CHAPTER - V

FACTORS RESPONSIBLE FOR CLOSER RELATIONS OF INDIA WITH ASEAN

The establishment of the ASEAN was a step towards the realization of South-South Co-operation. India’s growing closeness to ASEAN is a further proof of the success of the policy of South-South Co-operation. South-South Co-operation refers to cooperative activities between newly industrialized Southern countries and other, lesser developed nations of Southern Hemisphere. Such activities include developing mutually beneficial technologies, services, and trading relationships. South-South cooperation aims to promote self sufficiency among Southern nations and to strengthen economic ties among states whose market power is more equally matched than insymmetric North-South relationships. South-South Cooperation is important to these nations for two reasons. First, it contributes to economic advances in Southern nations, especially in Africa, Asia and South America. Second, South-South cooperation lacks the overtones of cultural, political, and economic hegemony sometimes associated with traditional North-South aid from the United States, Russia, and Western Europe.

South-South cooperation is seen as an alternative to North-South aid with its overtones of economic and cultural hegemony.¹ India had long been giving active technology assistance to developing countries of the south since it established its Technical and Economic Cooperation Program (ITEC) in 1964. ASEAN is non-profit organization providing assistance to small and medium
private enterprises in Asia. The growing partnership between India and ASEAN may also be viewed in the context of growing importance of South-South cooperation as a development philosophy.

It refers to cooperation among developing countries to strengthen economic independence and to ensure a fair and effective participation of developing countries in the emerging global economy into the 21st century. South-South cooperation has made new progress, and reflect some new features, in which India has made concerted efforts.

In the globalized world, where there has been a unilateral hegemony of the developed 'North' and especially the US, the underdeveloped 'South can counter-challenge the offensive action of the 'North' only through such regional organization, like ASEAN, SAARC, IOR-ARC, BIMST-EC etc. It will be essentially in Gramscian words, a counter hegemonic struggle to curtail the offensive hegemony of the developed 'North'.

For instance, before he became Finance Minister in Rao government, Manmohan Singh was General Secretary of South-South Commission in Geneva. This position enabled him to study the development process of the East Asian economies and to compare it with India's options. As Finance Minister and as initiator of the reform process, Manmohan Singh drew a parallel between India's poor performance and South Korea's high growth path.

The turn of the decade from the 1980s proved to be a decisive combination of shocks for India's traditional economic and security policies. In 1991, the brewing balance of payments crisis came to a
head. The same year, the collapse of the Soviet Union and the end of the Cold War rendered India's "non-aligned" policy obsolete. India's response to this twofold crisis was a dramatic move towards domestic liberalization and the beginning of its 'Look East' policy. The 'Look East' policy was officially launched in 1991 by the Prime Minister, with the aim of developing multifaceted relations with countries of North-East and South-East Asia. This policy appeared as a new trend in Indian foreign policy. India had realized the rapid economic growth achieved by its South-East Asian neighbours and also that it was lagging behind. On the multilateral level, economic diplomacy consisted in improving the inter benefit of development policies of India. Indeed, with its external oriented strategy for development, India had to expand its foreign trade and to bring in more finances so as to maintain a high growth path. But efforts to integrate into the world economy were hampered by the past image of a culturally planned economy. Because of the inward looking policies in place until the 1980s India was not regarded as an economy open to foreign investment and international trade. This new emphasis on economic diplomacy induced some reorientations in the role and functioning of the Ministry of External Affairs.

By the end of the 1991, Prime Minister Narsimha Rao issued a note asking the foreign office and its diplomatic posts abroad to focus more on the economic aspects of India's external relations. The Ministry of External Affairs was invited to integrate itself more intensively into the economic work of the government. For instance under the Rao government the Foreign Secretary was allowed to participate as a regular member in high ranking bodies dealing
with economic issues, such as the foreign investment promotion board and the Apex Committee of Secretaries on economic policies.

Indian Foreign Policy was more driven by ideological or political factors than economic factors during the Cold War. But with the end of the Cold War and the world wide trend towards free-market reforms, economic issues became a major structuring factor in international relations. The Indian leadership had to acknowledge that the international status of the countries would depend a lot on its wealth. In this regard, the East example was telling; the region had emerged as a major pole on the international scene because of its economic dynamism.

The present chapter tries to look into the factors which contributed to the closeness between India and ASEAN after referring to the earlier conditions which obstructed it. The Indian attitude towards the ASEAN, during the first few years of its existence, was somewhat ambivalent though never overtly hostile. This ambivalence was the result of two factors. One India felt rather peeved at being left out of the grouping despite the strong signals it had sent expressing its interest in participating in the regional body; and the presence of two SEATO members—the Philippines and Thailand in the ASEAN. This second factor led to certain reservations among Indian policy makers towards ASEAN since it detracted from the non-aligned image of the Organization and also because New Delhi felt that Pakistan could influence ASEAN in a way contrary to Indian interests through its two SEATO allies within that organization.4

The Indonesian position on the threat to non-Communist Southeast Asia posed by Vietnam and Vietnam’s alliance with the
Soviet Union, which resulted in Moscow acquiring bases in that country, was put in forthright terms by the then Foreign Minister Mochtar Kusumaatmadja in April 1986 on the eve of US President Ronald Reagan's visit to Indonesia.

Malaysia had been upset by the timing of the Indian recognition of the Heng Samrin regime in July 1980. This was related to the fact that the Malaysian government had lobbied hard and successfully, earlier that year to get the Indian Foreign Minister invited to participate in a dialogue with ASEAN Foreign Ministers scheduled for late June 1980 in Kuala Lumpur. Consequent upon the Indian government's decision, taken some time during June 1980, to announce the recognition in early July, of the Vietnamese-installed regime in Kampuchea, the then Indian Foreign Minister, Narsimha Rao, decided not to attend the meeting at Kuala Lumpur.

Further, at the time of formation of ASEAN its members could not think of including India in the grouping. Their fear was that not only the Association might be dominated by India, but also that it would evoke the Western reservation about the Association. Indonesia as a big country of ASEAN, by her size, population and resources, became a *de facto* leader of the Association. She apprehended that her leadership will be jeopardized with the inclusion of India. Singapore, on the other hand, being dominantly Chinese in ethnicity, feared that India's anti-Chinese feeling might disrupt the progress of the Organization. Thailand and the Philippines were opposed to India's non-alignment and, as such they did not want to include India.⁵
India's passive support to the Soviet action in Afghanistan and the Vietnamese invasion of Kampuchea embittered the relations between India and the ASEAN. The bitterness increased when after a bit of hesitation India recognized the Soviet-Hanoi backed Heng Samrin regime in Kampuchea.

ASEAN's indifference towards India seemed to be determined by a number of factors. It is true that the membership rules of the ASEAN did not qualify India to become a member of this exclusively South-East Asian regional organization. However, the most important reason for not associating India with it in formal way seemed to be ASEAN's bias against India’s close relations with the Soviet Union. The India-Soviet Treaty became a serious point of difference to India-ASEAN relationships. They did not support Brezhnev’s plan for collective security in Asia as they perceived in it a hidden design to extend Soviet influence in Asia. India's Kampuchean policy aroused serious criticism from her ASEAN neighbours.

When ASEAN was formed its members were involved in various problems like Philippines-Malaysia conflict, claim over Sabah, racial riots in Malaysia and strained relations between Indonesia and Malaysia. The ASEAN countries were passing through a very crucial period. They were not enlarging the size of ASEAN. Indonesia's desire for leadership role in ASEAN was the most important reason for not expanding ASEAN membership. It was restricted to purely on geographical terms in South-East Asia.

International scenario was different from India's point of view. America and Soviet Union tried hard to get more and more military
ally in their fold. Indian policy was predominantly based on non-alignment.

India played an important role in the emergence of Bangladesh as a sovereign country in 1971. India's nuclear explosion in 1974 lent to a further confusion in ASEAN minds. India-China war in 1962 forced India to re-examine its foreign policy. Many wondered whether the principles of non-alignment and Panchshila were relevant for India or needed revision. Commenting on the contemporary political mood in India, The New York Times, on October 29, 1962, wrote: "Although Non-Alignment will remain India's official policy, public and private statements indicate that there will no longer be the same confidence in the practical values." Non-Alignment policy could not contain India and China war. In this situation India's inclination towards Soviet Union was a must. India joined Soviet Union side not American side because America supported Pakistan, China and intervention in Vietnam.

The Federation of Indian Chamber of Commerce and Industry (FICCI), and some other agencies emphasized the need for a reorientation of India's economic policies in South and Southeast Asia. But due to India's closed economy and restriction on imports it was difficult to translate this appreciation into action. Besides, the combination of high oil prices and booming Gulf economies had significant repercussions on India’s policies towards these countries. The Gulf, as a result, received New Delhi’s top most foreign policy attention, leading to a concentration of India's capabilities in that region. For that reason also Southeast Asia
continued to be neglected and to be treated as a low priority area in foreign policy calculation of decision makers.\(^7\)

In the absence of open door policy the Indian economy could not attract sizeable FDI in the country. The FDI inflows are incrementally related with the trade policy of host country. The more open the trade regime of the economy the higher would be the extent of the FDI inflows. The FDI inflows were there but its size was so small that it was hardly visible at any point of time. The end result of these orthodox policies was that the country's balance of payments continued to grapple with adverse situation, i.e. imports exceptionally higher than exports and rising current account deficit. To correct the adverse position, the economy relied on external borrowing of financial resources in the form of debts. These practices mounted tremendous pressure on economy's foreign exchange reserves and there was fear that it would fall into debt trap in 1989-90. To come out of this extremely precarious situation the government decided to go for widespread economic reforms to liberalize and globalize the economy. Thus it was in this background that the India started its journey of liberalization, privatization and globalization. The various economic, political and strategic factors contributing to the changing relations between India and ASEAN can be summarised as under:

**GLOBALIZATION**

After the end of the Cold War, globalization can be identified as one of the factors contributing towards the change of attitude of the countries of ASEAN towards India. Globalization provided better communication between them. Both India and ASEAN countries are part of the same geopolitical and geo-economical
environment pushed closer by forces of globalization. Globalization
has been aided by the technological revolutions in communications, life sciences, including biotechnology Micro-
Electro-Mechanical Systems (MEMS), and information processing
and dissemination. These have profoundly altered the requirements
for participating meaningfully in the global economy and sustaining
economic growth and employment. The importance of developing
appropriate institutions and of transparency and meaningful
participation in social and political spheres has increased. The role
of individual initiative and entrepreneurship has also become
important. During the Cold War period, ASEAN countries grew
rapidly, and were able to considerably improve their ranking in
human development indicator including poverty reduction. ASEAN
countries had greater integration with the world economy.

As stated earlier, India experienced a major economic crisis in
1991 which was a result of overvaluation of the exchange rate,
persistent and relatively large current account deficits and loss of
investor confidence. While the crisis did coincide with the Gulf War,
the root causes lay much deeper in India's lack of emphasis on
economic efficiency and limited integration with world economy.
The crisis clearly demonstrated the urgent need for a fundamental
re-think of its economic philosophy, strategy and tactics. Since
1991, India embarked on wide ranging reforms that significantly
enhanced the role of the markets and integrated it with the
international economy.

The Indian economy had faced a severe balance of payments
crisis. As a coincidence, the winds of globalization had started to
blow strongly around the same time. Southeast Asia, on the other
hand, had emerged from the Cold War relatively unscathed. On this geopolitical landscape, all countries were constrained to reassess their foreign policy premises. South Asian countries, notably India, was looking for a policy shift albeit a gradual one, and the South-East Asian example in the form of its political cohesion through the seventies and the eighties was before India (though India had serious differences with the ASEAN position on a number of issues especially the Cambodian situation and its efforts to bring the regional powers on one platform to discuss the seemingly intractable issues of peace and security in the Asia-Pacific).

As a nation of one billion people, India could not afford to remain a marginal player in the global economy, as measured for instance by its share in World trade or income. Commensurate with her size and civilization characteristics, India was willing to assume greater role in global affairs and world economy. ‘Look East’ policy was endeavored to fulfill these aspirations and it evoked positive response in the ASEAN region. Being a realistic and visionary, Prime Minister Rao found benefits in strengthening relationship with Southeast Asia. This region, which was going to be the focus of the world attention in the 21st century, could help India to address the issues of globalization, free trade, human rights and environment. The ASEAN observed the changes in India to be complimentary and hence friendly overtures started, which ultimately resulted in sectoral partnership.

**India's Economic Liberalization Policy and Domestic Economic Reforms**

Factors such as the compulsions of national economic reconstruction and the complementariness to be achieved with
other stronger national economies no doubt, led policy makers to appreciate the nexus between economics and foreign policy but it did not lead to any crystallized thinking on the subject. However, from a survey of India's economic diplomacy an attempt can be made to define broadly its foreign economic policy, as that part of government policy which monitors and develops economic relations of the country with the rest of the world to meet its national requirements on one hand and to respond to economic developments in the world in accordance with India's overall economic and other objectives on the other. In other words, India's foreign economic policy has been largely providing economic growth internally and economic and commercial cooperation externally.

By the late 1980's, the Indian economy was weighed down with twin deficits in the government budget and the international balance of payments. The situation was compounded by the strains caused by the Gulf War leading to a perilous dip in the foreign exchange reserves. India was forced to seek emergency loans from the International Monetary Fund and subject itself to the prescriptions imposed by that body. The Rao government, which took office in June 1991 moved swiftly at the micro economic level and introduced far reaching economic stabilisation measures. In cooperation with the IMF and the World Bank, the government started the process of large scale economic reforms, openly embraced globalization and liberalization with obvious enthusiasm, thus effecting a paradigm shift in its economic posture. To satisfy the demand for capital and maintain economic growth, India not only needed ASEAN's market, but also needed Singapore and Malaysia's technology and investment to ramp up its infrastructure
such as airport, roads and power. These measures yielded remarkable results as could be seen in the growth of GDP from 1.1 per cent in 1991-92 to 3.8 per cent in 1993-94 around 5.3 per cent in 1994-95.9

The Indian Government was also in the process of aligning its foreign policy to economic liberalization. The Indian Prime Minister felt that India's trade and foreign policies had often been in contradiction. In an unprecedented move Commerce and External Affairs Ministers were brought under one umbrella, with a view to bring back political sense into trade policies.

The impact of the economic reform and liberalisation programme launched under Manmohan Singh the then Finance Minister in 1991 was felt soon enough on the performance of the economy. Compared to an average annual trade rate of growth of 3.5 percent in the period 1950-1980 and about 5.5 percent in 1980-1990, the Indian economy grew by close to 7.5 percent in 1992-97. There was slowdown after that till the revival of seven percent plus growth after 2003. The net impact of this accelerated growth was to take, India away from its historical comparison with South Asia and Pakistan into a new league where its performance was increasingly compared with that China and ASEAN. This had its own geo-political and strategic consequence.

India's improved micro-economic performance in the decade 1991-2001 had more than a positive impact on its external economic and diplomatic profile. As India's trade/gross domestic product (GDP) ratio went up, and so did her foreign exchange reserves.
C. Raja Mohan outlined four elements of what he called as the Manmohan Singh Doctrine. These four elements are:

(a) the changing weight of India in the Global economy as a factor shaping its weight in global affairs;

(b) recognition of the new opportunities available to India, as a consequence of its economic growth and openness, to improve relations with all major powers;

(c) positive impact of a new approach to the developing world based on India's economic globalization, on regional integration in South-Asia and bilateral relations with neighbours and;

(d) the recognition that with an open society and an open economy India can build bridges with the world on the foundations of its democratic, liberal, plural and secular credentials.

Economic imperatives thus forced New Delhi to look elsewhere for alternative markets both for its surplus manpower and its technical and industrial expertise. From the perspective of India's policy planners, Southeast Asia, particularly ASEAN, appeared to be major logical alternative for the future redeployment of India's technological and economic capabilities following the further winding down of the Gulf economies. Since much of these capabilities were relevant primarily to developing economies, they could be redeployed only in other developing regions. In Indian perceptions, the prospects for such redeployment were far superior in Southeast Asia compared to either Africa or Latin America, the first because of its relative poverty and the second because of its tremendous geographic and cultural distance from India.
India's Hegemonic Role in South Asia and Difference with SAARC Member Countries

India has always been a dominant player in South Asia politics. In South Asia, the balance of Power is decisively in India's favour, as India's size, economic and military power surpasses that of its other smaller South Asian neighbours. Though Bangladesh primarily mooted the idea of SAARC, but later on all the small South Asian States have been expressing their apprehension on India's dominance over them, which is usually considered as a regional military and economic hegemony. Indian military intervention in Bangladesh (1971), Sri Lanka (1987) and Maldives (1988) only added to the insecurity as well as fear of Indian hegemony among India's neighbours. The smaller South Asian states thus remained in a fear psychosis that multilateral cooperation through SAARC would undermine their sovereignty and political autonomy. In South Asia, Pakistan perceived India as a dominant regional hegemonic player in South Asian system, and India perceived Pakistan to be its main challenger. India tends to play the role of regional security manager and not hegemon, prefers bilateral negotiations and favours close economic and cultural relations with Pakistan. It feels the necessity of maintaining regional power balance to its advantage.

Indian political leadership, the ruling elite and the academics have consistently promoted the image of India as a 'greater power' a 'regional power', and Asian power and even a 'mini-super power'. India's political leadership right from the days of Nehru has projected India as a predominant power in the region.
During the late 1980s India asserted its regional dominance over Nepal by exercising its economic muscle. In March 1989 it refused to renew the existing trade and transit treaties and insisted on signing a single treaty rather than two separate ones. New Delhi claimed that India's economy was damaged by abuses of the transit agreement, "leading to third-country goods being smuggled across the Nepalese border into India". Bhutan is also economically dependent on India. It is also believed that Bhutan, on the pretext of its internal security situation, was asked by India not to attend the sixth SAARC conference in Colombo which led to its postponement as desired by India. South Asia remaining an Indo-Centric region and the apprehension of India's smaller neighbouring states has been well brought out by Bhupinder Brar. Brar writes:

"Hegemonic states possess readily demonstrable military capability which is overwhelmingly superior to that of others. They are able to define rules of the international system because they can hold out credible threats to other states that non-compliance would invite unacceptable punishment. Patron States on the other hand are those which have economic resources to reward other states if these states follow the rules which the patron states prefer. The rewards could be in the form of grants, concessional loans, preferential trade, transfer of technology and so on".\(^{11}\)

Pakistan joined SAARC primarily to counter Indian influence and its growing clout not only in South Asian Affairs but also in the international arena. Sri Lanka's ethnic crisis compelled her to join SAARC. The political considerations played heavily before Nepal joined SAARC. The issue of cross-border terrorism from Pakistan
and the rise of Islamic fundamentalism and terrorism in Pakistan and Bangladesh however disturbed the regional harmony and cooperation in South Asia, which needs to be seriously addressed. However it has been the issue of Kashmir and cross-border terrorism, which has posed a serious thaw in the bilateral relations between India and Pakistan.\textsuperscript{12}

India has disputes with some SAARC member countries. These problems are purely bilateral. India's desire to come out of the artificially created cage of South Asia was based not only on history, and part of its growth, but also on a realisation of the limits of SAARC. The very big size of India and its large economy raises fears in the minds of many neighbouring countries of South Asia which India has to some extent, been able to dispel. Pakistan's insistence of treating Kashmir as a core issue and unwillingness to undertake meaningful steps towards liberalising trade relations among SAARC countries till the core issue had been resolved according to its liking also made India look outside South Asia to the rapidly growing countries of Southeast Asia.

**Failure of SAARC:** Unlike the EU/ASEAN, trade between seven SAARC states\textsuperscript{13} remained limited despite the fact that all are located within a close proximity of one another India’s chief political rival, Pakistan has been openly seeking new markets and increased aid from countries in the EU and Japan.\textsuperscript{14} Bangladesh has also been looking for new markets to export goods.\textsuperscript{15} The organization faced a serious resource crunch and the SAARC countries showed willingness to increase their contributions to the Association. SAARC provides a neutral forum for leaders to talk and set a consistent time frame for these meetings to occur. It does
not force them to sign any agreements or commit to policies; it allows them simply to discuss matters of regional security. Given the poor communication between South Asian leaders, this is not an insignificant role. However SAARC has not emerged as a successful regional organization like ASEAN.

India’s intervention in the Sri Lanka from 1986-90 increased gap between India and Sri Lanka relationship. The Indian military’s role in the insurgency by the Liberation Tigers of Tamil Eelam (LTTE) remained the main reason behind tension in between both countries. SAARC totally failed to resolve the disputes between its member countries.

The relative downgrading of the ‘Pakistan Factor’ following the 1971 war and the reassessment made in New Delhi about Pakistan’s long term threat to Indian interests has also been another impact through a different route on Indian perceptions of the relative importance of Southeast Asia as compared to other regions, especially West Asia.

Pakistan has been demanding resolution of its dispute with India over the Kashmir valley before discussing trade relations with New Delhi. Pakistan has enforced this policy by violating WTO regulation for failing to confer Most Favoured Nation (MFN) status on India.16

The level of Intra-regional trade among SAARC countries remained low mainly because of the lack of comparative advantage in their economies. Most of the South Asian countries have expertise in the production and export of the same primary products in agriculture, as well as in textile and clothing, and other labour intensive goods. For example, both India and Sri Lanka
export tea and compete to secure overseas markets. As a result, over the years, the levels of intra-regional trade has been extremely low in South Asia, hovering around five percent of total trade, as compared with above sixty percent in the European Union, and twenty five percent in ASEAN. Moreover, the small economies feared that Indian capital and lower-priced goods might flood their markets if they were to liberalize their economies.

The fear of smaller states regarding Indian domination led to a lack of trust in political cooperation within the SAARC and a low level of formalized economic relations despite attempts at creating a free trade area. Moreover the scarcity of trust-building measures between the states of the sub-region, poor enforcement of disarmament regimes and arms control caused more and more distrust. South Asia is one of the poorest regions in the World, which is confirmed by per capita GDP and the Human Development Index.

Thus have been many obstacles in the successful growth and role of SAARC and India’s decreasing interest in SAARC. The first is India's 'giantism'. Rapid regional co-operation is indeed problematic when only one of the countries involved in the process of co-operation is vast in size and resources, while the others are disproportionately small and resources less. The second is that India has been having major bilateral political problems with all the countries, with the possible exception of the Maldives. The third is that all the six small countries have been fearful of India, and all of them seemed to be of the opinion that India's was out to dominate the area. All these factors certainly contributed to the emergence of a degree of pessimism regarding the future of SAARC.
Importance of ASEAN Region

The ASEAN countries have traditionally been richly endowed with the natural resources (palm oil, rubber, tin, cocoa, coconut, forestry products etc.) and agro-products (rich pulses etc.). ASEAN countries have succeeded in effecting a massive diversification of their economies in the last two decades away from primary and towards manufactured goods (including hi-tech products such as electronics in Singapore and more recently and very clearly in Malaysia and services (such as airlines, shipping, tourism, telecommunications, banking, constructions etc.). In this process, new complementarities started emerging and getting consolidated between the Indian economy and the ASEAN economies especially the three ASEAN countries such as Singapore, Malaysia and Thailand. These growing complementarities enhanced the scope for further expansion of trade in goods and services between India and the ASEAN economies in 1990's. India could learn a great deal from countries like Singapore in the area of what Mukul Asher has termed as the 'Software of globalization'. This enabled India to become a more attractive location for the Multi National Corporations and also helped India to increase the export-competitiveness of its services in global market.\(^\text{17}\)

The states to India's east represent a major cluster of neighbours. The most important of these is Myanmar, once part of British India. Due to its proximity to Andaman Island territories (only 90 miles from Indonesia), India could also be considered part of Southeast Asia, although it made no claims to be a Southeast Asian state, and linked strategic interest in the region, other than normal access. The littoral states of Malacca Straits, namely,
Indonesia, Malaysia and Singapore, have the primary responsibility for the safety of the crucial waterway. Due to its proximity to the Strait, India too has high stakes and indirect role for its security. India is also concerned over the safety and security of the sea lanes in the Arabian Sea and the India Ocean through which the vital supplies of oil pass from the Persian Gulf to the West and east coasts of India. Thus, the entire theatre of the northern Indian Ocean becomes highly important and relevant for India from its energy security perspective.

The dramatic growth of the Asian economies in the last few decades and increasing integration between them resulted in many new far reaching ideas. While India realized the significance of the ASEAN members for attracting the FDI, the South East Asian nations were also anxious in utilizing the opportunities offered by India. The year 1991 marked the beginning of this process in India.

In 1970s and 1980s Southeast Asian had witnessed a miraculous economic transformation despite regional conflict, mutual disputes, and very different political orientations of the region's major players, thus underlining the prominent importance of the economic factor. ASEAN's economic performance attracted the world's attention and the world's major countries felt prompted to step up their interaction and engagement with it. The region provided a model for emulation for India.

India's supportive and cooperative approach in ensuring a political settlement in Cambodia leading to the success of the Paris Conference of 1991, helped lay the foundation for a new political relationship between ASEAN and India. India's then Foreign and
Finance Ministers visited a number of ASEAN countries in 1991-92 with the latter remarking.

"We thought that if we had to market new India, we have to begin with Singapore."  

The new Indian policy orientations represented a conscious change from the past. It was evident that India's reengagement with the region this time around was on the basis of pragmatism, a predominantly economic focus and devoid of ideological preconceptions. The dynamics of Cold War politics had seriously hurt India's relationships with South-East Asian countries. The end of the Cold War removed this major impediment to the development of a close and substantive relationship.

**Historical Relationship and Role of Indian Elites, Indian Maritime Security and Peaceful Relations to ASEAN Countries**

As started earlier India and ASEAN countries have had close economic, cultural, historical and geographical links. Culturally, civil society and the Indian Diaspora, have been important components in India's 'Look East' policy. India's multifaceted cultural links with the countries of Southeast and East Asia go back to thousands of years. Today, they are part of the socio-cultural ethos of these countries. The rapidly evolving civil societies which have been increasingly in touch with each other because of the revolution in information technology, find much in common.

“It is a fundamental fact of geography that India is in the immediate neighbourhood of ASEAN. We share land and maritime borders with Myanmar, Indonesia, and Thailand. India’s Andaman and Nicobar Islands in the Bay of Bengal are closer to some ASEAN states than to Indian mainland. The vital commercial sea-lanes
between West Asia and Southeast Asia straddle the Indian mainland and its island territories."

Indian Prime Minister Atal Bihari Vajpayee

If security can be termed as absence of fear' then there is far greater confidence and trust between the countries of East and South-east Asia and India. Maritime security is of vital importance to both, India and South-East and East Asia. The location of India's Andaman and Nicobar Islands straddling the Sea Lanes of Communication (SLOCs) and the strategic nature of the Malacca straits mark their importance in the security calculus of the entire Asia-Pacific.

India's strategic elite have consciously and fairly systematically thought about India's international relations and its place in the world. India's close understanding with the Indo-China part of the Southeast Asian region; and, its post Cold War concern helped India to align its foreign policy to the requirements of its newly reformed economic policies. India's relations with the economically and strategically important Southeast Asian region were marked by whims and fancies of individuals tinged at times with total lack of understanding and insensitivity. Hence one could saw the pendulum swinging from one extreme of over enthusiasm to the other extreme of benign neighbours. According to the scholars, it was K.M.Panikar, the noted Indian diplomat and historian, who underlined and compared Malacca straits with the mouth of crocodile and the criticality of Southeast Asian security.19

The movement to market economics in 1991 brought "irreversible" changes in India's economic thinking. The changes forced India to constantly remain active in the global economy. The
majority of Indian leaders, irrespective of their political parties believed that globalization and privatization were necessary for India to reduce its mass poverty.

Indian diaspora acted as an effective catalyst in bringing investments and technology. Singapore’s Former Foreign Minister Professor S. Jayakumar commented:

“In our cooperation with each other, we are fortunate to enjoy close historical and cultural ties. This promotes mutual trust and confidence, which makes for good rapport between our peoples. As we focus on developing economic and political links, it is important that we continue to strengthen our cultural links.”

The Indian community in Southeast Asia have shown to be highly industrious and enterprising and have made useful contribution to the progress of their adopted countries. Besides, a growing community of Indian expatriate professionals have been making these countries their home. They became useful catalysts in promoting contacts between India and Southeast Asia.

After the End of Cold War Changing World Scenario

Post-Cold War developments not only ended the ideological barriers at the global level but also facilitated the removal of some barriers of misperception in South-East Asia. Two major developments, which are of an inter-related nature, initiated closer India and Southeast Asian relations. At one level, the changes in South-East Asia blurred the distinctions of states that were pro-west and pro-Soviet in their foreign policy orientations. In the past, it probably had created a void between the Indo-Chinese region countries and the ASEAN states: the close Soviet-Vietnam linkages and the Cambodia prevented the former from becoming part of the
ASEAN regional system. But with the end of Soviet-Vietnam linkages and resolution of the Cambodian crisis the background for Vietnam to come closer with them came into being. The earlier ideological misconception was removed and through the new economic reform programme the Indo-China region had been able to establish links with the economies of other ASEAN states.

The developments in the post-Cold War era created a fluid situation for the world in general and South-East Asia in particular, which brought forth numerous problems for both India and the states of South-East Asia, which in turn helped in building up of relations. In South-East Asia though the political problem of Cambodia was resolved, the war-ravaged economy of the whole Indo-Chinese region had to be strengthened. Besides, the economic consolidation of the whole of South-East Asia was a matter of priority for all these states. The economic boom also needed to expand so that the new market could flourish.

Thus the end of the Cold War provided ample opportunities for India and the states of South-East Asia to come closer to one another. Economic exigency of the changed world system prepared the ground for cooperation. The geo-strategic scenario not only helped in removing the basic irritants between them, but also provided hope for long-term strategic partnership. India’s Treaty of Friendship with USSR signed in 1971 was ended with the demise of USSR.

With the USSR disintegration, India’s lost nearly 22 per cent of earlier trade being conducted with the countries of the socialist block. Hence an alternative for such trade became inevitable. Simultaneously, since July 1991 India started the process of
economic reforms due to which there was a shift from an inward looking economy to that of an "outward oriented economy". GATT and WTO provided new opportunities both for India and South-East Asia individually and jointly to top the emerging opportunities for export in re-elected countries and areas where they were better placed. It was particularly true about India and Southeast Asia's potentialities in agro-horticultural products, services (particularly software and financial services) and selected manufacturing items.

Apart from the end of the Cold War, another development to have a major effect on India-Southeast Asia relations was the China factor.

The China Factor

The resolution of the Kampuchean conflict introduced a positive trend in the trans-regional relationship. It favourably touched India's relations with Vietnam, with China, with Japan and with ASEAN countries. It had a positive impact even on India's relations with Australia and New Zealand. This was possible because the factors that caused frictions between India and some of these countries were not bilateral in nature, with the end of the Cold War it became easy to identify common areas of mutual interest especially in the economic security and build upon them.

The disintegration of the USSR led to the withdrawal of United States from strategic locations in Asia and free China from its previous constraints. South-East Asian countries were eager to ensure the safety of vital sea lanes of communication such as the Taiwan, Malacca, Sunda, and Lombok Straits. In this context, ASEAN countries could well regard India as a useful partner to balance China, given the former's nuclear capacity and its naval
forces, the largest in the Indian Ocean. At the Manila Summit in July 1988, some ASEAN countries Singapore, Vietnam, Malaysia and Indonesia consistently recommended a more benign attitude towards India despite the imposition of sanctions on India by the United States, Japan and Australia.

Why Southeast Asia has been important for Indian Foreign Policy, is that the emergence of China as a major power in Asia bordering both India and Southeast Asia added another important dimension to Southeast Asia's strategic importance for India. One of the most significant changes in the Asia landscape in the latter part of the 1990s was China's rise and its increasing influence in Southeast Asia. Indeed, China's future role, interests, capabilities, and influence have been a major concern to India as it has been to ASEAN. India specially resents China's standing in the international order not only its UN Security Council seat, but also its clout as a nuclear power. In both these dimensions "India sees itself as a coequal with China, and is at a loss to comprehend why China's role aspiration is acceptable while India's not."

In the 21st century India is equally, concerned about the competition and 'threat' from an emerging China at all levels, from South Asia to Southeast Asia. Since the 1962 China-Indian border war, China's relations with South Asian nations, especially Pakistan developed rapidly. China made substantial investments in Pakistan, Bangladesh, Sri Lanka, and Nepal thus opening up these nations for Chinese goods.

With the Chinese economic liberalization in 1980's and the open door policy of India in the 1990's there has been the rise of two emerging economic giants in Asia. China competes with India
in the political, economic and military sphere and most importantly, for economic influence in the region of South-East Asia. India wanted to adopt an economically aggressive stance to compete well with international market forces at work in the region. India was looking for new markets in order to grow economically as well as to seek a significant way of countering China's economic policies. India launched its market oriented economic reforms only in 1991 where as China had launched such reforms in 1978. China is well ahead of India for integrating its national economy with the global economy. However, India was slow but surely caught up this race.

Principally China's growing influence, both military and economic; the preponderant presence of the United States and Japan's economic interest and investment in the region, a number of security issues, both traditional and non-traditional bound the countries of ASEAN with these powers and so also with India when the latter was invited to the ASEAN Regional Forum and dialogue partnership.

China wanted to enter into SAARC, Pakistan saw China's entry into SAARC as an opportunity to "counter balance India's designs to act as a regional power and dominate SAARC", while for India, "the impasse in SAARC forced New Delhi to review its South Asian strategy and progressively shift away from SAARC. India however, enjoys a much better situation in Southeast Asia. India's potential as a big power and China's potential threat, on the one hand may have urged ASEAN nations to reassess its relations with India on the other it encouraged India to increase its presence in the region to compete with China.
From military point of view, India was concerned that China had persisted in transferring military equipments and technology to Myanmar. To curb China's growing military influence in Southeast Asia, India and selected ASEAN countries began holding joint military exercises. The navy conducted joint exercises with Singaporean, Vietnamese, Japanese and South Korean navies to ensure the safety of strategic waterways in the region such as the straits of Malacca. In this context, India's 'Look East' policy, launched in 1991, primarily due to economic concerns, added security dimension too. ASEAN's economic success and mutual unease over China's rapid rise are among the key factors bringing India and ASEAN closer to each other. Indeed, India's effort to enhance its economic linkages with ASEAN was part of its overall strategy to work with ASEAN to balance the increasing influence that China might wield in its FTA with South-East Asia. This was clearly reflected in the perspective of India's Ministry of External Affairs whose goal was to ensure that engagement with the Southeast Asian region was in line with India's strategic policy to meet the growing threat of China in the region. Thus 'China factor' played a major role in the ASEAN's move to cultivate India as an alternative, both in the economic sphere for trade and investments, and on the security plan to balance both sides. ASEAN had no defence-related problem with India, but was conscious of China's ambitions and intentions.

India and ASEAN during the Cold War period were divided because of ideological differences, resulting in divergences in security perceptions. China's support for Pakistan and India's close ties with the former Soviet Union aggravated mutual hostility,
while the non-communist states of Southeast Asia as well as Vietnam harboured great suspicion of Chinese intentions. India and ASEAN were also estranged by their respective close political links with Moscow and Washington. While the end of the Cold War brought about a sea change in mutual perception and a considerable warming of three way relations, between India and China as well as ASEAN and China there remain serious differences that carry the potential for armed conflict. In particular, territorial and border issues remain intractable (specifically the disputes over the South China Islands and waters for ASEAN and over land boundaries between China and India. India and ASEAN countries have common problems with China).

**Strategic Interest**

Contrary to the previous perception, the Southeast Asian nations began to look upon India as a power that could play a kind of "balancing role". On the other hand, it was in India's interest to ensure that Southeast Asia would not be dominated especially by China once it became obvious that the superpowers were going to build-down their presence, which coincided with a similar thinking within Southeast Asia. The upshot of confluence of interests of India and Southeast Asia was the genesis of a new strategic interaction with several of ASEAN nations. Critical remarks with regard to the ambitions of the Indian Navy were replaced by many instances of greater defence cooperation between India and Southeast Asia with number of CBMs that India undertook and greater appreciation of Indian maritime threats by the Southeast Asian Countries. Perhaps, the most important were the Joint Naval Exercises India started holding periodically with Indonesia,
Malaysia and Singapore since late 1991 near the Andaman. The Indian Naval Chief claimed that the ship visits and communication exercises should dispel the apprehensions about any Indian ulterior motives in Southeast Asia.

**Miscellaneous Factors:**

The continuing conflict between Iran and Iraq, two of India’s most important economic partners in the Gulf, both in terms of oil supply and as markets for Indian technology, expertise, and manufactured products, led to an enormous drain on the sources of both countries and drastically reduced their capacity for mutually profitable economic transactions with India. The Gulf war affected India and Gulf countries. These protracted conflicts also had the effects of drawing the two superpowers into the region overtly and in increasingly direct confrontation with each other, a situation that New Delhi saw as threatening the stability of the international system as a whole. Moreover, such direct superpower involvement curtailed India's capacity for diplomatic maneuvering in West Asia, especially since New Delhi did not want unduly to offend either superpower regarding the highly emotive and contentious issue playing the region. Coincidentally, Rajiv Gandhi’s decision at that time to send the Indian peace keeping Force into Sri Lanka, dispatch of Indian forces to Maldives to save the regime there from an armed coup and restrict the entry points to Nepal from the India’s side over the dispute over the Indo-Nepalese Trade and Transit Treaty, was interpreted by vested interests in many ASEAN capitals that India wanted to become a regional bully.

A further reason for India’s down-grading of the West Asian region was related to the changing Indian perception of the
Pakistan Factor' within its overall foreign policy framework. Southeast Asia appeared to be one of the prime contenders for the involvement of these energies, given the climate of opinion in policy making circles in New Delhi.

The relative downgrading of the 'Pakistan Factor' following the 1971 war and the reassessment made in New Delhi about Pakistan's long term threat to Indian interests also had another effect through a different route on Indian perceptions of the relative importance of Southeast Asia as compared to other regions, especially West Asia.

Thus the factors contributing to closer ties between India and ASEAN have been many. Free from ideological rhetoric and the bogey of the Cold War, India moved closer towards Southeast Asian countries. The collapse of the Soviet Union and India's economic woes resulting from centralized planning forced the leadership to think a new. It liberalized its economy and decided to keep in tune with the globalization process. The tiger economy of the Asia-Pacific Rim was taken into consideration. India adopted two pronged strategy to have closer contact with Southeast Asia. It made diplomatic moves to have close interaction with a multilateral ASEAN as well as endeavored to have close bilateral ties with the countries of Southeast Asia. India's perception was that the volume of trade would increase and investment opportunities would increase by becoming closer to ASEAN. There would be increasing South-South cooperation and India's relations with Southeast Asia would improve. The end of the bipolar world in international politics, peace settlement in Cambodia, and India's economic reforms changed the scenario.
REFERENCES

1. The concept of South-South cooperation has been used by academics decades ago. The UN created a special unit for South-South cooperation (SU/SSC) in late 1970s, which supported academic research and voluntary cooperative efforts between southern countries to promote South-South trade and investment. The Non-Aligned Movement, the international organization of over 100 independent states not formally aligned with any major power bloc, established the group for South-South consultation and coordination (G-15) in 1989. In December 2003, the United Nations General Assembly adopted Resolution 58/220, declaring December 19, the annual United Nations Day for South-South cooperation. This declaration serves to focus attention on SSC and to promote more extensive participation in SSC efforts. For details see www.un.org.


5. Asis Kumar Majumdar, *South-East Asia in Indian Foreign Policy: A Study of India’s Relations with South-east Asian countries from 1962-82*, Naya Prokosh, Calcutta, 1982, p.175.


10. Hegemony is the holding by one state of a preponderance of power in the international system so that it can dominate the rules and arrangements by which international political and economic relations are conducted. Such a state is called a hegemon. (Usually hegemony means domination of the world, but sometimes it refers to regional domination). The Italian Marxist theorist Antonio Gramsci used “hegemony” to refer to the complex of ideas that rulers use to gain consent for their legitimacy and keep subjects in line. For details see Joshua S. Goldstein, *International Relations*, Longman, New York, 2003, p.99. See also Rajan Harshe, “South Asian Regional


13. When India launched ‘Look East’ policy SAARC members were seven namely India, Pakistan, Maldives, Bhutan, Bangladesh, Sri Lanka and Nepal. Afghanistan joined SAARC later.


23. For details on the nature and influence of China factor in the evolution of India’s ‘Look East’ policy see among others Swaran Singh, *China Factor in India’s ‘Look East’ Policy*, Unpublished paper, Centre for Indian Ocean Studies, Osmania University, Hyderabad. See also C.S. Kuppuswamy, “India’s Policy Looking Eastward”, *South Asian Analysis Group*, Paper No.151.