

---

# India and East Asia: The Look East Policy

G. V. C. NAIDU\*

## Abstract

*The global centre of gravity is shifting to East Asia, due to its remarkable economic dynamism, but the rise of new power centres and their assertive attitudes also brings huge security challenges. India is renewing its age-old links with East Asia; after a long hiatus it is looking to East Asia once again to engage with it more purposely. Compelled by political and economic imperatives, New Delhi launched the 'Look East' policy in the early 1990s, which, despite its slow take-off, has evolved into a comprehensive engagement underpinned by several political-institutional mechanisms, strong economic association through a variety of comprehensive cooperation agreements, and robust defence links and security cooperation. As a result, India has now become an inalienable part of the evolving East Asian economic and security order. While India closely collaborates with the U.S., Japan and a few ASEAN countries in the management of regional security, India's relations with China are undergoing major changes as they become increasingly complex.*

## Key Words

India, East Asia, Look East policy, India-U.S., India-China.

## Introduction

Until as recently as a decade ago, most assessments of East Asia<sup>1</sup> tended to ignore India as a factor in regional economic or security affairs, but that has changed remarkably, and today there is hardly any discourse that fails to make reference to India. This fundamental shift has come about in part due to the 'Look East' policy which New Delhi launched in the early 1990s in the aftermath of the Cold War, driven by economic imperatives and political expediency. The success story of India's engagement with East Asia would not have been as dramatic if it were not for the fact that the East Asian region itself has been witnessing unprecedented developments whereby many countries found it useful to involve India in regional affairs. While the

---

\* G. V. C. Naidu is Professor and Head of the Centre for South, Central and Southeast Asian & Southwest Pacific Studies, School of International Studies, Jawaharlal Nehru University, New Delhi.

unparalleled economic dynamism that is sweeping the region is its most visible feature, serious security problems also beset the region, which could undermine peace and stability and seriously affect economic vibrancy. Evidently, the rapidly increasing economic interdependence, both in terms of intra-regional trade and investments, does not seem to have translated into the much anticipated political dividends. The complexity of the regional environment is further compounded by the recent resurgence of new global power centres- most prominently China and India.

---

**While the unparalleled economic dynamism that is sweeping the region is its most visible feature, serious security problems also beset the region, which could undermine peace and stability and seriously affect economic vibrancy.**

---

It must be kept in mind that today East Asia's ascent is represented not only by China and India, but by the rise of the entire region. Consequently, its overall weight in global affairs is also increasing significantly, and hence developments here will have major implications for the rest of the world. With a combined GDP

of around US \$28 trillion in PPP terms, East Asia is already nearly as large as the United States and the European Union combined (and is set to overtake them by 2013). Besides it is being home to nearly half of the global population, the world's fastest and largest growing markets are located in this region. Now that talks are going to begin in early 2013 for a Regional Comprehensive Economic Partnership (RCEP), it will become the single largest free trade area in the world. At the same time, the regional security order is also undergoing tectonic changes. The regional great powers, China, India and Japan, are redefining their roles and are increasingly becoming more assertive- this is likely to become a major enduring feature of East Asia in the coming years, which will play a key role in any new regional order that may come about. The post-Cold War unipolarity is transiting towards an East Asian multipolarity. This transition is unnerving because one is not sure if it is going to be smooth and free of conflicts and tensions, so that regional peace and stability remain unaffected- a precondition for continued economic dynamism and development. In any case, there is no question that the East Asian region is under global focus.<sup>2</sup>

Against this backdrop, where India emerges as a major economic power with a formidable military, many countries, especially the Association of Southeast

Asian Nations (ASEAN) and Japan, have found it useful to involve India in regional affairs, not only to take advantage of its economic potential, but also for its potential to contribute to regional security. Consequently, today India is an indispensable part of East Asia and its role and interests are steadily expanding within the region. That, in a way, also signifies the profound and fundamental shifts the region is witnessing.

While the roots of India's engagement with East Asia can be traced back to ancient times (nearly 2500 years ago), recent relations are a post-Cold War phenomenon, what is popularly called the Look East policy. What began as an attempt to improve bilateral relations, to partake in the regional economic dynamism and carve out political space for itself, over the years has evolved into one of the most successful foreign policy initiatives that India has undertaken. It now encompasses a range of political, economic, strategic and cultural activities and interactions. The following article, in addition to providing a brief backdrop to East Asia, its growing significance and principal features, explicates the contours of India's relations with East Asia, especially the evolution of the Look East policy, its various phases and the current status.

## Backdrop

In order to gain a perspective on the current rise of East Asia and India's role in it, it must be kept in mind that the global center of gravity has been shifting from time to time. For nearly two millennia, the Indian and the West Pacific Oceans dominated global politics, with China and India at one point controlling nearly two-thirds of the world's GDP, before the European industrial revolution and their voyages in search of resources and markets eventually led to the colonisation of the majority of today's global south. This marked the major rise of the Atlantic and thus the global focus on that region. The first sign of the re-ascend of the Pacific appeared with the emergence of the U.S. as a formidable power in the late nineteenth century, especially following the defeat of Spain in the 1898 Spanish-American War. This was followed on the other side of the Pacific by Japan's meteoric rise and the defeat of the mighty Czarist Russia in 1905, which signaled the first sign of Asia's resurgence. Japan's phenomenal post-war recovery in the aftermath of the Second World War was soon followed by the emergence of the four Asian economic tigers, and then several Southeast Asian countries, such as Malaysia and Thailand, joined the ranks of the tigers. Asia's rise was complete,

firstly, with the success of China's famous 'four modernisations' program, launched in the late 1970s, and then with India's recent emergence consequent upon the liberalisation of its economy in the early 1990s. With this, the Pacific once again hogged the limelight, and now the Indian Ocean region's economic and geostrategic significance is increasing because of its huge resources (notably oil and gas), which are fuelling the phenomenal growth in East Asia, and the rising economic opportunities present in the Indian Ocean rim region.

Today three out of four of the world's largest economies are located in East Asia. By several estimates China is likely to become the largest economy by 2035-40, and India is already the third largest in PPP terms. By 2008, China had emerged as the largest manufacturing nation, surpassing the U.S., and is now the largest trading nation in the world. Despite considerable slowdown in the last couple of decades, Japan continues to be an economic powerhouse. The Asian economic tigers, followed by Southeast Asia and China, were the biggest beneficiaries of Japanese aid, investments and technologies. However, ever since its asset bubble burst in the early 1990s, the Japanese economy has gone into a tailspin, battered relentlessly by the twin problems of deflation and of growth at a snail's pace. On top of this

Japan is saddled with a runaway public debt, which by 2012 was nearly two and a half times the economy, as well as an ageing and declining population. It is a laggard compared to the rest of the region; however, it would be imprudent to underestimate its strengths: aside from huge personal financial assets at around US \$17 trillion (as of December 2012), it is the third largest economy, with a GDP of over US \$5 trillion. More importantly, it is still a leader in several niche advanced technologies.

---

Unlike in the past, when their fortunes were dependent on the U.S. and Western Europe because of heavy reliance on their markets, the East Asian countries are coming of age economically.

---

Others, such as South Korea, Singapore, Hong Kong and Taiwan, have emerged as major capital surplus countries, and their economic roles are rapidly expanding. Of the nearly US \$7 trillion total foreign exchange reserves held by the East Asian countries, the above four countries alone have nearly US \$1.5 trillion. In addition, virtually the entire ASEAN region is faring exceptionally well economically. Though a latecomer, Vietnam too has joined the league of high performers,

and Myanmar's story is beginning to unfold. Added to the above list is India, a relatively new entrant. With its huge human resources base, a demographic advantage, and a stronghold on certain niche areas, such as information technology, pharmaceuticals, etc., India is forecast to emerge in the coming years as a major economic growth driver for the region.

Unlike in the past, when their fortunes were dependent on the U.S. and Western Europe because of heavy reliance on their markets, the East Asian countries are coming of age economically. They have exhibited remarkable resilience in the wake of the 2008 economic crisis in the U.S. and more recently in the Eurozone. The intra-Asian trade- at nearly 59 % in 2011- is growing faster within, rather than outside of, the region. Similarly, East Asian investments are increasingly bound within the region. These indicate not merely the declining importance of traditional markets, such as the U.S. and Europe, but also the growing opportunities and expanding markets in East Asia. Under the Chiang Mai Initiative, which came about in the aftermath of the 1997 financial crisis, a reserve pooling of \$240bn (by 2012) is in operation, which is meant to ensure that the region does not suffer a similar crisis.

Much of the above mentioned economic dynamism is market-driven. To take advantage of the trend in the region, which increasingly is interacting within itself, and of the continued buoyant economic conditions, earnest attempts are being made to provide the necessary political momentum. These are numerous bilateral and multilateral free trade agreements and regional cooperation arrangements. As of September 2012 'there were 103 FTAs in effect involving one or more countries from the region, most of them bilateral. There are another 26 signed FTAs, 64 under negotiation and 60 more proposed.'<sup>3</sup> These, in fact, are not simply attempts to promote trade, but are far more wide-reaching and are aimed at regional integration. As a result, every country has entered into several of these arrangements. The most prominent are those led by ASEAN, such as the Framework Agreements on Comprehensive Economic Cooperation with China, India, Japan, South Korea, etc. Additionally, there are several regional multilateral mechanisms to promote economic cooperation, such as the Asia Pacific Economic Cooperation (APEC), ASEAN Dialogue and Summit Partnership Meetings, ASEAN Plus Three (APT), East Asia Summit (EAS), etc. Among these, the newly agreed upon Regional Comprehensive Economic

Cooperation (RCEP), involving the ten ASEAN nations, China, Japan, India, South Korea, Australia and New Zealand, will be a mega FTA. The first round of talks is scheduled for February 2013, with the expectation that it will be operational by 2015. If this is realised, it would create the world's largest free trading region, consisting of nearly half of the global population and some of the most dynamic and largest economies of the world. It will catapult the East Asian region into a commanding position in global economic affairs. Despite some scepticism, especially in view of China's dominant position in manufacturing, all see major advantages in the creation of a mammoth market. The first test of whether such a mega market can be achieved would be the successful realisation of the ASEAN Economic Community by 2015, although the EU style of integration, in particular in the political and defence spheres, is an unlikely eventuality, given the region's complex security environment and persistent historical vestiges.

Although the economic scenario presents a bright picture, with a huge reservoir of untapped potential, the region is not without its problems on the political and security front. In fact, at times they appear to be so unnerving that they might derail the region's

economic juggernaut. Besides having several flashpoints, the region is home to the world's largest (and probably the most intractable) unsettled territorial and maritime boundary issues. There is not a single country that is free from one of these disputes. Some of them are minor, but many are major and politically highly contested. (For instance, the boundary dispute between India and China involves some 95,000 km<sup>2</sup>) Most of these disputes have remained dormant for a long time, but they have become highly contentious recently for two reasons. One is the 1982 UN Convention on the Law of the Sea, which provides extensive benefits by way of exclusive economic zones for exploitation of resources, and the other is the growing realisation that the seas are going to be major sources for food as well as natural resources. Some of them, such as the Senkakus in the East China Sea and the Spratly and Paracel Islands in the South China Sea, also offer major geostrategic advantages. Unlike in other regions, some of these in East Asia have become highly contentious, such as the dispute over islands in the South China Sea with claims in part or full by China, Vietnam, Malaysia, the Philippines, Brunei, and Taiwan, and the Senkakus/Daioyu between Japan and China- so much so that they are seriously threatening to disrupt bilateral

relations. Intensified conflict can also lead to greater military modernisation, especially naval.

The other dimension of regional security is the relations among great powers. As the post-Cold War order led by the U.S. unipolarity collapses with the rise of new power centres, the current order is characterised by fluidity and uncertainty. A lack of classic balance of power is adding to the anxiety of many small and medium countries. If history is any guide, it is unavoidable that rising new powers not only disturb the status quo but also constantly strive to expand their strategic space at the cost of other existing dominant powers, which inevitably leads to clashes of interest and tensions, and quite often to wars. It constitutes a major part of the discourse on Asian security whether or not it too will go through the same trajectory as such other regions as Europe. Meanwhile, there are others who argue that 19<sup>th</sup> and early 20<sup>th</sup> century Europe is not necessarily the best guide to the future of East Asia, especially because of the massive globalisation process and the unprecedented economic interdependence, which will make the costs of conflicts too much to bear. Japan and China have been experiencing tense relations in the recent past, but to what extent economic imperatives will restrain them from boiling over needs to be seen.

---

The unexpected closure of U.S. military bases in the Philippines in 1992, and the contest in the South China Sea becoming heated with China beginning to assert its claims aggressively, prompted ASEAN to revisit the issue of a regional platform to discuss security issues.

---

The East Asian region, nonetheless, is witnessing some significant trends. One of them is the steady increase in defence spending across the region, as most nations are equipping themselves with advanced weaponry, particularly in the naval field. Secondly, both China and India, which had traditionally been continental powers, are emerging as major maritime powers with the acquisition of blue-water naval capacities with power projection capabilities. Moreover, both seem to be looking beyond their traditional areas of interests, i.e., their immediate vicinities: China in the Pacific and India in the Indian Ocean. With its growing interests and stakes, India wants to be a significant factor in the Western Pacific region, while China, due to the critical dependence for its trade on the sea lanes of communication in the Indian Ocean, is exploring ways to have a military presence in that region.



Another dimension of the East Asian security is security multilateralism. It was originally conceived and proposed by Japan to replicate the European example, the Conference on Security Cooperation in Europe, to deal with post-Cold War uncertainties in Asia. Whereas Tokyo had its own vested interest to enhance its political role in East Asia through a multilateral framework, many countries, including ASEAN and China, initially had reservations for different reasons. However, the unexpected closure of U.S. military bases in the Philippines in 1992, and the contest in the South China Sea becoming heated with China beginning to assert its claims aggressively, prompted ASEAN to revisit the issue of a regional platform to discuss security issues. It eventually took shape in the form of ASEAN Regional Forum (ARF) launched in 1993. A major objective was to engage China in the ASEAN strategy of 'enmeshment' through multilateral institutions. By 1995, ASEAN put out an ambitious Concept Paper that laid down a roadmap, beginning with confidence-building measures, followed by preventive diplomacy initiatives, intended finally to emerge as a conflict resolution mechanism. Despite considerable initial enthusiasm, over the years it has failed to live up to its expectations. A few others have also been created, such as the Six-Party Talks to address the North Korean nuclear

issue (2003), ASEAN Defence Ministers Meeting Plus Eight<sup>4</sup> (2010). Even the East Asia Summit (2005) purported to deal with security issues. The jury is still out as to whether these can play a role in shaping the regional security.

## India and East Asia in the Aftermath of the Cold War

It is against the above backdrop that India's evolving policies and relations must be assessed. In some aspects, India was eager to renew its relations with East Asia in the early 1990s; however, it had always enjoyed vibrant and enduring relations for several centuries before the onset of colonialism, which not only disrupted these links but in fact severed them, as they were unsuitable for colonial masters who wanted to have exclusive monopoly. As is evident from a flood of scholarly works that came at the height of India's independence movement, awareness of India's strong influence was acute; there was not a single country in the entire East Asian region that was not influenced by India in one way or another. This played a key role among enlightened Indian nationalist leaders, especially from the early 20<sup>th</sup> century, in generating interest about developments in the region. That could be said to be the beginning of the first phase of India looking east.



India's interest in East Asia was reflected in a series of events that took place from the late 1940s onwards. The most prominent was the convening of the famed Asian Relations Conference in New Delhi in March 1947, before India formally gained independence later in August the same year. It was the first ever attempt to bring together Asian countries on a platform to express solidarity with each other and to evolve a common strategy to fight colonialism and imperialism. As part of this approach, India had also organised a special conference on Indonesia in January 1949 in support of its fight against the Dutch colonialists. Prime Minister Nehru also extended strong support to other independence movements, especially in Vietnam, and enthusiastically welcomed the emergence of the People's Republic of China under the communist party leadership. India also contributed troops for UN peacekeeping operations in Korea. Because of its neutral position and political standing in the newly unfolding Cold War atmosphere and its active participation in East Asian regional affairs, India was made the Chairman of the International Control Commission, which was set up under the 1954 Geneva Accord to ensure the smooth transfer of power in Vietnam. India's pro-active policy was most visible in the convening of the Afro-Asian Conference (also called

the Bandung Conference) in April 1955. As a result, India's initial foreign policy was heavily influenced by developments in East Asia. This could be considered another phase of the Look East policy. Unfortunately, with the Cold War taking deeper roots, engulfing virtually the entire region, India's role began to diminish. Compelled by a series of wars from the early 1960s onwards that it had to fight with China (1962) and Pakistan (1965 and 1971), India had to abandon its earlier activist policy. While India was busy strengthening its defence forces, leading eventually to the signing of a Friendship Treaty with the Soviet Union in 1971, the pro and anti-communist divide was nearly total in East Asia. But for a short while India came under scrutiny due to its recognition of the regime that Vietnam propped up after its military intervened to remove the dreaded Pol Pot in the 1970s (the only non-communist country to do so), and India's marginalisation from regional affairs, both politically and economically, was nearly total. The image persisted that it belonged to the Soviet camp and that its economic policies were inimical to most countries in East Asia, which promoted foreign direct investments, liberal economic policies, export promotion, etc., and was fairly deep seated, corroborated by the fact that even China shed its socialist path to join

others, whereas India remained stuck with what was called the 'Hindu rate of growth'.

---

Economic exigencies and political compulsions later became added incentives to look at East Asia afresh.

---

India, however, shot into prominence in the 1980s for entirely different reasons due to the rapid expansion of its navy. Since this took place mostly, although not entirely, owing to generous Soviet support, many drew two inferences. One was that the Indian Navy was being equipped with power projection capabilities and that Southeast Asia would be a prime target, and secondly, that India in concert with the Soviet Union and Vietnam would try to checkmate Chinese and American influences in Southeast Asia, especially in view of the ongoing Cambodian conflict, particularly after the Soviet Union gained a foothold at the Cam Ranh Bay naval base in Vietnam.

True, the Indian Navy underwent a major spurt in its capabilities in the 1980s, which included the acquisition of a second aircraft carrier from the U.K., HDW diesel-electric submarines from Germany, a nuclear submarine (on a

three-year lease) and advanced Kilo-class submarines, along with a variety of surface combatants from the Soviet Union and through indigenous production. The expansion of base facilities at Port Blair, called Fortress Andaman (FORTAN), in the Bay of Bengal close to the crucial Malacca Strait, lent further credence to concerns in Southeast Asia and beyond. Indonesia even protested against these plans and criticism of the Indian Navy became increasingly strident towards the late 1980s.<sup>5</sup>

A series of events, such as the end of the Cold War, the establishment of a new government under the leadership of P.V. Narasimha Rao, and the opening up of an economy that had been limping, served to put in place a new policy framework. Although Rao has been credited with the Look East policy, one can trace the roots of this policy to the initiatives the Indian Navy took in the late 1980s to re-establish links with its counterparts in Southeast Asia, especially Indonesia and Malaysia. Economic exigencies and political compulsions later became added incentives to look at East Asia afresh. Concerns remained in respect to India competing for influence with China and Japan, once it became clear that both superpowers, which had maintained huge military presences in Southeast Asia, were winding down their bases. Under these circumstances, refurbishing India's

image as a responsible major power, and in particular convincing ASEAN that it had greater stakes in peace and stability than in extending its influence to fill the so-called power vacuum in the region, assumed the utmost priority.

---

India was a potential countervailing force against a fast-rising China, which could also offer huge economic opportunities once its market reforms took roots in the same way as in China.

---

A series of developments between 1992 and 1995 had a dramatic impact on India's relations with East Asia. Among them, three were notable. Firstly, the sudden military withdrawal by the U.S. and Soviet Union created considerable anxiety about the future of regional security at a time when both China and Japan were looking for ways to enhance their roles. Secondly, the dispute over islands in the South China Sea shot into prominence as conflict intensified over their sovereignty. In particular, Beijing's passing of the Law on the Territorial Sea in February 1992, stipulating China's absolute sovereignty over both the Paracels and the Spratly islands began to ring alarm bells that led ASEAN to issue the Declaration on the South China Sea in 1992. Thirdly, many countries

had begun to digest the implications of China's rise, not just as an economic power but also as a military power. These developments enabled ASEAN to re-evaluate their attitude toward India, a big country with formidable military might, but with a benign image of never interfering or intervening in the region in any way, unlike the other great powers. For many, India was a potential countervailing force against a fast-rising China, which could also offer huge economic opportunities once its market reforms took roots in the same way as in China.

Meanwhile, the Indian Navy took the lead in assuaging Southeast Asian concerns about its modernisation by initiating a series of measures to build confidence- primarily joint exercises and invitations to senior naval officers to the Andaman facility for first-hand assessment. This had a major impact on East Asian security perceptions of India. These simple initial steps later on turned out to be a major dimension of foreign policy toward East Asia, as explained below.

## India and East Asia: The Look East Policy

India's much celebrated Look East policy was never articulated officially;

there were no pronouncements nor any white papers issued. While the Indian Navy was taking its own initiatives, compelled by the 1991 foreign exchange crisis, the newly established government under Prime Minister Rao had little option but to resort to drastic measures by freeing the economy from the earlier socialist shackles. As part of the drive to attract investments, Japan was one of the first countries that India turned to, not only for it to help bail it out of acute shortage of foreign exchange reserves, but also to invest liberally in the same way as it did in the rest of East Asia. From New Delhi's point of view, the Japanese response was disappointing as it failed to show much enthusiasm. New Delhi then turned its attention to Southeast Asia, a region with which its ties had historically been cordial. It soon became obvious that in order for India to be involved in regional affairs at a time when profound changes were occurring in East Asia, it was imperative to evolve an ASEAN-centric policy. It was aimed at serving two objectives: firstly, India could never become a factor in regional affairs unless it secured membership in several of the multilateral frameworks which had started sprouting both

---

**In the initial phase of India's Look East policy, much of the emphasis was on establishing institutional links with ASEAN and other ASEAN-led mechanisms.**

---

for economic and security purposes. Invariably ASEAN played a prominent role in all of these. Secondly, concerned about its future, ASEAN was finding ways to remain a significant player in regional political affairs. For India, befriending ASEAN was the best way to enhance its engagement with East Asia. Thus, for the first time, Prime Minister Rao sketched some details about the Look East policy in his famous speech *India and the Asia-Pacific: Forging a New Relationship* in Singapore, 1994. It was only in the 1995 Annual Report of the Indian Ministry of External Affairs that the expression 'Look East policy' was used for the first time. It is thus pretty obvious that New Delhi did not have much clue as to what it was looking for, except for the broad goal of increased interactions with East Asia.

In the initial phase of India's Look East policy, much of the emphasis was on establishing institutional links with ASEAN and other ASEAN-led mechanisms. Concurrently, taking measures to qualitatively improve bilateral relations with select countries such as Singapore, Malaysia, South Korea and Thailand. These resulted in India becoming a Sectoral Dialogue

Partner with ASEAN in 1992 (limited to certain economic sectors), which was later elevated to full Dialogue Partnership in 1995. India was also offered ASEAN Regional Forum (ARF) membership in 1996. As relations consolidated, India and ASEAN became summit partners in 2002. Despite Chinese objections, when the East Asian Summit was launched in 2005, India could no longer be ignored.<sup>6</sup> A distinct feature of India's political engagement with East Asia is that, as with ASEAN, a variety of institutional arrangements have been created to ensure that interactions constantly take place at various levels and relations get strengthened continuously.

## Economic Links

On the economic front, India was no match either for Japan or China, and many countries were disappointed with the pace of economic reforms, the extensive bureaucratic red tape and poor infrastructure. Despite concerted efforts, economic interactions remained sluggish in the initial phase. The 1997-98 financial crisis, which snowballed into a major economic crisis afflicting most countries of East Asia, was a setback for India's attempts. By the early 2000s, India's growth story became well known, and by then East Asian countries also had recovered from the crisis,

setting off a major spurt in economic relations. India's trade with East Asia, which constituted 30.42 % (US \$242 billion of total trade volume of US \$795 billion) in 2011-12,<sup>7</sup> has been growing the fastest compared to any other region, with major investors from East Asia, especially countries such as Japan, South Korea, Singapore, Malaysia, Taiwan, etc.

---

India has also entered into Comprehensive Economic Partnership or Comprehensive Economic Cooperation Agreements with Singapore, South Korea, Malaysia and Thailand and is negotiating similar agreements with most other countries of East Asia.

---

Although a relatively late entrant, Japan is emerging as India's crucial economic partner. India has been the largest recipient of Japanese ODA (despite substantial cuts in overseas aid, in the Indian case it has been steadily increasing) since 2005. Japan is also involved in several mega-projects such as the Delhi-Mumbai Industrial Corridor, the Rail Freight Corridors between Delhi, Mumbai and Kolkata, and the Chennai and Bangalore Corridor, entailing hundreds of billions of dollars in investments and technology transfer.

India-Japan bilateral trade is witnessing a major spurt since the signing of the Comprehensive Economic Partnership Agreement that came into effect in August 2011.

---

What began in the early 1990s as an effort to allay a few Southeast Asian countries' concerns over the Indian naval expansion, India's defence interactions with East Asian nations have witnessed remarkable transformation over the years.

---

India has also entered into Comprehensive Economic Partnership or Comprehensive Economic Cooperation Agreements with Singapore, South Korea, Malaysia and Thailand and is negotiating similar agreements with most other countries of East Asia. Notwithstanding some nagging problems, in particular the unresolved border issues, India's economic relations with China are on the upswing, with China emerging as the largest trading partner. In view of growing links, these two have launched the annual Strategic Economic Dialogue to further increase economic relations.

Among these what has received a lot of attention is the Framework Agreement for

Comprehensive Economic Cooperation between India and the ASEAN. Proposed in 2003, the first part, Trade in Goods, became operational in 2010, whereby import tariffs on more than 80 % of traded products between 2013 and 2016 will be removed. Already India-ASEAN bilateral trade has touched US \$80 billion, and the two-way flow of investments reached US \$43 billion by 2012 and is likely to rise to US \$100 billion by 2015. The talks on the other segments of the Framework Agreement, services and investments, have also been finalised and will come into effect in 2013.<sup>8</sup> India will also be part of the talks slated for February 2013 to create the world's largest free trading area, the RCEP.

## Defence Diplomacy

Through what began in the early 1990s as an effort to allay a few Southeast Asian countries' concerns over the Indian naval expansion, India's defence interactions with East Asian nations have witnessed remarkable transformation over the years. One can clearly see the beginning of a new activist policy that has never been seen before. In fact, defence and strategic links appear to be more robust than economic or political aspects of India's Look East policy, if one looks at the scale and degree of the agreements and interactions.

India's strategic engagement with East Asia is both multilateral and bilateral. At the multilateral level, apart from being a member of the regional security mechanism, the ARF, and the Regional Cooperation Agreement on Combating Piracy and Armed Robbery (ReCAAP), the Indian Navy undertook the unique initiative in 1995 to host biennial gatherings called the *Milan*, at Port Blair. What began as a confidence-building measure comprising just five littoral countries of the Bay of Bengal, now involves most countries of the East Indian Ocean and the island states of the Indian Ocean. It is spread over five days and involves an assortment of activities, with the intent to promote inter-operability, to build confidence, and to find ways to deal with threats to maritime security. Furthermore, relations at the bilateral level are extensive. In contrast with 1990, when Vietnam was the only country with which India had some strategic understanding (*sans* a formal agreement), a decade and a half later it had forged defence and strategic links of one kind or another with countries of the entire East Asian region, except North Korea. A measure of its success can be gauged from the fact that a section on 'Defence Relations with Foreign Countries' started to appear in the Annual Reports of the Ministry of Defence in 2003-04. Since the Indian navy was the trailblazer

in this endeavour, it created a separate directorate of foreign cooperation at its headquarters in 2004.

Under the rubric of defence cooperation, New Delhi has crafted a wide array of activities, such as security dialogues, joint exercises, training, and high-level visits. Among these, cooperation with two countries stand out, i.e., Singapore and Japan. Beginning in 1993 with simple passage exercises, those with Singapore have become extensive. India for the first time opened its facilities for submarine operations early on, and more recently the Singapore air force has been using facilities at Indian bases. With Japan the security cooperation is the most comprehensive. Starting with the 2008 Joint Declaration on Security Cooperation between India and Japan, which was issued during Prime Minister Singh's visit, current cooperation encompasses innumerable institutional arrangements and agreements, such as: the annual Strategic Dialogue at the foreign minister level; regular consultations between the National Security Advisor of India and the Japanese counterpart; the annual Subcabinet/Senior Officials 2+2 dialogue (the Ministry of Foreign Affairs and the Ministry of Defense of Japan/the Ministry of External Affairs and the Ministry of Defence of India); foreign secretary/vice minister level dialogues



(twice a year); the annual Foreign Office Consultation; the annual Comprehensive Security Dialogue at the level of the Joint Secretary, the Ministry of External Affairs (MEA) and the Ministry of Defence (MoD) of India/the Director General, Ministry of Foreign Affairs (MFA) and the Ministry of Defense (MoD) of Japan; the Maritime Security Dialogue; and the annual Track 1.5 Strategic Dialogue. India has emerged as the second most important strategic partner for Japan after the U.S. New Delhi's intensified strategic interaction with East Asia is an indication of its rising aspirations, growing stakes and attempts to play a suitable role in the region.

## India, China and East Asia

The discourse on India and East Asia is incomplete without a reference to China, the most important power, with which India has a different kind of relationship than with the other countries in the region. Almost as large, and aspiring to emerge as strong as China, India has nearly matching military strength but lags behind in economic strength. The 1962 war, nearly 95,000 km<sup>2</sup> of

disputed border, and a strong conviction that China's unstinting support has emboldened Pakistan to wage wars on India (not to mention the generous support to Pakistan's nuclear weapons program) and has supported terrorist activities, are serious issues that have affected bilateral relations. For China,

---

India-China relations are broadening, from the earlier limited border problem and Pakistan to a vast array of issues, especially those spanning the vast Indian Ocean and East Asian regions.

---

India has been working hand in glove with the U.S., Japan and a few other countries bent on containing China and undermining its interests. Yet, there is no question that bilateral relations are witnessing

an unprecedented transformation: they are becoming increasingly more complex and multifaceted. Economic links are booming and there are a number of issues that have emerged as areas of common interest. Both share and cooperate on evolving common positions in talks over climate change and WTO, as emerging economies both seek to promote cooperation as members of the BRICS (Brazil, Russia, India, China and South Africa), and have been strongly supporting regional multilateral institutions, from the Shanghai Cooperation Organisation to the East Asia Summit. Their competition,

nonetheless, is also soaring- for commodities, for energy sources, and for political influence across Asia. As a result, India-China relations are broadening, from the earlier limited border problem and Pakistan to a vast array of issues, especially those spanning the vast Indian Ocean and East Asian regions. It is true that on the face of it their rivalry is likely to intensify, but also, strongly underpinned by common interests, both will ensure that competition/rivalry will not degenerate into an open showdown. Nonetheless, India-China relations will be a major defining feature of the future of the East Asian security, in the same way as India-U.S., India-Japan and India-ASEAN are.

## India, U.S. and East Asia

The other significant dimension of India's relations with East Asia is the U.S. Driven by commonality of interests and shared concerns, India and the U.S. have begun to cooperate closely in managing regional security. For the first time, India and the U.S. have become significant players in East Asia and, importantly, have more commonalities than differences. Fascinatingly, well before India realised its potential, it was the U.S., especially the George W. Bush Administration, which time and time again referred to India as an 'Asian' (not merely a South Asian) power. Washington may have

vested interests in incorporating India into its strategy, probably with a view to counterbalancing China, but there is no denying that India's interests were being advanced by its friendship with the U.S. India's relations, for instance, would not otherwise have seen such dramatic improvement with Japan and many of America's close political allies. Hence, it makes strategic sense for the U.S. and India to join hands, especially because there is no clash of interest between the two once the nuclear issue has been removed from the equation. As the Indian foreign minister stated, the India-U.S. bilateral and trilateral cooperation will aim at creating a 'peaceful and stable Asia, Pacific and Indian Ocean region, and the evolution of an open, balanced and inclusive architecture in the region. We will continue to work together, and with other countries, towards this goal through various mechanisms, such as our bilateral dialogue, the regional forums and our trilateral dialogue with Japan'.<sup>9</sup>

The rapidly strengthening India-U.S. cooperation in East Asia has to be seen in the context of the relative decline of the U.S. with the rise of Asian powers, and recognition that India is a significant factor in the emerging regional order. It is important to note that Washington has been recasting its overall strategy. The erosion in its predominant position is warranting a major review of American strategy. Instead of exclusive

dependence on bilateral alliances and forward deployment, Washington is increasingly trying to incorporate its strategic partners, and is also trying to make use of regional multilateralism in the management of regional economic and security order. Contrary to in the past, when the U.S. strategy rested on the backbone of bilateral alliances and forward deployments, now the emphasis is shifting from simple 'allies' to 'allies and friends', whereby India figures prominently in the new strategy (along with other countries such as Vietnam, Indonesia, etc.).

---

**It makes strategic sense for the U.S. and India to join hands, especially because there is no clash of interest between the two once the nuclear issue has been removed from the equation.**

---

The cooperation spans both traditional and non-traditional sectors- such as a number of issues in maritime security, terrorism, transnational crime and natural disasters- emerging regional balance of powers wherein three issues are of mutual interest to India and the U.S. Firstly, to ensure that a rapidly rising China will not get aggressively assertive either in settling the disputes, or in adversely impacting on the interests of others; secondly, to ensure that the

current transition in East Asia is peaceful so that economic prosperity of the region is not disrupted; and finally, to achieve the common objective of creating a genuine regional multipolarity, even if it is not to the liking of Beijing. To realise the above objectives, both seem to agree on a two-fold strategy. Firstly, to take advantage of regional multilateralism that meaningfully engages all great powers of the region, especially China, and secondly, to adopt the well-known 'hedging strategy' for unforeseen contingencies by constructing a viable regional balance of power. To what extent New Delhi will do Washington's bidding at the cost of its relations with Beijing is yet to be seen. New Delhi's consternation, for instance, was obvious when American Defense Secretary Leon Panetta claimed during a visit to Delhi that India was the linchpin of America's 'rebalancing strategy' in East Asia, for it might result in compromising the 'strategic autonomy' that it always cherished.

Consequently, the larger Indo-Pacific has emerged as the new strategic template,<sup>10</sup> as has the American recognition of India's key role in it. These two have launched two important initiatives aimed at East Asia: the India-U.S. Dialogue on Asia-Pacific and the U.S.-India-Japan Trilateral.<sup>11</sup> By all indications, India and the U.S. are likely to forge closer relations, develop

common understanding and undertake some common initiatives in the coming years in close concert with Japan and a few other Southeast Asian nations.

## India and Emerging East Asian Security Architecture

The above discussion clearly demonstrates the profound changes occurring in East Asia, in particular that its security is now in the midst of a fundamental shift. Despite growing economic interdependence, security challenges are mounting, as recent events suggest. China's belligerent attitude and growing assertive actions with respect to those of its territorial claims which are disputed by others, predominantly in the East and South China Seas, seem to have triggered newer attempts to find ways to deal with China. The paranoid and isolated North Korean regime continues to be a security nightmare with its perseverance in stockpiling weapons of mass destruction and ballistic missiles. The dangers posed by innumerable threats in the non-traditional security domain in East Asia are clear and present. Southeast Asia is seen as the second front in the fight against terrorism. East Asia is most prone to natural disasters- the 2004 tsunami and the 2011 Fukushima earthquake, followed by a tsunami and a nuclear accident, are best known- and hence, disaster management is a

major task, especially for large countries requiring close cooperation.

---

Despite growing economic interdependence, security challenges are mounting, as recent events suggest.

---

At the same time, much current anxiety about regional security is born of the fact that there is no classic balance of power. China continues to harbour ambitions to emerge as a predominant power in East Asia, whereas others want a regional multipolarity. That is also what India wants so that it can remain as one of the major players in the region in shaping its future economic and security order, where its stakes will continue to grow enormously. Now that Washington has announced its 'return to Asia' policy and a military 'rebalancing' strategy, one can expect a realignment of forces. China has interpreted them as attempts to contain it, and thus relations among great powers will be a critical element in evolving regional security.

Whither the role of regional multilateralism is a pending question. Can mechanisms meant to promote economic cooperation become so vital that countries will be forced not to become aggressive and find peaceful

ways to resolve disputes, moderate great power rivalry, and ensure that clashes of interests will not result in conflicts? In any case, the security related multilateral frameworks, such as the ARF and Six-Party Talks, have failed to make much headway so far, as they are beset with many problems. Hence, whether there is a need to create a more credible security framework is another issue to be debated. As a result, India's role in the emerging balance of power in East Asia has become very significant.

## Conclusion

Until the late 1990s, India was out of East Asia's radar; however, it is now an indispensable part of it. Moreover, it is increasingly seen to be a key player in the emerging regional security architecture. For the first time in history, three regional powers- China, Japan and India- are emerging almost simultaneously as major actors. Undoubtedly the U.S. is the dominant and influential power, but there are uncertainties over its status and ability to influence developments in a significant way. The recent 'pivot to Asia' and reordering of its overseas force deployments signify its vital interests, but it will have to take into account the rise of China and the growing aspirations of other major actors. Even as China and India begin to exercise their sea power commensurately with

their rapidly rising interests and stakes, the contest will intensify in the maritime sphere. Russia is the other major power, despite its drastically diminished role, that is striving to carve a niche role through increased defence and energy links. Hence, the relations that govern them will be a principal determinant of regional economic and security order.

---

Given the slowdown in the U.S. and the problems the EU countries are facing, New Delhi has no option but to hitch its economic wagon to the dynamic East Asian region.

---

However, for the foreseeable future the spotlight will be firmly on China, whose inexorable rise both as economic and military power is unparalleled, and its assertive actions will be aimed at continuously enlarging its strategic space. (In the coming years the same could become true of India.) The ramifications of this are visible in growing tensions between China and Japan on the one hand, and between China and the U.S. on the other. It will be a challenge for the rest of the region to ensure that the current transition is peaceful and that China does not precipitate things. Added to the above are Japan's quest for a greater security role, and India's strong forays into East Asia. Consequently, a

new security and economic architecture is in the making.

---

**India has taken full advantage of the current political flux and security fluidity and its record of non-intervention as a benign power to position itself as a key player.**

---

India has evolved a multi-pronged strategy under the rubric of the Look East policy. It has created a variety of institutional mechanisms both at the multilateral and bilateral levels with select countries to ensure that relations remain strong. Although not comparable to China or Japan, its economic links are growing, with East Asia a critical region. Given the slowdown in the U.S. and the problems the EU countries are facing, New Delhi has no option but to hitch its economic wagon to the dynamic East Asian region. That is reflected in the large number of free trade and comprehensive economic cooperation agreements that it has entered into, and its enthusiastic support for the proposed RCEP proposal, despite concerns about its implications for its manufacturing industry.

Perhaps India's defense diplomacy towards East Asia is a major, but less known, dimension of the successful story

of the Look East policy. India is learning the art of applying military strength to advance diplomatic goals in the region. It has taken full advantage of the current political flux and security fluidity and its record of non-intervention as a benign power to position itself as a key player. In fact, most of New Delhi's Strategic Partnership agreements are with East Asian countries; in particular, the one with Japan is emerging as a key facet. Similarly, India's security cooperation with Indonesia and Vietnam is also strengthening. Rapidly increasing cooperation between India and the U.S. along with Japan in the management of regional security is a crucial development for the regional balance of power. As far as China is concerned, one can see the presence of both competitive and cooperative elements India-China relations; however, the bilateral relationship is more mature now and both seem to be conscious of the danger of crossing the red lines. In the final analysis, even as global affairs in the coming years are going to be dominated by developments in East Asia, India's relations with the region are poised to progress rapidly as it becomes an undeniable part of the region's destiny.

## Endnotes

- 1 East Asia here includes India, Southeast Asia and Northeast Asia.
- 2 According to Kissinger, one of the three revolutions the world is witnessing is the “... shift in the centre of gravity of international affairs from Atlantic to Pacific and Indian Oceans”, see, Henry A. Kissinger, “The Three Revolutions”, *Washington Post*, 27 April 2008.
- 3 Jayant Menon, “How to Multilateralise Asian Regionalism”, *East Asia Forum*, at <http://www.eastasiaforum.org/2013/01/06/how-to-multilateralise-asian-regionalism/>, [last visited 20 January 2013].
- 4 The eight being Australia, China, India, Japan, New Zealand, Russia, South Korea and the United States.
- 5 For details, see, G.V.C. Naidu, *Indian Navy and Southeast Asia*, New Delhi, IDSA and Knowledge World, 2000.
- 6 India commemorated two decades of its dialogue partnership and a decade of summit partnership with ASEAN by convening a summit meeting with the Association’s heads of state in Delhi in December 2012.
- 7 Computed from Trade Data Bank of Ministry of Commerce and Industry, Government of India.
- 8 “India-ASEAN Conclude Free Trade Agreement in Services, Investments”, *Economic Times*, at [http://articles.economictimes.indiatimes.com/2012-12-20/news/35933727\\_1\\_commemorative-summit-services-and-investments-asean-today](http://articles.economictimes.indiatimes.com/2012-12-20/news/35933727_1_commemorative-summit-services-and-investments-asean-today) [last visited 22 December 2012].
- 9 <http://www.mea.gov.in/mystart.php?id=100517854> [last visited 19 July 2011].
- 10 It was Prime Minister Shinzo Abe who, for the first time, talked about the growing interface and interdependence of the Indian and Pacific Oceans: ‘We are now at a point at which the Confluence of the Two Seas is coming into being. The Pacific and the Indian Oceans are now bringing about a dynamic coupling as seas of freedom and of prosperity.’ PM Shinzo Abe’s Address to the Indian Parliament, 22 August 2007.
- 11 The Trilateral was re-launched in 2011.