonization in Southeast Asia during the 1950s and 1960s as head of the Nonaligned Movement (NAM), the 1970s saw India drifting into the Soviet orbit.
- India and ASEAN thus found themselves advocating different economic strategies and supporting distinct political ideologies. This became clear when India supported Vietnam's invasion of Cambodia in 1979, while ASEAN condemned it as a blatant violation of the organization's sacred non-intervention principle.*
- India also twice refused (in 1975 and in 1980) to engage in dialogue with ASEAN countries, labeling them allies of the "imperialist West.**"

*Anilav Acharya, 2009. *Constructing A Security Community in Southeast Asia: ASEAN and the Problem of Regional Order*. Routledge.

**Mohit Arund, 2009. "India-ASEAN Relations: Analyzing Regional Implications". Institute of Peace and Conflict Studies, IPCS Special Report No. 72, May.

Introduction: History and Evolution of ASEAN-India Socio-Cultural Relations

- Things began to change in the late 1980s and early 1990s.
- India's balance of payment crisis and subsequent economic liberalization, coupled with the collapse of the USSR and ASEAN's success as a model for regional cooperation in contrast to the stagnated South Asian Association for Regional Cooperation (SAARC), forced a rethink and pulled New Delhi's attention toward Southeast Asia via its Look East policy under then Indian Prime Minister Narasimha Rao.

Timeline of Recent Milestones in ASEAN-India Relations

Year	Event/Agreements
1992	Sectoral Dialogue Partnership of ASEAN
1995	Full Dialogue Partnership of ASEAN
1996	Membership in ASEAN Regional Forum
1997	Establishment of BIMSTEC
2000	Mekong Ganga Cooperation Initiative begins
2002	First India-ASEAN Summit and India-ASEAN Business Summit
2003	Framework Agreement on Comprehensive Economic Cooperation
2003	India signs Treaty of Amity and Cooperation
2003	ASEAN India Joint Declaration for Cooperation to Combat International Terrorism
2004	ASEAN-India Partnership for Peace, Progress and Shared Prosperity
2005	India becomes member of East Asian Summit
2009	Signing of the ASEAN-India Free Trade Agreement (AIFTA)

Source: Adapted from Prashanth Parameswaran, Strengthening ASEAN-India Relations in the 21st Century

Rationale for ASEAN Connectivity

Background

❑ 15th ASEAN Summit

ASEAN Leader's Statement on ASEAN Connectivity, Cha-am Hua Hin, Thailand, 24 October 2009

❑ Hanoi Declaration at the 17th ASEAN Summit

Adoption of Master Plan on ASEAN Connectivity (MPAC) in Ha Noi, Vietnam, on 28th October, 2010

What drives/motivates ASEAN Connectivity?

Intra-regional connectivity

- ❑ Market Size
 - Population – 608 million (2012)
 - Combined GDP – US\$ 2.4 trillion (2012)
 - Total labor force of 306.95 million
- ❑ Developmental Gap within ASEAN (refer to Table 1)
- ❑ Question of ASEAN's Centrality

Extra-regional connectivity

- ❑ Need to look Beyond the Region
 - Sixth East Asia (EAS) on ASEAN Connectivity, Bali, Indonesia, 19th Nov, 2012
 - Declared to
 - "include ASEAN Connectivity as a key priority area of cooperation in the EAS, together with other agreed priority areas of cooperation"

Table 1: Selected Economic Indicators of ASEAN Member Nations, 2011

	Population (million)	GDP Size (billion US\$, 2009 prices)	GDP per capita (US\$, 2005 prices)
Brunei Darussalam	0.41	10.18	24,575
Cambodia	14.05	9.22	645
Indonesia	242.36	401.64	1,657
Lao PDR	6.29	4.74	754
Malaysia	28.85	180.65	6,260
Myanmar	48.33	21.41	443
Philippines	94.85	136.12	1,435
Singapore	5.18	178.32	34,556
Thailand	69.51	210.21	3,024
Viet Nam	88.79	78.63	886

Source: UNCTAD Stat

Table 2: Share of parts and components in manufacturing trade of ASEAN-6, India & China (Unit: Two year average percentage share)

Economy	Exports		Imports	
	1992/1993	2006/2007	1992/1993	2006/2007
ASEAN 6	22.7	44.2	36.0	47.9
Indonesia	3.8	21.5	27.0	21.8
Malaysia	27.7	53.0	40.5	50.0
Philippines	32.9	71.7	32.6	81.3
Singapore	29.0	40.3	39.9	60.4
Thailand	14.1	29.9	30.6	36.1
Viet Nam	n.a.	11.0	n.a.	19.1
India	3.0	10.4	17.5	22.9
China	7.4	25.5	19.6	27.3

Source: Based on S-digm-ITC Rec.3 data from Afriksipia, 2011, retrieved from Sen and Sivakrishna, 2011.

Potential Implications of Connectivity Projects

MIEC

- The MIEC is consistent with the one of prime objectives of ASEAN Community viz. to narrow down development gaps.
- The simulation analysis carried on by the Comprehensive Economic Development Plan (CADP) has revealed the importance of MIEC through its findings: the percentage increase in real GDP in 2020 vis-a-vis the baseline scenario are 0.32% for EWEC, 0.14% for NSEC and 1.19% for MIEC and the percentage reductions in Gini coefficients (a measure of income inequality), are 0.07% for EWEC, 0.13% for NSEC and 0.23% for MIEC (ERIA, 2010).

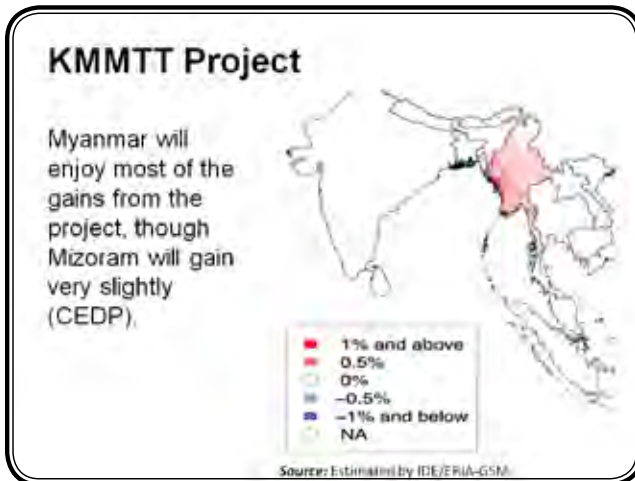
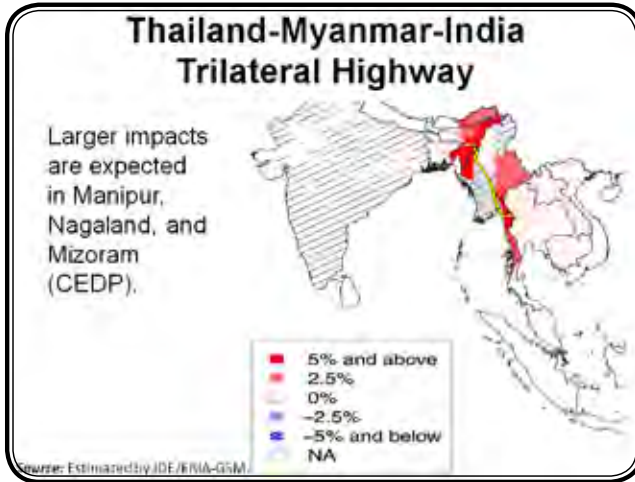
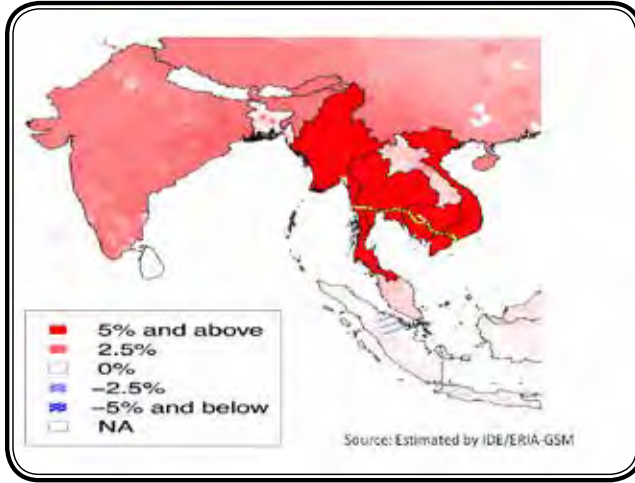
Strategic Road Links between South Asia and the GMS



Source: Asian Development Bank.

Thailand-Myanmar-India Trilateral Highway







India-ASEAN Connectivity: Lesson Learnt from The Experiences of the Greater Mekong Sub-region (GMS)

Lesson Learnt from the GMS

- 1. 1988 “Turn the battlefield to the marketplace”**
 - Physical connectivity through Cross-Border Infrastructure (CBI) development had helped to enhance regional cooperation of these countries with ASEAN, thus to promote further economic integration and ensure regional peace.
- 2. 1990s “the REAL beginning of major Economic Corridors”**
 - “Land-Locked” → “Land-Linked”
 - ADB laid out the master plan for regional development in consultation with governments involved. Lots of coordination exercises had taken place between ADB, governments and other development agencies of all sorts. In a way, this was a very important change and practice to create a new understanding among stakeholders of these projects, especially on how to develop a new regional landscape for regional infrastructure development.

Lesson Learnt from the GMS (cont’d)

- 3. 2000s “The Importance of Infrastructure in Promoting Growth and Poverty Reduction” and the Role of Government and International Organizations.**
 - GMS countries began to see the realization of infrastructure development and its important role in promoting economic growth and making this growth more inclusive by shifting the benefits with poorer groups and communities, particularly in remote and isolated areas and small and landlocked countries.
 - Governments start to involve a large portion of national infrastructure, such as airports, sea/river ports, roads, ICT and energy.
 - CBI is the building bloc for cross-border or regional connectivity.
 - Strong involvement of both government agencies and international organizations which act as main actors to provide a much more extended connectivity in the region unlike the beginning period of the 1990s.

Lesson Learnt from the GMS (cont'd)

4. 2010s To link ASEAN as a whole with the global economy is necessarily to enhance ASEAN's future competitiveness.

- The ongoing global financial crisis ensures even further the rationale of regional connectivity to promote intra-regional trade, investment and development.
- Achieving regional infrastructure integration has become one of ASEAN's most challenging tasks given the region's geographic, size and economic and social diversity.
- During this phase, ASEAN launched a much more comprehensive plan of connectivity as outlined clearly by MPAC.

ASEAN-India Connectivity: Future Challenges, and Significance for North-Eastern India

Future Challenges

1. ASEAN integration now reaches a critical stage that will require the involvement of region-wide institution.

- ASEAN integration has primarily been market-driven through trade and investment.
- *A top-down, government-led and market-creating approach together with a bottom-up, market-driven initiatives* seems to be more appropriate at this stage of developing and implementing ASEAN connectivity.
- A multi-track and multi-speed approach should be the way to go forward in ensuring ASEAN infrastructure development.
- There will be needs for effective coordination among various stakeholders at all levels, both public and private, and the civil society, between countries and regions involved.
- A lot of works still remain to be done whether this concerns national, regional, sub-regional infrastructure planning, financing and implementation.

Future Challenges (cont'd)

2. For any future building up of its infrastructure, ASEAN members will have to depend more on its own national resources than anything else.
 - ASEAN's role and governance is to ensure the smooth functioning in the cooperation and coordination of its members' infrastructure projects. ASEAN do need to harness shared resources in labor, capital, services, and technology; harmonize cross-border rules and regulations; and facilitate exchange of institutional and policy best practices.
 - Such cooperation can potentially put in place a *two-track approach*, namely; cooperation in *building and operating* cross-border infrastructure, and cooperation in *financing* infrastructure development.

Future Challenges (cont'd)

- In order to enhance ASEAN connectivity through cross-border infrastructure, it would *require strong commitments and cooperation* among ASEAN participant countries.
- Along the way, *all stakeholders require to assess and manage negative socio-economic and environmental impacts* that these projects could cause for people, migration, diseases, smuggling, pollution, greenhouse gas, and even for simply transport accidents.

Future Challenges (cont'd)

3. *Large imbalance in infrastructure still exists among ASEAN countries that will require even more needs to address in the context of national government as well as its interconnections with ASEAN connectivity, particularly, in the CLMV countries.*
 - Any future infrastructure connectivity development will play a crucial role in integrating and deepening regional production networks through reductions of trade and logistic costs, thus allowing *more involvement of sub-regions*.
 - *Potential trade and FDI flows in ASEAN have always been encouraged by outward-oriented policies*, sufficient infrastructure and efficient institutional framework, in order to conduct the formation of production networks and supply chains produced *by Asian firms and worldwide multinational corporations*.

Future Challenges (cont'd)

- *More than half of Asia's exports are intra-regional, and the rise of China and India is expected to further boost intra-regional trade.*
- *With tariff rates are low under the AFTA agreement, ASEAN could not allow to continue, the poor quality of hard infrastructure connectivity and soft infrastructure, such as non-transparent legal and regulatory frameworks, as well as unfriendly customs procedures and cross-border regulations and controls.*

Future Challenges (cont'd)

4. GMS development particularly through its functional areas from trade and infrastructure to transport, energy and ICT.

- The cooperation in energy and ICT began earlier as well since the beginning of 1990s, particularly in the case of Lao PDR and Thailand with power transmission lines linking both countries. This cooperation is still vital for both countries' infrastructure development.
- the GMS cross-border transport agreement (CBTA) was signed and ratified by participating countries which covers all relevant aspects related to cross-border facilitation including single-stop/single-window custom inspections, cross-border movement of people, transit traffic regimes, requirements for vehicles making cross-border trips, exchange of commercial traffic rights, and issues related to road and bridge design standards, road signs and signals.
- *Until the main structure of economic corridors is more developed in the regional landscape, further efforts are actually needed.*

Future Challenges (cont'd)

5. The region needs both to address the shortfalls in the quantity and quality of infrastructure and yet to pay attention as well for the development gap in infrastructure among members.

- ASEAN investment in infrastructure has become an important feature whenever the region is trying to address its future growth and development. Addressing these issues while meeting additional requirements to support future growth and development, will, anyway, require, ASEAN to invest quite heavily during this decade.
- As such, meeting such huge financing needs will require ASEAN to coordinate much more, in particular, between the public and private sectors, and to a certain extent, to involve as well the civil society, as they are the ones at the receiving ends.
- More recently, ASEAN Infrastructure Fund had been created to support such a MPAC initiative. It requires now a more active role of the private sector through greater involvement and coordination with the use of public private partnerships (PPP) in infrastructure development.

Table 3: Projected Infrastructures Requirements in Developing ASEAN Economies 2010 – 2020 by Sector (in US\$ million)

Sector	New Capacity	Maintenance	Total
Transport	317,273.3	133,320.9	450,594.3
Electricity	331,147.0	78,090.9	409,237.9
ICT	56,804.0	104,820.5	161,624.5
Water/Sanitation	26,421.3	35,362.4	61,783.7
Total	731,645.6	351,594.7	1,083,240.3

Source: Bhattacharyay (2010b) and ADBI (2009) cited by Bhattacharyay (2010a).

Table 4: Private Sector Investments in ASEAN 1990-2008 (in US\$ million)

Country	Transport	Energy	ICT	Water/ Sanitation	Total
Cambodia	445.30	920.90	474.50		1,840.70
Indonesia	3,219.40	14,012.40	18,962.40	1,020.20	37,214.40
Lao PDR		3,250.50	197.80		3,448.30
Malaysia	11,310.40	14,312.50	7,972.70	7,802.70	41,398.30
Myanmar	50.00	1,275.10			1,325.10
Philippines	2,957.90	18,912.90	14,279.50	3,533.50	39,683.80
Thailand	2,943.80	14,584.50	15,690.90	807.50	34,026.70
Vietnam	880.00	3,083.10	2,012.70	58.80	6,034.60
Total	21,806.80	70,351.90	59,590.50	13,222.70	164,971.90

Source: PPIAF, 2010.

Look East India – ASEAN Connectivity (Thailand-Myanmar-India Connectivity)

- All strategies addressed by MPAC, whether it is physical connectivity, institutional connectivity or people-to-people connectivity, are all interrelated, and well defined.
- One of the most important lessons learnt from the case of Thailand and GMS connectivity is that, *the initiation of all connectivity from the pillar of people-to-people seems to be the best start.*
 - The efforts to preserve, protect and restore these ancient symbols and structures as well as socio-cultural cooperation to promote greater people-to-people interaction including exchanges in culture, education, youth, sports and human resource development can be utilized.
 - The realization of Indian Look East Policy and the ASEAN Connectivity can be sustained develop only when people of the two region reach the maximum understanding to each other then all measures will be sincerely implemented.

**Look East India – ASEAN Connectivity
(Thailand-Myanmar-India Connectivity)
(Cont'd)**

- **Parallel to People-to-people connectivity, the Physical Connectivity are also very important.**
 - The completion of the India-Myanmar-Thailand Trilateral Highway (2016) and its extension to Lao PDR and Cambodia and the new highway project connecting North-Eastern part of India to the Greater Mekong Sub-region or the so called “Mekong-India Economic Corridor (MIEC)” project need to be invested in order to “add greater momentum to the growing trade and investment linkages between ASEAN and India”

**Look East India – ASEAN Connectivity
(Thailand-Myanmar-India Connectivity)
(Cont'd)**

- The huge financing needs will require both member states and external source of fund such as ADB to coordinate much more, in particular in three dimensions.
 - The first dimension is the coordinate among the three countries and the outside investors (normally the major dialogue partners of ASEAN, especially Japan).
 - The second dimension is the cooperation between public and private sectors.
 - And the last of not least, is the involvement of the civil society as they are the ones at the receiving ends.

**Look East India – ASEAN Connectivity
(Thailand-Myanmar-India Connectivity)
(Cont'd)**

- The physical connectivity, especially the highway route to connect India, Myanmar and Thailand cannot utilize to the maximum capacity if there is no institutional connectivity. The Initial Implementation of the Cross-Border Transport Agreement (ICBTA) among Thailand, Lao PDR and Vietnam should be studied and adapted to facilitate the multi-modal transportation along this important route.
 - *“The objective of this ICBTA is to accelerate CBTA by allowing the early identification of key issues and the early realization of benefits from improved transport facilitation”* (ADB, 2011).

Look East India – ASEAN Connectivity (Thailand-Myanmar-India Connectivity) (Cont'd)

- While the more difficult annexes and protocols are being negotiated under the framework of ASEAN Agreement on Transportation, the IICBTA can be considered as an Early Harvest Scheme as it is designed to allow the transportation to take place. Moreover, this IICBTA agreement is also designed to focus on the self-executing CBTA articles as well as annexes and protocols that have been finalized or are about to be finalized, including those pertaining to Single-Stop Inspection (SSI), and Single-Window Inspection (SWI). The IICBTA involves interim measures that will utilize existing bilateral agreements, e.g. exchange of traffic rights, until such time that the relevant annexes or protocols are entered into force (ADB, 2011).

Conclusion

- In order to unlock the land lock area of the “8 Sisters States” of North Eastern India as well as to efficiently utilize the fertile natural resources in Myanmar and to gain the maximum utilization of ASEAN production network in Thailand and other GMS countries; the international trading route via India-Myanmar-Thailand Trilateral Highway and its extension to Lao PDR and Cambodia or the “*Mekong-India Economic Corridor (MIEC)*” are the inevitably necessary and sufficiency conditions.
- Since the further deeper and broader economic integration (led by people who understand and accept the difference and diversity of each ethnic) will ensure the secure and peaceful societies. Hence, *the Master Plan on Mekong-India needs to be designed with at least three aspects, namely: economics, socio-cultural, and political-securities.*

Conclusion (cont'd)

- Finally, like mentioned above, to implement this kind of master plans and agreements with the high hope to bypass all barriers in international trade and transportation among the three countries and to fulfill the final target of the real economic and sustainability development corridors, *the sincere heart and the strong commitment of Indian, Myanmar and Thai people are the most important requirement.*

Cultural and Educational Exchange Between India and Vietnam in the context of a Rising India

Do Thu Ha



Contents

- India's position and the importance of India-Vietnam relation
- India and Vietnam enjoy strong bilateral relations
- Cultural and educational relations between India and Vietnam
- Some suggestions on India- Vietnam relation in cultural and educational co-operation

1. India's Position and the Importance of India-Vietnam Relation

1.1. *India's Position in the World*

- Home to the great civilization and a region of historic trade routes and vast empires
- A nuclear weapons state and a regional power
- The seventh-largest country by geographical area, the second-most populous and the most populous democracy
- the world's tenth-largest by nominal GDP and third-largest by purchasing power parity (PPP).
- An emerging power with huge potential.

1.2. India's Position in Southeast Asia

The transmission of Indian culture

- From about the 1st century, India started to strongly influence Southeast Asia
- India's efforts to "rediscover Asia" are taking place at a time when New Delhi is vigorously pursuing its "Look-East policy"
- Nowadays, Southeast Asia and India are engaged in strengthening relations at political, strategic, economic and cultural levels

1.3. The importance of India–Vietnam Relations

1.3.1. Cultural Dialogue Between India and Vietnam in the Past

- Cultural and economic links between India and Vietnam date back 2000 years ago.
- In these bilateral cultural relations in history, Vietnam received more than it contributed.
- The most evident factor is probably Buddhism.
- India- Vietnam cultural dialogue not only increases the diversity of the cultures but also acts as an assurance for peaceful coexistence.

Vietnamese	Sino-sanskrit	Meanings
Tú sa m«n	Vais'ranana / vaisravana	The God of Wealth, Guardian of The Buddha's teachings
Şu la ni	dharani	to maintain and protect virtues and to guard against evils
T©m ma ©pa	Samadhi	deep contemplation
Thi'n na	Dhyana	meditation upon a single object
B,t nh·	prajna	knowledge

<u>Sanskrit words (Romanized) and their meanings</u>	<u>Ethnic groups words and their meanings in English</u>
bhumi = land, country	Bhumi (Ch.) = land, country, village Phum (Kh.) = residential land, garden; the smallest administrative unit
gabda = speech, voice, word, sound	Ssop - xap (Ch.) = speech Xom day (Kh.) = words Asap (Ed., Ja.) = speech Asap (Ra.) = speech Sap (Ko.) = speech
çvasana = spirit, wind, hiss, breathing, respiration	Ssuan (Ch.) = spirit Raivai (Ka.) = soul Suan (Ko.) = spirit
guru = a wise man, master, worthy	Gru - kru (Ch.) = master Gru (Mn.) = craftsman, handy man Mgru (Ra.) = to learn kru (Ra.) = witch doctor pugru (Ko.) = master

Devata = God	debata (Ch.) = God
Jala = net, netting	jal (Ch., Ed., Mn., Ra.) = fishing net juo (Ka.) = fishing net jal (Ko.) = fishing net
Jaiyak = victory	chai (Ch.) = to win, chaidak (Ch.) = victory jai (Ra.) = to win
Karpasa = cotton wool	kapah (Ch.) = cotton wool kopaih (Bah.) = cotton wool Krapas (Kh.) = cotton wool
Marica = chilli pepper	Amrek - mreka (Ch.) = chilli pepper A mareq (Ra.) = chilli pepper Proiq (Ka.) = chilli pepper Prik (Pa.) = chilli pepper Mre (Ko.) = chilli pepper

Sanskrit-based Names	Present Names
• Sri Bamui	• Dong Hoi
• Amaravati	• Tra Kieu
• Indrapura	• Dong Duong
• Vijaya	• Do Ban, Thi Nai
• Kauthara	• Nha Trang
• Panduranga	• Phan Rang
• Bal Chanar	• Ca Na

21. The Prakasadhama Thạch Bích Inscription of 7th Cent.



The inscription was found on the riverbank in the mountainous area which names that the Chiem Hoa Prakasadhama is 850-867) as the husband of the ruler



2. India and Vietnam Enjoy Strong Bilateral Relations

- In different periods of history, the relations between the two countries have got different characteristics and levels.
- In the last 10 years, we have tried our best to strengthen and widen the multi- faceted relations

2.1. Development of Bilateral and Commercial Ties

- India granted the "Most Favored Nation" status to Vietnam in 1975, signed a bilateral trade agreement in 1978 and the Bilateral Investment Promotion and Protection Agreement (BIPPA) on March 8, 1997.
- India is the 13th-largest exporter to Vietnam
- In 2007, India and Vietnam signed the 'Strategic Partnership' agreement.
- Two-way trade turnover reached US\$4.5 billion in 2012 and is expected to hit US\$7 billion by 2015.



2.2. Cultural and educational relations between India and Vietnam

- India has helped Vietnam to train high education with many Ph.D., M.A. BA's degrees' holders, many are highly-ranked staff.
- Education and training had been fruitful with the establishment of a high quality information and communication technology human resource centre
- Every year, India gives Vietnam about 200 scholarships (100 ITEC, 100 ICCR) to train students.

- 2000, in both Ho Chi Minh City and Hanoi, Departments for Indian Studies were established
- 9/ 2012, inaugurated the Vietnam-India Advanced Resource Centre in Information and Communication Technology with a grant of \$2 million
- 2012, Vietnam Academy of Social Sciences established Institute of Indian and South West Asian Studies
- India doubles the number of scholarships that they offer through the India Technical and Economic Cooperation (ITEC) Program
- India has also announced a US\$ 3 million project for conservation and restoration of temples at My Son

3. Some Suggestions on India-Vietnam Relation in Term of Cultural and Educational Co-operation

- Indian movies
 - Widen Indian Studies in Vietnam
 - Increase the number of Vietnamese students in India both with governmental scholarship and self-finance.
 - China-world factory, America-world market, India-world office, we try to follow India
1. Young population: $\frac{1}{4}$ under 25 (25 million at the age of 14 to 25 (6/2010)
 2. High literacy
 3. Life-study and compulsory education

- The numbers of scholarships currently not yet inflected correctly the real demand and quality of students.
 - Vietnamese students going to study in India should be consulted in choosing the subjects they study.
1. Performing Arts: movie, traditional dancing, traditional theatre ...
 2. Social sciences and humanities: philosophy, linguistics, culture, literature, sociology, journalism, negotiating (one of the best in the world), history, ...
 3. Economics, business administration, finance, banking...
 4. Technology: I.T., nuclear power, telecom...
 5. English short courses.

Vietnam National University (VNU) Long-termed Goals

- Building up the biggest Institution for Indian Studies in Vietnam in all levels of post graduate to train the experts in Indian Studies.
- Doing research on all aspects of Indian Studies with high quality from ancient history to the contemporary hot issues; focusing on urgent needs created by the reality.
- Creating a group of outstanding experts to contribute to Governmental policy-making by putting theoretical studies into practice.

Widening in Training and Education For Indian Studies In VNU

Upgrading for Indian Studies

- Receiving some exchange lecturers and professors from India regularly.
- Creating the favorable conditions so that our students can do prentice in India after graduating or higher education.
- Exchanging students between our university and others in India.
- Granting for Vietnamese students who apply for study Sanskrit, Hindi or Indian Studies in India.



In term of the teaching staff, we would like to receive the precious help from India's government to:

1. Train 01 Vietnamese lecturer per year in English and professional subjects (South Asian Studies) in short courses.
2. Sponsor us one Professor-Chair in History or Culture granted by ICCR like those in Ho Chi Minh City...



Supplying and Granting for Teaching and Doing Research Materials

- Grants to compile textbooks for undergraduates and post-graduates
- Grants to write the textbooks written by Vietnamese lecturers
- Grants to translate Indian books and documents which are so essential for our students.
- Provide us books and documents about India in all kinds, especially those meet our curriculum herewith (In English, French or Hindi) so that we can set up a good library for Indian Studies in VNU.
- Get the copy right to publish the books translated already in the form of reference books.

*Doing Research and Taking Part in
Cooperative Activities*

- Being granted for scientific seminars, workshops and conferences on Indian Studies in all aspects.
- Have exchange programs regularly because we know that in Jawaharlal Nehru University, Calcutta University, The Maulana Abul Kalam Azad Institute of Asian Studies set up at the joint initiative of the Government of India, Department of culture, Ministry of Human Resource Development and the Government of West Bengal...and many others.

Conclusion

- Develop and enhance not only the friendship but also strengthen the scientific research and teaching in Indian Studies
- Enforce the labour forces to meet the urgent requirements in globalization
- Contribute to opening a new chapter in the relations between our two countries.

Opportunities for ASEAN-India Socio-Cultural and Development Cooperation

Aniceto C. Orbeta, Jr.

Opportunities for ASEAN-India Socio-Cultural and Development Cooperation

Dr. Aniceto C. Orbeta, Jr.

Senior Fellow

Philippine Institute for Development Studies

2nd Round Table

ASEAN-India Network of Think-Tanks (AINTT)

10 September 2013, Vientiane, Lao PDR

Motivation

- After freer trade and investments, socio-cultural cooperation should follow to further enrich cooperation in a virtuous feedback loop

ASEAN Socio-Cultural Community Blueprint

- Adopted at the 14th ASEAN Summit in March 2009 in Cha-am/Hua Hin, Thailand
- Characteristics
 - a) Human Development
 - b) Social Welfare Protection
 - c) Social Justice and Rights
 - d) Ensuring Environmental Sustainability
 - e) Building ASEAN Identity
 - f) Narrowing the Development Gap
- Currently under review and report will be released in 23rd ASEAN Summit in October

Potential Key Areas of Cooperation

- Education
- Freer Movement of Workers
- Social Protection

Education

Stepping up Cooperation with the ASEAN University Network (AUN)

- Founded in 1995 and currently involves 26 leading universities from 10 ASEAN Countries
- Japan and China have supported individual scholarships and specific networks on such fields as Engineering (AUN/Southeast Asia Engineering Education Development (SEED)-Net); business (AUN-China Business School Network)
- Joint research in areas such as engineering, IT and the arts, i.e. film making
- Sharing experiences in Academe-Industry Collaborations

Freer Movement of Workers

- Under ASEAN Framework Agreement in Services (AFAS) ASEAN agreed to liberalize movements of skilled workers
 - Mutual Recognition Agreements (MRAs) newest development; concluded in 7 professions (Engineering, Nursing, Architecture, Land Surveying, Medical Practice, Dental Practice, Accountancy)
 - From recent mid-term review challenges include constitutional prohibitions in some professions, Labor Market Tests (LMTs)
- As ASEAN and India integrates further beyond trade into investments, the movement of workers is expected to increase

Freer Movement of Workers (cont'd)

- Should this be limited to skilled workers as is currently agreed upon in ASEAN?
 - No if we want greater benefits
 - No if we want to narrow development gap
 - Worker protection better managed bilaterally/regionally (Orbeta, 2013)
- There are already experiences in movements of unskilled/semi-skilled workers that address the common apprehensions of destination countries, (i.e. competing with domestic workers and services), i.e. guest workers programs (Abella, 2006). Hiring a crew rather than individually

Social Protection

ASEAN and India have rich experiences on many areas of social protection.

- Sharing of experiences in pension reforms such as
 - Shifts from Defined Benefit (DB) to Defined Contribution (DC) systems
 - Pay out schemes, i.e. allowing or disallowing pre-retirement withdrawals
 - Reverse mortgage schemes (converting equity into retirement income streams)
- Sharing experience in employment guarantee schemes
- Sharing experiences in community-based health financing systems

Social Protection (Cont'd)

- Sharing experiences in expanding coverage to informal sector workers
- Sharing experiences in non-labor market-based systems such as social pensions
- Sharing experience on encouraging retired individuals to be partially active in the labor market
- Organizing as Social Security Forum between ASEAN and India (Asher, 2011)

WORKING SESSION: IV

**ASEAN-India Strategic
Partnership: New Frontiers**

List of Presentations in Session: IV

1. **Deepening ASEAN-India Strategic Partnership 2nd Round
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2. **India-ASEAN Strategic Partnership: Challenges
and the Way Forward**
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Institute of Indian & Southwest Asian Studies, Vietnam
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Deepening ASEAN-India Strategic Partnership

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

Khin Zaw Win

Deepening ASEAN-India Strategic Partnership
2nd Round Table of
ASEAN-India Network of Think-Tanks (AINTT)
Vientiane
10 September 2013

Moving into the Vortex
Dr. Khin Zaw Win
Director
Tampadipa Institute
Yangon, Myanmar

Global Growth Centers

Table: Basic Economic Indicators by Region and Subregion

	Share of World Population (%) 2010	Share of World GDP (%) PPP 2011	Real GDP Growth (%)		Per Capita GDP (PPP)	
			Average 2008-2007	Average 2008-2011	\$ 2011	Average Growth (%) 2008-2007
Asia	56.2	36.6	6.2	5.8	7,376	7.0
East Asia	22.5	23.5	6.3	5.9	11,896	7.7
Central Asia	1.2	0.7	10.3	5.9	6,396	9.8
Southeast Asia	8.7	4.2	5.5	4.5	5,476	6.0
South Asia	23.3	6.9	6.8	7.0	3,325	7.4
The Pacific and Oceania	0.5	1.3	3.4	2.0	29,623	3.5
European Union	7.2	20.1	2.6	0.0	31,607	3.6
North America	6.6	23.0	2.6	0.4	39,450	3.1
World ¹	100.0	100.0	4.2	2.8	10,821	4.7

GDP = gross domestic product, PPP = purchasing power parity

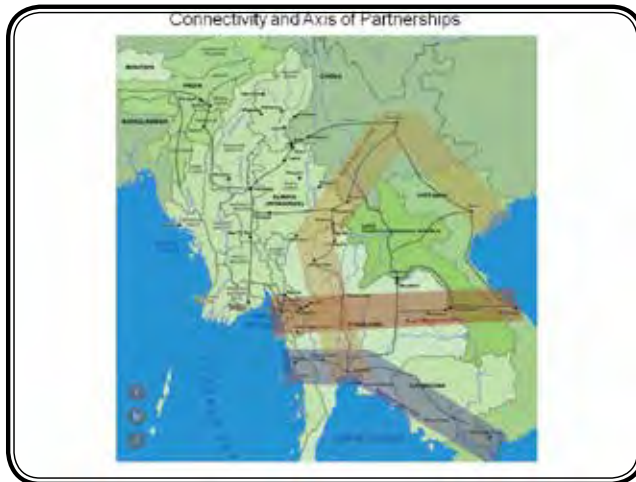
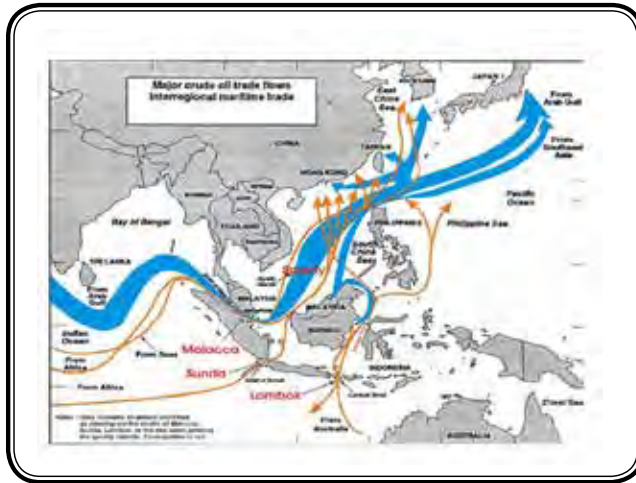
Notes: The list of countries in each subregion is shown in Table 3. European Union (EU) refers to the aggregate of the 27 EU members, North America includes Canada, Mexico, and the United States.

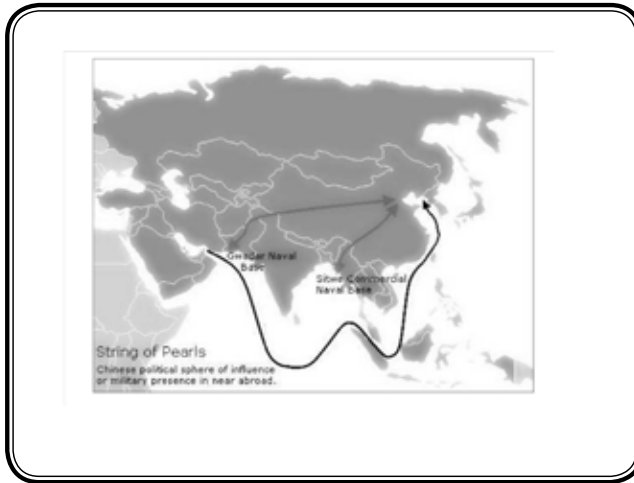
¹Weighted by nominal GDP at PPP.

²Year ends GDP as of end-2010.

Source: ADB calculations using data from Asian Development Outlook 2012; Asian Development Bank, World Economic Outlook October-April 2012; International Monetary Fund, and World Development Indicators, World Bank.







- Future direction of relations between China and India, continental-sized states that together account for more than a third of humanity and, in coming years, an even greater fraction of world economic output.
- Like the US–China equation, China–India interactions uneasily combine the competitive dynamics of power politics with the cooperative impulses of growing economic engagement. Leaders in Beijing and New Delhi make a point of touting their potential for joining economic forces while downplaying notions of incipient strategic rivalry.

- Others, in contrast, believe that the countries are already embarked on a struggle for economic leadership of the dawning Asian Century – what *New York Times* columnist Nicholas Kristof calls “the great race of the 21st century” and what *The Economist* dubs the “Contest of the Century”
- In 2010, China became India’s largest trading partner, with two-way trade amounting to some \$60 billion, and the conferees reiterated plans to elevate trade flows to the \$100-billion mark by 2015. Indeed, according to some estimates, Beijing and New Delhi could well form the world’s largest trading combination by 2030.

If anything, the economic and strategic stakes today are even larger. In much of the 20th century, whoever dominated Europe, with its economic and industrial base, could aspire to global pre-eminence. Britain and America fought two world wars and then a Cold War to prevent Germany and then the Soviet Union to achieve such a position. In the 21st century, although global power will be more diffused, whoever dominates Asia could still aspire to be globally pre-eminent. As Ron Huisken has argued, the US has repeatedly signalled to China its determination to play an important role in the Western Pacific and that if, necessary, due to financial constraints, it would be content to be a Pacific power rather than be a global power.

More cooperative US-China relations would be positive for Southeast Asia and ASEAN as they mitigate strategic tensions and enable the smaller countries to avoid having to choose between the two powers. However, a US-China duopoly or a classical European-style concert of powers which includes the major powers (say US, China, Japan and India) will be resisted unless perhaps it is modified to suit East Asian realities, for example by using an ASEAN-centred forum like the East Asia Summit to consult and inform.

Pivoting Asia, Engaging China—American Strategy in East Asia Today
By Daljit Singh

A strategic partnership connotes that issues of concern to one or more partners cannot be side-stepped.

India has a less-burdensome past than the other 'external powers', and the possibility exists that it can play a more positive role. The India-ASEAN strategic partnership shall proceed with caution, but it will proceed all the same.

India-ASEAN Strategic Partnership: Challenges and the Way Forward

Ngo Xuan Binh

India-ASEAN Strategic Partnership: Challenges and the Way Forward

Vientiane, 10 - 11 September, 2013

Prof. Ngo Xuan Binh

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Introduction

- There has been steady progress in the India – ASEAN relationship since Indian Government initiated its “Look East Policy” in 1991.
- India became a sectoral dialogue partner of ASEAN in 1992, which was upgraded to full dialogue partnership in 1996. Since 2002, India had annual Summits with ASEAN.
- In 2012, India and ASEAN celebrated the 20th anniversary of our dialogue – level partnership and 10th years of Summit-level partnership. At this Commemorative Summit in New Delhi on December 20-21, 2012, India and ASEAN decided to elevate India-ASEAN relationship to a strategic partnership.

Commemorative ASEAN-India Summit 2012



Content

Apart from introduction and conclusion, the paper contains 2 main parts:

I. Current challenges: looking from 3 angles

- From Indian side
- From ASEAN's side
- Challenges from great power rivalries

II. A way forward

Challenges

1. From Indian Side

➤ *A limited economic integration with Southeast Asia:*

- India occupies less than 1% of Thailand's international trade and 2.5% of Singapore international trade in 2004

➤ Too much focus on its domestic politics at the cost of foreign politics and ineffective administrative processes:

- Although Indian leaders issue an open policy, yet ASEAN still feels that Indian bureaucratic system has not carried out this policy wholeheartedly.
- When Indian negotiators pay attention to a business transaction, they also put conditions for the implementation of the policy, including a long term modification for India.
- ASEAN is also puzzled at India's federal political system in which central and state governments often acted differently with regards to free trade agreements.

➤ Economic structure and different level of openness in the economies of India and ASEAN:

- ASEAN's economies are often more open, more dependent on the import of raw materials and capital as commodity inputs, while Indian economy is mainly dependent on domestic resources.
- During negotiations of the India – ASEAN free trade area, rule of origin and import control list became a hindrance in the process.
- India is pretty strict about product origin, requiring at least 40% of local products for export. While ASEAN just want to have about 40 products in the initial import control list of India, this list in fact contains up to 1414 sensitive products.

➤ Image issue

- ASEAN traders see Indian entrepreneurs as not firm in their management and too harsh negotiators. This image is not quite right, but it influences decision making.
- For example, Thailand feels quite difficult to make long term economic relations with India, while India feels that ASEAN is closer to China than to India in terms of cultural relationship, management style and business operation.
- Enterprises in ASEAN feels that India's import barriers much higher than that of China.

➤ Foreign direct investment do not play a prominent role in India's economic development.

- ASEAN is an important source of investment for China, helps in bringing about China's economic development and export production.
- Indian Government's policies to attract foreign direct investment is rather limited and investors tend to focus on services and information technology sectors which require less capital as compared to other production sectors.

➤ India's strategic role in regional security is still limited

- Besides participating in the dialogue in the ASEAN forum and a few anti-piracy activities in the Malacca Straits, India is not considered a prominent player in the regional security architecture

2. From ASEAN's Side

➤ Challenge of ASEAN's unity and cohesion

- The process of negotiating the ASEAN Charter and its components also proved protracted and even contentious at times, exposing and intensifying existing differences within ASEAN.
- Recently, ASEAN's failure to pass a joint communiqué after its Phnom Penh Ministerial Meeting has revealed a deep crack in ASEAN, and the challenge now is how to reconcile the interests of particular member states and those of the whole bloc.

➤ ASEAN's institutional constraints in producing more timely practical cooperation

- According to Alice D. Ba, the challenges of producing timely, "action oriented" responses to pressing problems have become a particular source of dissatisfaction among Western powers like the US.
- One of ASEAN's challenges is how to respond to US concerns and criticisms without alienating China and reversing what has thus far been a positive trajectory in China's regional foreign policy from the perspective of most ASEAN states.

➤ Policy coordination

- The caricatures of ASEAN as a "talk shop" speak to this criticism and limitation.
- Formal dispute resolution is also something that tends to elude ASEAN-related cooperation.
- These are historical challenges associated with ASEAN and its institutional culture. A sense of the fragility of regional relations has also tended to act as a check on those who might seek more ambitious initiatives

➤ Challenge of balancing increased great power rivalries in the region

- The three main bilateral relations among the great powers in Asia are China-US, China-Japan and China-India. ASEAN is highly dependent on regional dynamics, i.e., the degree of cordiality – or the lack thereof – between the great powers.
- If relations among the major powers deteriorate then ASEAN would end up in an uncomfortable position wedged between antagonistic great powers. It could then be forced to choose sides, or become the battlefield for proxy wars.

- China's recent strong claim of most of the South China Sea has created frictions not only with some of the Southeast Asian countries, but also with the US and Japan, and also with India.
- The most pressing challenge of Southeast Asian countries is to find ways to deal with China's assertion without encouraging new frictions between China and other great powers.

➤ Intra-ASEAN disputes and tensions and internal conflicts and political changes within ASEAN states.

- Inter-state disputes and tensions within ASEAN have not disappeared in recent years. The land boundary dispute between Thailand and Cambodia has produced military clashes and seriously challenges ASEAN's claim to be a security community.

- As pointed out by Amitav Acharya, "the main sources of internal conflicts in ASEAN include the lack of fit between the territorial boundaries of the modern "nation-states" and the ethnic composition of their populations; and struggle for regime survival and demands for political change against authoritarian regimes".
- The separatist movements in the southern Philippines and southern Thailand have no immediate end in sight, and may well continue into the next two decades. Myanmar too is likely to see periodic flare-up of its myriad ethnic rebellions, as happened in 2009 and 2010.

- ASEAN remains an odd mixture of authoritarian, semi-authoritarian and democratic regimes. The process of democratization is sometimes seen as a source of instability and even war.

3. Challenges from Great Power Rivalry

➤ China's rise

- For ASEAN its relations with China are of crucial importance. However, while ASEAN is eager to engage China and is highly dependent on China's willingness to support its multilateral initiatives, at the same time, it fears becoming overwhelmed by China's rise to global power.

➤ US-China relations

- China's influence in Southeast Asia has been growing at the expense of American influence in the region.
- Recent moves of the US to claim a role in the South China Sea conflict and Washington's opting for membership of the East Asia Summit could in turn be interpreted as a response aimed at preventing Chinese hegemony in the region.
- Currently, the South China Sea seems to be emerging as a new "hot spot" in China-US relations.

➤ China-Japan relations

- As in the case of the US and China, there exists significant regional rivalry between Japan and China.
- In addition to the economic competition, China-Japan rivalry also involves their respective bids for a leadership role in regional cooperation as well as standing head to head in a territorial dispute in the East China Sea.

➤ India-China relations

- India's economic growth, the size of its population and its growing interest in playing a role in international affairs precipitate a potentially major role in the region.
- However, critics has often pointed out that so far India has not yet been asserting its weight enough. India is trailing behind China's economic development and China's ability to use its economic assets to gain political influence.
- Still, it is possible that the Sino-Indian relationship develops into the "key element of the incipient balance of power system in Asia

On the Part of India

- Continuing economic reform: loosen tariff barriers, expand trade cooperation for deeper economic integration
- Strengthening of Look East policy
- Play a more assertive role in the security architecture of the region

On the Part of ASEAN

- Strengthening ASEAN's unity and cohesion, policy coordination.
- Tactfully balancing great power rivalries in the region
- Manage intra-ASEAN disputes and tensions and internal conflicts within ASEAN states

India-ASEAN Combined Efforts

- Strengthen mechanisms for cooperation in every field, be it economic, security, socio-cultural or connectivity.
- Formally define the content of the concept of "strategic partnership" as well as its implications and meanings.

Conclusion

- Given the challenges described above, it is easy to be pessimistic about India-ASEAN's prospects.
- However, these challenges should be seen as tests for ASEAN-India maturity and foresight.
- Coping with these challenges would require a measure of cohesion and purpose within ASEAN and a measure of the political will and commitment and practical action on the part of India.
- We believe that with the strong combined efforts of both India and ASEAN, our strategic partnership will have a bright future.

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Biswajit Dhar is Director-General of the Research and Information System for Developing Countries (RIS). He has been intimately involved in the policy making process for more than two decades and has been working extensively on the issue of trade and development; researching and writing on themes that are of policy relevance. For more than two decades, Dr. Dhar has been researching on the implications of the emerging regime of intellectual property rights for developing countries in general and India, in particular. He has served as member of several expert groups nominated by the Government of India. He has also been a member of the official Indian delegation in multilateral treaty negotiations, including the World Trade Organisation, the Convention on Biological Diversity and UN Framework Convention on Climate Change. Dr. Dhar has been interacting closely with a large number of institutions, which are working on issues relating to his area of specialisation. Besides institutions based in India, he has been working with several inter-governmental organisations. He has presented research papers in number of international and national conferences and has publications in reputed journals.

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GLIMPSES OF THE ROUND TABLE



Glimpses of the Round Table



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