

# India holds the key to ASEAN's success and prosperity

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India's 'Look East' to 'Act East' policy started to generate significant interest in the member states of Association of Southeast Asian Nations (ASEAN). Prime Minister Modi is a master of making diplomatic and tactical moves to strengthen bonding with ASEAN. On November 21, 2015, while addressing members of the ASEAN Business Community, PM Modi said "India and ASEAN are natural partners"; therefore must collaborate to help each other and strengthen Asia's standing in the global market. Under the leadership of PM Modi India's commitment towards South East Asia is well documented. Presence of ASEAN leaders on January 26, 2018, in the Republic Day celebrations in New Delhi symbolises existence of a warm, prospering, and cordial relationship between India and ASEAN community; which is much more than diplomatic strategy. In the recent 25th ASEAN-India Commemorative Summit in New

Delhi, leaders from ASEAN sought India's deeper engagement with them. India fully understands the desire and need for greater engagement with the ASEAN members. Delhi 'Declaration of the ASEAN-India Commemorative Summit' highlights cooperation in important areas: political and security, economic, socio-cultural, connectivity, and narrowing the development gap.

India is absolutely committed to developing digital and physical infrastructure for greater India-ASEAN mobility. India offers US\$1 billion line of credit to promote physical infrastructure and digital connectivity. Further, to remove constraints of physical mobility and facilitate ease of travel 'India-Myanmar-Thailand Trilateral' highway project is expected to be operational by 2019. For seamless mobility and connectivity, the Trilateral Highway will be extended to Cambodia, Lao PDR and Vietnam. Further, to support the development of manufacturing in ASEAN, India is willing to set up a project development fund of \$77 million to



assist creating manufacturing hubs in Cambodia, Lao PDR, Myanmar and Vietnam. To narrow development gap within and between the ASEAN member states, ASEAN members are continuously working on initiatives for ASEAN Integration Work Plan (2016-2020) and India's support is fully acknowledged. Areas which need penetrative action include: food and agriculture; trade facilitation; micro, small and me-

dium enterprises; education; and health and well-being. India is well placed to significantly contribute towards such integration approaches of ASEAN.

In the context of ASEAN-India relationship, cooperation for political interests and security remain critical to strengthening ASEAN-India relationship. However, to me, the most important area of cooperation seems to be economic cooperation. A stronger economic relationship could harbour better mutual interdependence, shared responsibility, greater exchange of ideas, higher business collaboration, higher trade, more job creation, human resource mobility, and economic prosperity. Economic cooperation holds paramount importance to take ASEAN-India relationship forward. Combined GDP of ASEAN member states reached \$2.55 trillion in 2016 from \$624 billion in 2000; clocking a fourfold growth. During the reference period, Indian economy expanded to \$2.26 trillion in 2016 from \$462 billion in 2000, attaining 4.9

times rise. Economic growth numbers of ASEAN and India suggest that these economies are beneficiaries of policy reforms and restructures undertaken by them. With a combined population base of over 1.9 billion with rising disposable income and consumption ASEAN-India offers great market opportunities.

ASEAN-India trade opportunities are yet to be fully exploited. With a total trade value of \$75.6 billion in 2016-17, ASEAN remains as an important trade partner contributing 11 per cent of India's total trade. India's export to ASEAN registered 23 per cent growth in 2016-17 over the previous year. In 2016-17, ASEAN's trade balance with India stood at \$9.66 billion, which is a, encouraging sign for ASEAN. In 2016-17, India had a combined trade deficit of \$16.7 billion with Indonesia, Thailand, Malaysia, Lao PDR, and Brunei. On the contrary, India enjoyed a combined trade surplus of about \$7 billion with Philippines, Singapore, Vietnam, Myanmar, and Cambodia. With import val-

ue of \$16.35 billion Singapore and Vietnam contributed 52.8 per cent of India's total export to ASEAN.

ASEAN plays its part in shaping India's Foreign Direct Investment (FDI) inflows. During April 2000-September 2017, ASEAN contributed FDI amounting to \$61.96 billion, 17.33 per cent of India's total FDI inflows during the period. Further, Singapore with \$59.88 billion investment in India remains in the 2nd position way ahead of Japan's investment of \$26.6 billion. As per the UNCTAD Report-2017, during 2010-2016, India was the 11th largest non-ASEAN investor with an investment of \$14.4 billion in ASEAN. India primarily invested in the services sector dominated by finance and insurance.

Considering China's emergence in the region, India's continued presence in the ASEAN could bring much-needed balance in the region.

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