

# 7th India-ASEAN Summit

## Opportunities and Challenges

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India-ASEAN relationship today has reached new heights with the holding of India-ASEAN summit level engagement, aiming at further cooperation between the two sides to meet the new challenges. India has taken an important decision to extend its relation by appointing N. Ravi, as an ambassador to ASEAN as the dialogue partner. India has now become the seventh ASEAN dialogue partner to have appointed its ambassador after the US, China, Japan, South Korea, Australia and New Zealand. India's trade with ASEAN countries is around \$40 billion with a joint aim of increasing it to \$50 billion by next year.

The seventh summit is crucial, as it will provide an opportunity to ink free trade agreements. Also an opportunity to discuss with Hun Sen - Thailand's military standoff - a resolution, which has been stalled by Thailand's political unrest. Besides, this summit is also likely to discuss the inclusion of East Timor as a member of ASEAN.

From India's perspective three sets of issues—economic, security and environmental are important. This essay highlights the opportunities and challenges relating to these three issues.

### I ECONOMIC ISSUES TRADE, INFRASTRUCTURE & INVESTMENT

ASEAN is India's fourth-largest trading partner after the EU, US and China. India is likely to sign ASEAN Free Trade Agreement during the 14th ASEAN summit in Thailand. Tariffs of around 4,000 products traded between the two sides is likely to be abolished during the summit. This includes, items like fans, air-conditioner parts, refrigerators,

jewelry and ornamental goods, rubber products and plastic resins. Around 600 Indian agricultural products will be exempted from the FTA. The unified market, which is planned for 2015, would allow free flow of goods, services, investment and skilled professionals among the member countries. Taxes on 75 per cent of trade in agricultural and industrial products will be gradually phased out by 2012, while tariffs for 10 more percent will be eliminated in 2015. However, 10 percent of additional items on the sensitive track, tariffs is not likely to be eliminated, instead brought down to 5 percent.

Thailand now enjoys zero tariffs on 82 items exported to India. It is expected to reach zero tariff in the summit. In 2007, trade between ASEAN and India was worth \$28.7 billion, of which exports from Thailand to India was \$4.73 billion.

Bilateral trade between India and Malaysia amounted to US\$4.14 billion during January-June 2008, up from US\$2.94 billion in 2007. In 2007, bilateral trade between India and Indonesia, India's third largest trading partner in Southeast Asia, surged to US\$6.55 billion, a big increase from 2003. On the other hand, by signing of the India-ASEAN FTA, it is an opportunity for India to take pro-active measures to strengthen the trades including tea, coffee and pepper.

Indian pharmaceutical companies are internationally competitive and much cheaper. On the other hand most ASEAN countries are largely dependent on imported drugs. Thus, trade in pharmaceutical drugs can be benefited both India and ASEAN.

India and ASEAN countries need to develop the quality of roads, ports, power and communications.

It is highly necessary for greater connectivity through land, sea and air. India is a major builder of railway lines and there are high prospects for being a significant partner in building railway infrastructure in this region. On the other hand, ASEAN, especially Malaysia, Singapore, and Thailand, have become a major source of FDI into India. Singapore continues to be among the top four investors for India and Indian investments in Singapore are also growing. The total foreign direct investment to India from Singapore during 2000–2008 has been around US\$5 billion. The total bilateral trade during 2006–07 was US\$11.49 billion and has increased by 25.88 per cent.

Malaysia has been a huge source of foreign direct investment for India. Bilateral trade between the two countries is valued at US\$8 billion. In fact, Malaysia was the twenty-third largest overall investor and second largest investor among ASEAN countries with a total inflow of US\$105.54 million from April 2000 to December 2007. Malaysian companies have invested in India in sectors like construction, power generation, telecommunications and logistics and resort sectors.

India and Indonesia have been strengthening their bilateral economic relations, with a surge in

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interaction in various sectors, including trade, investment and culture. Big investors from India like, Tata, Birla, Jindal, Mittal, Essar, Bajaj, TVS Motor are very popular in Indonesia. After the FTA, Thailand is expected to make it simpler for Indian companies to invest. Indian firms are already on the lookout for partners and companies like Tata Motors, Tata Consultancy, Tata Steel and Satyam Computers.

## II SECURITY ISSUES MARITIME, ENERGY & COUNTER TERRORISM

India's common maritime boundaries with Southeast Asian states constitutes both challenges and opportunities for India. India has maritime border with Indonesia, Myanmar and Thailand. Any internal disturbance or any external intervention in these territories are potentially a great threat to India's national security. India also needs to protect offshore resources like fisheries, oil and gas resources.

Straits like Malacca, Sunda, Makassar and Lombok are located between India and the Southeast. In order to meet increasing energy demand, India has to focus on energy security as an important area of cooperation with Southeast Asian countries both bilaterally and multilaterally.

Energy has emerged as an important strategic issue in the entire Asia-Pacific region. Since many Asian countries like India, Japan, China, Korea and ASEAN countries are dependent on the Indian Ocean for their foreign trades like importation of crude oil, natural gas and petroleum products from West Asia. More than 50,000 vessels on international routes transit the Malacca Straits each year, which connects the Indian Ocean with the South China Sea.

Malacca Strait, the busiest water routes for energy supplies, has to be monitored collectively. The joint cooperation for maritime security has to be organized together for joint search, rescue, operation and so on. This needs to be expanded and institutionalized the mission in the forthcoming India-ASEAN summit. India and ASEAN can also work together for exploration of oil, joint ventures for exploration in third countries, India-ASEAN gas grid, exchange of experiences in non-conventional energy.

On terrorism, India has been facing serious problems. Southeast Asia also has problems of terrorism. Indian Ocean was the main route during 9/11 attacks. Several terrorist organizations in and around the Indian Ocean are operating freely. Terrorism in this region has close relationship with gun-running and drug trafficking. It is extremely difficult to control one without controlling the other. Both India and ASEAN have been facing these problems for long. The terrorism problem in

India and Southeast Asia are both territorial and maritime in nature. And the problem of terrorism is also of hindrance in the development. The Southeast Asian countries also sought India's help for training their forces in dealing with anti-terrorism operations. On the one hand, there are various insurgent groups in Northeast India, which are taking shelter in Southeast Asia, especially Myanmar and Thailand. With any inputs to the militants from these countries, India can not solve its insurgent problems. India and ASEAN need to strengthen their joint declaration on terrorism which envisages exchange of information, cooperation in legal matters cooperation in enforcement matters and training.

ASEAN and India must work together to combat any issues in the ocean through sharing of intelligence and information. It is necessary to share data like, GIS data, remote-sensing imagery and technology. India has advance science and technology especially in these fields and will be able to help the ASEAN countries. India, in return, would be benefited from the information from the Southeast Asian countries.

Human Resource Development, Science and Technology and Tourism have been identified as areas of cooperation between India and ASEAN since 1992. However, there are many areas which need to be strengthened in this field. India has also much to learn from ASEAN's experience and expertise in developing tourism. On the other hand, ASEAN will be benefited from India's excellence in related fields including Information Technology, Bio-Technology, Oceanography, Space and so on. Education and awareness are necessary in order to eradicate the communicable diseases for precautions.

India and ASEAN also need to cooperate in combating communicable disease like SARS, bird flu, AIDS. Both need to conduct joint research and sharing of knowledge. The Malacca Straits is infamous for illegal activities especially piracy, drug trafficking, gun-running, human smuggling, and mines. These illegal activities reach India through India's Northeast and Andaman Nicobar Islands. It is high time to monitor collectively with India and Southeast Asia.

Unless the above illegal activities are controlled, this phenomenon will increase dramatically and spread out of control. The maritime co-operation

between India and ASEAN could be understood through exchanges of information and training in areas such as search and rescue, marine safety, law and order at sea, naval cooperation.

Rohingyas refugees are a great threat both in India and the Southeast Asia. The Rohingyas are

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regarded as stateless people and they are taking refugee at Myanmar to Thailand, Indonesia and Andaman and Nicobar Islands of India. Ill treatments to Rohingyas refugees have resulted in increased migration into India. India and ASEAN need to sort out the solution for the Rohingyas people, which are going to be one of the most significant issues in the ASEAN summit.

Finally, the issue of Myanmar is extremely important. India needs to discuss this issue with the ASEAN, as Myanmar is the only Southeast Asian country which has a land border with India. Serious security issues such as terrorism piracy, gun-running, illegal migration, and drug trafficking prevalent in the Golden Triangle region.

Illegal drugs and arms enter India's northeastern states via Myanmar. Both India and ASEAN have been insisting on the development of more road, rail and air links. It can not be possible without Myanmar to set up the proposal for a rail link from Delhi to Hanoi, the capital of Vietnam, which is about to pass through Myanmar, Laos, Cambodia and Thailand. The free trade agreement between India and ASEAN is likely to fail, unless issues relating to Myanmar are settled. On the other hand, problems facing Myanmar has also resulted in India losing opportunities especially trade.

### III ENVIRONMENTAL ISSUES

Both India and Southeast Asia have huge biodiversity, but also are increasingly prone to the climate change and environmental disasters. Oil related disasters at sea are a bane of not only environment but marine and national security as well. They create a havoc with the ecology in the maritime environment and have the potential to be affected maritime security. It is necessary to prevent major oil spills or wrecks of oil tankers at harbours and choke points which are seriously affected marine environment. India and Southeast Asian countries can share the technology and cooperation to check or minimize the environmental impacts. Such cooperation not only control environmental disasters but it can also control the economic losses due to maritime pollution.

Maritime safety include the measures such as adequate charting, notices to mariners, navigational aids, and notification of recommended shipping routes to avoid collisions and accidents, support and cooperation for regional and international efforts and agreements to deal with the problem of ships. Sharing of technology on warning system for natural disasters such as tsunami can be benefited both. India has advanced in technology basically in remote sensing satellite. Sharing such information and data with Southeast Asia can dilute the natural disasters in some extends.

### IV CONCLUSIONS

India and Southeast Asian countries have been impacted less by the global financial meltdown than the rest of the world. Geographical proximity between India and Southeast Asia, presents an opportunity for both India and ASEAN to improve their market share and investment opportunities in a period of global recession. India could learn from the experience of tourist development and technical knowledge, how they develop the tourism sector more successful and how tourism sector is main mechanism to solve the impact of financial crisis in ASEAN countries.

An open market policy in ASEAN could help to alleviate the impact of the global financial crisis. Indian government has also gestured a road map

to boost tourism industry in the line of Southeast Asia. The role of India in the ASEAN Summit is becoming bigger after retarding relationships between the Southeast Asia and China due to the impact of financial turmoil in China.

India's potential to attract tourists from Southeast Asia should be worked on. The Indian government is planning to provide multiple-entry visas for ASEAN countries; this is important, as there is a substantial decline in tourist inflow from the US and EU after the global financial meltdown.

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