

# Asean and India at 30: The way forward

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The ties that bind India, Asean and Singapore go back a long way.

Singapore has taken over the rotational coordinating responsibility for Asean-India relations between 2021 and 2024. The Republic has been country coordinator for the relationship on at least two other occasions since the Asean-India Dialogue began in 1992. The current tenure has added meaning: the regional bloc and India are commemorating 30 years of dialogue relations, and 2022 has been designated Asean-India Friendship Year.

Our contribution to the commemorative activities taking place in 2022 takes the form of an edited book, *Asean And India: The Way Forward*, which reflects our objective to "look back to look forward". While the big picture gives cause to celebrate, there have been drawbacks.

Domestic concerns and challenges detract attention from realising the full potential of the Asean-India dialogue relationship. Insights from practitioners and academics familiar with the ups and downs of ties between the two sides enrich our joint assessment and help to identify pathways for future successes.

The big picture of Asean-India relations is a positive one. There are 30 mechanisms linking the two sides – an annual summit, seven ministerial dialogues and 22 meetings between officials.

Asean is India's fourth largest trading partner while India is the bloc's fifth largest.

India is participating in all of Asean's most important forums, such as the Asean Regional Forum, the East Asia Summit and the Asean Defence Ministers Plus.

There are no disputes between Asean and India. After 30 years of

dialogue and cooperation, there is a good degree of comfort and trust between the two sides. But India's decision in 2019 not to sign the Asean-led Regional Comprehensive Economic Partnership (RCEP) agreement has cast a dark cloud over the relationship. We should try to overcome this and re-energise the relationship with a new agenda for cooperation between the two sides. But first, let us take stock of the current situation.

## ECONOMIC TIES

The economic bridge linking Asean and India is a strong one, buttressed by a free trade agreement for goods, a free trade agreement for services and an investment agreement.

Two-way trade between Asean and India has grown from US\$56.7 billion in 2010 to over US\$78 billion (S\$112 billion) in 2021. Asean's trade with China was US\$878.2 billion in the same year, more than 10 times the size of its trade with India.

On investment, Asean is investing more in India than the other way round. In the period from 2000 to 2021, Asean invested a total of US\$126.4 billion in India. Singapore alone accounted for US\$123 billion. We appeal to the other Asean countries to invest in India's rapidly growing economy.

Surprisingly, India is not one of the top 10 investors in Asean, with its accumulated investment totalling only US\$2.12 billion in 2020. India is clearly under-performing in this respect. We urge India's private sector to invest more in Asean, one of the most popular destinations for investors. In 2021, the bloc received US\$174 billion in foreign direct investments.

Tourism is an important industry for both sides but there were only 5.3 million Indian tourists in Asean in 2019, fewer than one-sixth the number of Chinese visitors the same year. The number of Asean tourists visiting India is under a million. Asean and India should cooperate more effectively to boost tourism between them. This is clearly doable and a low hanging fruit.

## POLITICAL AND SECURITY TIES

The political and security ties between Asean and India are trouble-free. Asean has granted India a seat at all its top tables.

In 2018, India's Prime Minister Narendra Modi invited the 10 Asean leaders to attend his country's 69th Republic Day parade as its chief guests. This is a reflection of the goodwill that exists between the two sides and was much appreciated by the leaders and people of Asean.

There are, however, two recent developments which are causing some concern in Asean. The first is



Tourists at the Taj Mahal in India. Tourism is an important industry for both India and Asean but there were only 5.3 million Indian tourists in Asean in 2019, fewer than one-sixth the number of Chinese visitors in the same year. PHOTO: AFP

India's strong support for the US-inspired Free and Open Indo-Pacific (FOIP) concept. China views it as a geo-strategic doctrine to contain it.

The second development is the revival and upgrading of the Quadrilateral Security Dialogue, or the Quad. This is an American-led grouping, consisting of the United States, Japan, Australia and India. China's Foreign Minister Wang Yi has condemned the Quad as the Nato of the Indo-Pacific. China's strong opposition to the FOIP and Quad is a factor which Asean has to take into consideration.

## UNDERSTANDING EACH OTHER

Asean wishes to remain neutral in the rivalries between and among the major powers. It does not wish to support one side against the other. It has to act cautiously on the FOIP and Quad. Although the regional bloc has adopted a paper outlining Asean's Outlook on the Indo-Pacific (AOIP), several of its

members, including Singapore, continue to use the term Asia-Pacific and not Indo-Pacific.

The other concern is that for India, the US, Japan and Australia, the Quad will overtake the importance of Asean. In other words, some in Asean see the Quad as a threat to its centrality.

India's decision not to sign the RCEP agreement caused great consternation in Asean, whose negotiators thought that they had accommodated all of New Delhi's concerns and demands.

The world has changed. India has changed as well, becoming more domestically focused and more nationalistic. The relationship between India and China is also worsening. India's significant trade deficit with China has become a matter of political concern in New Delhi where it is feared that it would grow even bigger if India were to join the RCEP. There is also a feeling in New Delhi that Beijing has not reciprocated after India opened its

market to Chinese exports. India has not become protectionist and is not against free trade. It has decided to focus on bilateral free trade agreements. India is negotiating free trade agreements with Britain, the European Union and the US. India will not, however, participate in any multilateral trade agreement which includes China.

## A NEW AGENDA

What we need is a new agenda for cooperation between Asean and India. We should avoid including items which are politically sensitive in New Delhi.

The agenda we propose would include the digital economy and e-commerce, smart cities, climate change and the green economy, cyber security and financial technology. There are excellent essays in the book on all these topics.

What is the message of the book? We have three messages. First, for

historical, cultural and political reasons, there is a high degree of comfort and trust between Asean and India. There are no conflicts between the two.

Second, both India and Asean are rising. Many experts predict that they will become the world's third and fourth largest economies, respectively, before too long. There is a compelling case to link the two economies more closely. There are no good reasons not to do so.

Third, at present, the relationship is good but sub-optimal. There is a huge gap between the Asean-China relationship and the Asean-India relationship. We should attempt to narrow the gap, if it is not possible to close it. It is time for us to re-energise the relationship and to raise it to a much higher peak.

• Tommy Koh, Hernaikh Singh and Moe Thuzar are co-editors of the book *Asean And India: The Way Forward*, which will be launched on Oct 12.