

ASEAN and India



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Evolution of ASEAN



- ASEAN established in 1967 At Bangkok declaration
- Five Founding Members : Indonesia, Malaysia, Philippines, Singapore and Thailand
- HQ at Jakarta
- The Brunei joined in 1984
- The Vietnam in 1995
- Laos & Myanmar in 1997
- Cambodia in 1999
- Currently, 10 Member countries
- Its earlier incarnation : ASA (Association of Southeast Asia), comprising only three countries *viz.* Malaysia, the Philippines and Thailand.

Objectives of ASEAN

- **To accelerate economic growth,**
- **Peace, security,**
- **Social progress and cultural development** in the South East Asian region by joint initiatives in the **spirit of partnership and equality**



ASEAN Way



‘ASEAN Way’ follows the principle of **‘Musyawarah and Mufakat’**

- An Indonesian way of ‘deliberation and consensus’
- That is to provide an effective, efficient and transparent process for consultations and settlement of disputes.
- will resolve disputes by consultation and agreement,
- will not use force or confrontation,
- will not interfere in the internal matters of others,
- will respect each other's independence,

Musyawarah and Mufakat



- Deliberation and consensus are a traditional decision-making rule in Indonesia
- Often observed in village meetings.
- The approach employed even in a modernized and democratized Indonesia, not only at rural assemblies but also in the parliament at national level.
- This consensus way of decision making provides an institutional basis for democratic stability by giving every parliamentary player an equal opportunity to express.
- Drawback: this system decreases political efficiency as it takes a long time to reach 'finality.'

Treaty of Amity and Cooperation (1/2)



- Initially, ASEAN had a smooth sailing but later there was flexing of muscles in terms of economic powers,
- Realized that Thailand, Philippines and Malaysia will not be able to do the job, **Singapore was a rising economy.**
- Water disputes between Malaysia and Singapore - a case in point.
- Very important that all Members be taken together, and mutual differences must be ignored.
- With this, it was decided that **ASEAN** Members will sort out/settle all disputes through **the Treaty of Amity and Cooperation (TAC).**
- India also signed TAC in 2003.

Treaty of Amity and Cooperation (2/2)



TAC

- will not interfere in internal matters of one another,
- will not use threat or force to settle differences/ disputes by peaceful means
- will effectively cooperate among themselves
- will respect each other's independence, sovereignty, equality, territorial integrity and National identity; and
- Every state has right to lead its National existence, free from external interference, subversion **or coercion.**

ASEAN Regional Forum



- In 1994, ASEAN Regional Forum (**ARF**) came into being
- In **1996** : **India** became its Member
- In **1997** : **ASEAN+3** formed to increase regional cooperation.
- This included 3 formidable Asian economic powers namely **China, Japan and South Korea**, although they are **not Members of ASEAN**

Currency Swap Agreement (CMI)



- **Chiang Mai initiative (CMI)** a currency swap agreement.
- The first regional currency swap arrangement launched by the ASEAN+3 countries in May 2000
- To address the short-term liquidity difficulties in the region and to supplement the existing international financial arrangements
- To enable Member countries to move away from dependence upon dollars only.
- Have current trade amongst one another's currencies.
- The CMI Multilateralization (CMIM) is a multilateral currency swap arrangement between ASEAN+3 members, which came into effect on 24 March 2010.
- Based on the same principles of World Bank but limited to the 13 countries.

Partnership and Equality



- To accelerate economic growth,
- cultural development and
- social progress in the region by joint initiatives in the **spirit of partnership and equality**
- to cement the foundation for a peaceful and strong community of South East Asian countries.

India & ASEAN



India could not be ignored as India is now a regional power because

- Indian Ocean is a very important area,
- Indian Navy is a strong Navy,
- India is a nuclear power,
- very large population
- large economy

Look East & Act East Policy



- In **1990**, India started engaging with the ASEAN as a part of look East Policy, now act east policy.
- In **1992** : India became a sectoral dialogue partner of **ASEAN**.
- India opened up its economy in 1991
- **LPG** budget of 1991, India on the course of a free market economy
- This also coincided with the downfall or the breakup of the USSR
- ASEAN Members were convinced that India is following their own model

India & ASEAN (1/2)



- In **1996** : India became a full dialogue partner of ASEAN
- In **2002** : India started attending **Annual Summits of ASEAN.**
- In **2003**: India signed **Treaty of Amity and Cooperation (TAC)**
- Signed counter-terrorism declaration with ASEAN, given that the country was grappling with terrorism to a high extent
- In **2009**: India signed FTA with the whole ASEAN
- 2010: India's FTA with ASEAN as a whole was made effective from January 2010.

India & ASEAN (2/2)



- In **2012** : India becomes a **strategic partner of ASEAN** on its 20th anniversary of joining ASEAN
- Commemorative summit held to underscore the importance of India as a Strategic partner of ASEAN, though not exactly a member of ASEAN
- The ASEAN becoming a rising force, with 27 member states in the ASEAN Regional Forum (ARF)
- Some of ARF members are core Members, some others as full dialogue Members, and yet some others are sectoral dialogue Members.

Community Pillars



In 2015, **ASEAN** was **expanded** to form a community of opportunities under three community pillars:

- **ASEAN Political Security Community**
- **ASEAN economic community, and**
- **ASEAN socio-cultural community.**

Objectives of ASEAN 'Communities'



The main **objectives** of formation of these 'Communities' included:

- Promoting peace and stability in the region
- Active collaboration and mutual assistance in subjects of common interest
- Training and research in the educational, administrative, technical and Professional domains
- Cooperation for a better usage of agriculture and industry trade expansion, communication and transportation facilities and improving living standards
- Promoting SE Asian Studies
- Expanding more avenues for further cooperation.

ARF Vision 2020



ASEAN Regional Forum seeks

- To address regional security challenges and take measures to undertake **'confidence building measures and cooperation'**,
- **Hanoi plan of action (POA) to implement vision 2020** involving concrete and doable action in the fields of:
 - Disaster relief,
 - Maritime security,
 - Non-proliferation and disarmament,
 - Counter-terrorism and
 - Peacekeeping, a very important part of it.

Economic Role in the wake of COVID-19



- India's role in the Indo-Pacific will remain limited if it does not prove to be a major economic partner to the States in the region.
- Given the economic slowdown in India in the wake of COVID-19 and the lack of political consensus in the country about regional economic agreements, India's ability to economically engage with the region remains limited.

China's Rise in the Indo-Pacific



- China's rise in the Indo-Pacific to be tackled not just politically but also economically
- ASEAN sojourn, 2019 will be remembered for India finally rejecting the RCEP mega trade deal.
- In his speech at the RCEP summit in Bangkok, PM of India said thus:

*'India has been proactively, constructively and meaningfully engaged in the RCEP negotiations since inception, the draft RCEP agreement did **"not fully reflect the basic spirit and the agreed guiding principles of RCEP"***

Divergence in Objectives



- ASEAN has always been keen on a diversified portfolio of partners so that its member states can leverage their centrality in their dealings with major powers and maintain their strategic autonomy.
- While China's clout has been growing in the region, ASEAN member states have tried to keep the U.S. engaged in the region as well.
- But with the Trump administration giving mixed signals about Washington's commitment towards the region, ASEAN has been looking at India with a renewed sense of anticipation.

India *vis-a-vis* China (1/2)



- India's proactive outreach to the region in the form of its 'Act East' policy well received
- Anxious about China's increasingly overweening economic and security presence in the region
- ASEAN member states keen on a substantive Indian involvement in the region
- India's decision to keep away from the RCEP cause concerns about its larger game plan *vis-a-vis* the region

India *vis-a-vis* China (2/2)



- India's entire Indo-Pacific strategy might be open to question if steps not taken to restore India's profile in the region.
- For China, this looks like a win at a time when the Trump administration is pushing Asia into making a choice in its favour by jettisoning Chinese largesse on infrastructure and technology.

Beijing's Dominance



- Both geopolitically and geo-economically, China now looks set to dominate the Indo-Pacific, which may not be a good news for the region and India
- Japan is now suggesting that it would work towards a deal which includes India
- Japanese Trade Minister Hiroshi Kajiyama made it clear that Tokyo

“wants to play a leading role toward reaching an early agreement between all 16 countries, including India, with the aim of signing it in 2020.”



Hurdles in India's strategy

- India's not joined the region's flagship free trade arrangement (RCEP).
- India implicitly but crystal clearly declared that no cost is large enough when it comes to National sovereignty.
- ASEAN has always been keen on a diversified portfolio of partners so that its member states can leverage their centrality in their dealings with major powers and maintain their strategic autonomy.
- While China's clout has been growing in the region, ASEAN member states have tried to keep the U.S. engaged in the region as well.
- the US giving mixed signals about Washington's commitment towards the region, ASEAN looking at India with a renewed sense of anticipation.

ASEAN Sojourn, 2019



- Will be remembered for India's bold decision of finally rejecting the RCEP mega trade deal.
- And we would discuss contours and tangents of this in the next session.

Before we move to **'Quiz'**



**Any
Comment/Suggestion/Queries**



Quiz (1/3)



Quiz Question-1

What does 'Musyawarah and Mufakat' connote?

- a) Deliberation and consensus
- b) Deal and Agreement
- c) Practice and Law
- d) Declaration and Implementation

Quiz (2/3)



Quiz Question-2

Which of the following is not true in the context of Chiang Mai initiative (CMI)

- a) It is a currency swap arrangement /agreement;
- b) It addresses the short-term liquidity difficulties in the grouping/region;
- c) It enables Member countries to move away from dependence upon dollars alone;
- d) It can not have current trade amongst one another's currencies.

Quiz (3/3)



Quiz Question-3

Which country was the last to join ASEAN

- a) Brunei
- b) Vietnam
- c) Laos
- d) Cambodia



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Thank you