

**INDIA-ASEAN RELATIONS: A STUDY OF
REGIONAL AND BILATERAL TIES, 2003-2019**

Dissertation submitted to Jawaharlal Nehru University

in partial fulfilment of the requirements

for award of the Degree of

MASTER OF PHILOSOPHY

MAHESH KUMAR



Centre for South Asian Studies
School of International Studies

JAWAHARLAL NEHRU UNIVERSITY

New Delhi-110067

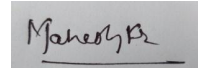
2022

**Centre for South Asian Studies
School of International Studies
JAWAHARLAL NEHRU UNIVERSITY
New Delhi- 110067**

Date: 29.01.2022

DECLARATION

This is to certify that the dissertation entitled “**INDIA-ASEAN RELATIONS: A STUDY OF REGIONAL AND BILATERAL TIES, 2003-2019**”, submitted by me in partial fulfilment of the requirements for award of the degree of **MASTER OF PHILOSOPHY** of Jawaharlal Nehru University, New Delhi, is my own work. The dissertation has not been submitted for any other degree of this University or any other University.



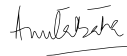
MAHESH KUMAR

CERTIFICATE

We recommend that this dissertation be placed before the examiners for the evaluation.



**Prof. Amita Batra
(Chairperson,
Supervisor)**



**Prof. Amita Batra
CSAS)**

Dedicated to
Bade Papa

Acknowledgements

I express my deepest gratitude to my supervisor Professor Amita Batra, for her insightful guidance, patience and and encouragement. It was she who helped me in developing interest in the area of my research work, which is based on India-ASEAN relations. Because of her prolific knowledge in the field, I was always confident of doing a good research work. In addition, she was always available for assisting me in my work. Her patience and support helped me to carry my work without much anxiety amid Covid-19 pandemic and the need to appear for PhD entrance exams later.

I want to acknowledge my seniors for their precious guidance and invaluable support. They are Anupam, Sheetal, Abhishek, Gayathri and Preity. I also feel thankful to the Centre Coordinator of CSAS (Centre for South Asian Studies), Sandeep bhaiya for his quick support whenever I needed him.

I would also like to thank my family members who supported me with their patience to allow me to pursue my M.Phil. Without their support, it would have been extremely difficult to carry on with my work during this stressful Covid-19 period.

In addition to the above, I must thank my friends Varun Wighmal, Manish, Avinash Ardhendu, Nitesh ji, Sachchidanand ji, Keshav, Devesh, Akshay, Abhimanue, Abhishek and Avinash who supported me directly and indirectly by keeping me in a positive frame of mind, which enabled me to enjoy this journey.

Mahesh Kumar

Contents

Abbreviations	1
List of Tables.....	2-3
Chapter 1: Introduction.....	4-15
1.1 Overview	4
1.2 Review of Literature	6
1.2.1 Regionalism	7
1.2.2 Bilateralism.....	8
1.2.3 India-ASEAN Regional Ties.....	10
1.2.4 India’s Bilateralism in ASEAN.....	11
1.3 Rationale	12
1.4 Objectives	13
1.5 Research Questions	13
1.6 Hypotheses	14
1.7 Research Methodology... ..	14
1.8 Chapter Scheme.....	15
Chapter 2: India-ASEAN Regional Engagement.....	16-49
2.1 Introduction.....	16
2.2 India-ASEAN Economic Ties.....	20
2.2.1 India-ASEAN Trade, 2003-2019.....	21
2.2.2 India-ASEAN Trade, Pre and Post-AIFTA.....	22

2.2.3 India's Major Trade Partners in ASEAN.....	22
2.2.4 Sector-wise Trade: A Comparison of top 20 Export and Import items.....	27
2.2.5 India-ASEAN Trade in Services.....	31
2.2.6 India-ASEAN Investment Ties.....	33
2.2.7 Analysis of Economic Ties between India and ASEAN.....	35
2.3 India-ASEAN Strategic Ties.....	36
2.3.1 ASEAN Centrality.....	37
2.3.2 Institutional Developments	38
2.3.3 Defence and Security Cooperation.....	41
2.3.4 Maritime Security Cooperation.....	42
2.3.5 Defence Modernisation and Capacity Building.....	45
2.3.6 Cooperation to Combat International Terrorism.....	45
2.3.7 ASEAN-India Connectivity	46
 Chapter 3: India's Bilateral Relations with the ASEAN6.....	 50-83
3.1 Introduction.....	50
3.2 India-ASEAN6 Economic Ties.....	52
3.2.1 India-ASEAN6 Trade.....	53
3.2.2 India's Exports and Imports with ASEAN6	55
3.2.3 India's Balance of Trade with ASEAN6	56
3.2.4 India-ASEAN6 Investment Ties.....	59
3.3 India-ASEAN6 Strategic Ties.....	61
3.3.1 India-Indonesia	62
3.3.2 India-Malaysia	64
3.3.3 India-Thailand.....	66
3.4 India-Singapore Bilateral Ties.....	68
3.4.1 India-Singapore Economic Ties.....	69

3.4.2 Bilateral Merchandise Trade, 2003-2019.....	70
3.4.3 Major Items of Exports and Imports.....	71
3.4.4 India-Singapore Investment Ties.....	76
3.4.5 India’s Outward FDI in Singapore	78
3.4.6 India-Singapore Strategic Ties.....	80
Chapter 4: India and the CLMV Countries.....	84-117
4.1 Introduction.....	84
4.2 India-CLMV Economic Ties.....	87
4.2.1 India-CLMV Trade, 2003-2019.....	89
4.2.2 Bilateral Trade between India and the CLMV.....	90
4.2.3 Exports and Imports at the Bilateral Level.....	92
4.2.4 India-Vietnam Trade.....	96
4.2.5 Reason behind recent surge in imports from Vietnam.....	101
4.3 India-CLMV Investment Ties.....	102
4.3.1 India-Vietnam Investment Ties.....	104
4.3.2 India-Myanmar Investment Ties.....	106
4.4 India-CLMV Strategic Ties.....	107
4.4.1 India-Myanmar Strategic Ties.....	109
4.4.2 India-Vietnam Strategic Ties.....	112
Chapter 5: Conclusion.....	118-126
References.....	127-141

Abbreviations

ADMM	ASEAN Defence Ministers' Meeting
AEP	Act East Policy
AITIGA	ASEAN-India Trade in Goods Agreement
AITISA	ASEAN-India Trade in Services and Investment Agreement
APMC	ASEAN Post Ministerial Conference
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
BRI	Belt and Road Initiative
CAGR	Compounded Annual Growth Rate
DEA	Department of Economic Affairs
EAS	East Asia Summit
IONS	Indian Ocean Naval Symposium
IORA	Indian Ocean Rim Association
ITEC	India's Technical and Economic Cooperation
KMMTTP	Kaladan Multi-Modal Transit Transport Project
LEP	Look East Policy
MGC	Mekong-Ganga Cooperation
MEA	Ministry of External Affairs
PCA	Permanent Court of Arbitration
PDF	Project Development Fund
RCEP	Regional Comprehensive Economic Partnership
SAARC	South Asian Association for Regional Cooperation
SCS	South China Sea

List of Tables:

Table 2.1: India's Trade with ASEAN, 2003-04 to 2019-2020	22
Table 2.2: India's Trade with ASEAN economies.....	25
Table 2.3: India's Exports to ASEAN economies.....	26
Table 2.4: India's Imports from ASEAN economies.....	27
Table 2.5: Share of India's top 20 export items to ASEAN economies.....	28
Table 2.6: Share of India's top 20 import items from ASEAN economies.....	30
Table 2.7: FDI inflows in India from ASEAN.....	34
Table 2.8: Share of ASEAN countries in Inward FDI flows to India.....	35
Table 3.1: ASEAN6 at a glance (2019).....	51
Table 3.2: India-ASEAN6 Trade.....	54
Table 3.3: India's Exports and Imports with ASEAN6.....	56
Table 3.4: India-ASEAN6: Balance of Trade.....	57
Table 3.5: Country-wise FDI Equity Inflows in India from ASEAN6.....	59
Table 3.6: India's Outward FDI.....	60
Table 3.7: India-Singapore Merchandise Trade.....	71
Table 3.8: India's Top 10 Exports to Singapore.....	72
Table 3.9: India's Top 10 Imports from Singapore.....	73
Table 3.10: FDI inflows in India from Singapore.....	77
Table 3.11: India's Outward FDI in Singapore.....	78
Table 4.1: CLMV: Some Economic Indicators.....	86
Table 4.2: India-CLMV trade, 2003-04 to 2019-20.....	90
Table 4.3: India's Trade with CLMV.....	92
Table 4.4: India's Exports and Imports with CLMV.....	93
Table 4.5: Annualized Growth rates of India's Exports and Imports with CLMV.....	94

Table 4.6: India-Myanmar Trade.....	95
Table 4.7: India-Vietnam Trade.....	98
Table 4.8: Share of India's top 10 export items to Vietnam	99
Table 4.9: Share of India's top 10 import items from Vietnam	100
Table 4.10: India's outward FDI in CLMV	103
Table 4.11: Cumulative FDI from CLMV in India.....	104
Table 4.12: Indian FDI in Vietnam.....	105
Table 4.13: Indian FDI in Myanmar.....	107

CHAPTER 1

Introduction

1.1 Overview

ASEAN is a regional grouping of ten Southeast Asian countries that came into existence on 8th August 1967. The ten members of ASEAN are Brunei Darussalam, Thailand, Indonesia, Malaysia, Singapore, Cambodia, Myanmar, Lao PDR, Philippines and Vietnam and are located in India's eastern neighbourhood and comprises of Singapore, Indonesia, Malaysia, Thailand, Brunei Darussalam, Philippines, Cambodia, Lao PDR, Myanmar and Vietnam. India and Southeast Asian countries have a long history of commercial and cultural ties. However, in modern times, India's formal engagement with ASEAN started only after the end of the Cold War and with the beginning of India's LEP in 1991. Starting as a Sectoral Dialogue partner¹ of ASEAN in 1992 to becoming Strategic Partners in 2012 and concluding free trade agreements (in both Goods and Services), India and ASEAN have covered a long distance together. At present, there are over over 30 Dialogue Mechanisms (MEA 2018) for regular discussions between India and ASEAN that include ASEAN-India summit dialogues, ministerial and armed forces' level dialogues in addition to several ASEAN led platforms such as the the EAS, the ARF, the ADMM Plus and others.

During the Look East phase, the signing of AITIGA in 2009 led to the establishment of a free trade area with a market of close to 1.9 billion people and a GDP of USD 5.4 trillion (as of 2019) (ASEAN Secretariat 2020). While security-strategic cooperation was not on the immediate agenda of the LEP in the nineties, it gained prominence in the second phase² of the LEP during which India established its strategic presence in the

¹ As a sectoral partner, India cooperated in some sectors identified initially like trade, investments and tourism with ASEAN (Muni 2021).

² In 2003, the then India's Minister of External Affairs, Yashwant Sinha mentioned about the new (second) phase of the LEP under which security cooperation was to be ensured equally with economic cooperation with ASEAN (MEA 2003). No fixed year was mentioned as the beginning of the second phase.

region by developing strong defence and security cooperation with ASEAN members. Maritime security cooperation has been the key pillar of India-ASEAN strategic cooperation. At present, many ASEAN nations such as Vietnam, Philippines, Indonesia and Brunei are in territorial disputes with China in the SCS. China's sweeping claims on over eighty per cent of the SCS (Singh 2017) and its hydrocarbon resources have antagonised most of the ASEAN members. The territorial disputes of many ASEAN countries with China in the SCS besides the growing assertiveness of China in the region are important factors in India-ASEAN strategic cooperation. Both India and ASEAN support rules based order through the implementation of international laws, freedom of navigation as well as over flight in the SCS.

India's newly formed NDA government in 2014 under PM Narendra Modi introduced the AEP on 12 November 2014 with the objective to promote "economic cooperation, cultural ties and develop strategic relationship with the countries in the Asia-Pacific region through continuous engagement at bilateral and multilateral levels" (MEA 2015). Under this policy, India emphasised on four Cs- Commerce, Culture, Capacity building (especially in the CLMV countries) and Connectivity (to connect India's Northeast region with the ASEAN countries) to strengthen its ties with the ASEAN. Of the four Cs, Connectivity (both physical and digital) received serious attention because of its importance for trade facilitation and cultural exchange between the two besides security cooperation. Under this policy, the Indian government is active on completing the projects for physical connectivity such as the IMT trilateral highway and Kaladan multimodal projects to connect India's Northeast with the CLMV countries as they are closest to India geographically. There is a debate among scholars whether the AEP is a radical departure from the previous LEP or its natural evolution (of the the LEP). This will be studied in the dissertation later.

India's relation with ASEAN is not just confined at the regional level. A salient aspect of India's LEP and AEP has been India's focus on nurturing strong bilateral relations with ASEAN countries. Within ASEAN, India has very strong bilateral relations with Singapore and Vietnam. While India's overall ties with ASEAN have grown, India has differentiated bilateral relations with ASEAN members (Muni and Mun 2012).

Distinction can be made between India's bilateral ties with the ASEAN6 – comprising of Singapore, Malaysia, Indonesia, Thailand, Philippines and Brunei and the CLMV comprising of Cambodia, Laos, Myanmar and Vietnam. ASEAN6 are economically advanced but the CLMV subregion has been the fastest growing subregion in ASEAN recently. With the ASEAN6, India has strong economic and security ties bilaterally. Singapore and Malaysia are two major economic partners of India in ASEAN. India has signed Comprehensive Economic Cooperation Agreements with both these countries. Vietnam is the only CLMV country to find a place in the top five trade partners of India in ASEAN. India's differentiated bilateral approach is visible not just in the economic field but also in the strategic sphere and surprisingly India has strategic partnerships with many of those ASEAN countries with which its economic relations are stronger. India has signed Strategic Partnership Agreements with Singapore, Malaysia, Indonesia and Vietnam.

This proposed research work is an attempt to study India's regional and bilateral ties with ASEAN and its member states in a holistic manner with special focus on economic and strategic cooperation (in terms of defence and security). Besides, the concern related to India's differentiated bilateralism with ASEAN members will be explored in the context of India-ASEAN economic integration and India's security and strategic objectives in the region. India's AEP has completed over six years and hence sufficient time has elapsed for an assessment of India's policy initiatives with the ASEAN, both at the regional and bilateral levels.

1.2 Review of Literature

Since the research tries to analyse India-ASEAN regional and bilateral ties, the literature review is sub-divided into broader themes which are regionalism and bilateralism, India's LEP/AEP and India-ASEAN Ties and India's bilateralism in ASEAN.

1.2.1 Regionalism

The mushrooming of regional organisations in the last several decades has led to debates in the academic field regarding the meaning of terms like region, regionalism, regionalisation, etc. India- ASEAN ties have to be understood in the broader context of the attraction towards the phenomenon of growing regionalism towards the end of the 20th century. In the post- Cold War period, India moved on the path of economic liberalisation and looked for new economic partners for trade and investments. Given the economic miracle of East Asian tigers, which involved Southeast Asian countries like Singapore and Malaysia, India wanted to partner with ASEAN countries. In this direction, India's LEP was introduced in 1991 to act as a gateway for India in Southeast Asia and East Asia. India is considered a South Asian country besides India was already a member of the most prominent regional organisation of South Asia called 'SAARC'. Questions were raised whether India fitted in the Southeast Asian region. As per Joseph Nye, a region consists of "a limited number of states linked by geographical relationship and by a degree of mutual interdependence" (Nye 1968). According to Lewis and Wigen (1997), regions are complex, have borderlands with plural crossing points. They are conglomerations of ideas, culture and social institutions. However, as per Hettne (2005) 'region' cannot have a fixed definition since it depends upon specific question or problem under investigation. It depends on the idea of region and 'regionness' perceived by political actors and hence to suggest that whether India is a part of Southeast Asia or not is not an issue. In recent years, the idea of region has been moving from geography to "political and ideational character of regions" (Behr and Jokeia 2011). This loss of geographical identity for classification as region for the purpose of regionalism has helped India to become a part ASEAN and affiliated bodies.

Similar to the debate surrounding the concept of 'region', scholars also contest the idea of 'regionalism'. Nye, based upon his definition of region, describes regionalism resulting from "the formation of interstate associations or groupings on the basis of regions" (Nye 1968). Post Cold War, 'regionalism has got extensive attention and has elicited numerous definitions because of identification of new characteristics. Scholars in the field of 'regionalism' tend to make classification between 'old regionalism' and 'new regionalism'. As per Fawcett (1995), from the limited focus on FTAs and security

alliances that characterised regionalism up until the 1970s, the concept of ‘regionalism’ underwent significant changes by the end of the 20th century. Hettne (2005) considers ‘new regionalism as a diverse phenomenon that includes security, economic, political, environment and many other issues. Farelle (2005) similarly views regionalism as complex form of integration involving economic, social, cultural and political features and hence extends the concept of regionalism beyond FTAs and security alliances. This understanding of the concept of regionalism is important as there is a tendency to confine regionalism to just economic integration, which is one important type of regionalism. Similarly Dent (2016) also defines regionalism based on structures, processes and arrangements that work towards greater coherence within a specific international region in terms of economic, political, security and socio-cultural linkages. Palmer (1991) mentions the views of George Schultz, who views regionalism as simply “a web of cooperative realities”, which is based on increasing networks of bilateral ties and ties between private businesses. This understanding of new regionalism can be seen working in India- ASEAN context.

Regionalism is also distinguished from regionalisation. According to Breslin and Higgott, regionalism represents “those state-led projects of cooperation that emerge as a result of intergovernmental dialogue and treaties” whereas regionalisation represents “processes of integration which albeit seldom unaffected by state policies derive their driving force from the policies and decisions of companies” rather than predetermined government plans (Breslin and Higgott 2000).

1.2.2 Bilateralism

After regionalism, another important concept inherent in the topic is ‘bilateralism’. The first question that needs to be answered – What is bilateralism and why bilateralism? As per Legro (2008), “bilateralism concerns relations or policies of joint action between two parties. Typically the term has applications concerning political, economic, and security matters between two states. With respect to multilateralism, bilateralism affords greater freedom and efficiency of action as fewer actors are involved”. This makes bilateralism the most favourable approach among foreign policy makers. Yet there is a limit to what

bilateralism can achieve. Legro (2008) notes “bilateralism is too costly and insufficient to deal with some world problems” like global warming, global terrorism, cyber crimes, etc.

Scholars debate over the relationship between bilateralism and multilateralism. According to Ruggie (1992), bilateralism “is premised on specific reciprocity which also means the simultaneous balancing of specific quid pro quos by each party with every other at all times (in contrast to multilateralism’s diffuse reciprocity)”. According to Acharya (1990) bilateral agreements provided some foundations for regionalism and multilateralism in the Asia- Pacific. However, it is also argued that bilateralism can lead to regional and multilateral ties sometimes but not always. As per Heydon and Woolcock (2009), economic bilateralism of ASEAN members with third parties is weakening the fabric of regional cooperation within ASEAN, in spite of new economic opportunities coming to some ASEAN members. Similarly, Dent (2006) observed an increasing pattern of bilateralism in Southeast Asia economic diplomacy, which in his views, are resulting in region-divergent outputs in Southeast Asia.

In the case of India, bilateralism has dominated its foreign policy both in South Asia and elsewhere. India has traditionally preferred bilateral relationships with major and regional powers in almost every field. In fact, India’s efforts towards regionalism and sub-regionalism paid dividends mainly because of improvements in bilateral ties with some neighbouring countries. It can be easily observed in the case of SAARC as bilateral tensions between India and Pakistan has brought the body to a halt. On the other hand, India’s strong bilateral relation with Bangladesh is paying dividends to sub-regionalism in South Asia (Yhome and Maini 2017). Similarly, India strengthened cooperation with the United States in part to increase India’s capacity to come over security threats (Tellis 2006).

1.2.3 India-ASEAN Regional Ties

ASEAN has been at the centre of India's Look East and now AEP. In 2017, ASEAN and India celebrated silver anniversary of their dialogue partnership, 15 years of Summit Level partnership and 5 years of strategic partnership in both India and in ASEAN countries. It all started with India's LEP announced in the early 1990s. By the early 2000s economic regionalism began to develop between India and ASEAN (Batra 2020). India signed Free Trade Agreements both bilaterally with member states like Thailand (Early Harvest Scheme in 2004) and Singapore (CECA in 2005) and then regionally- AITIGA in 2009 and then AITISIA in 2014. India's trade with ASEAN has grown impressively since the LEP- from US \$ 2.3 billion in 1991-92 to USD 45.34 billion in 2008-09 and it stands at USD 86.92 in 2019-20. The emphasis in the first phase of the LEP was primarily on economic engagement, but that does not mean that cooperation in defence and strategic matters were overlooked. In 1996, ASEAN Regional Forum (ARF) became the platform for India-ASEAN security cooperation. According to Yhome and Maini (2017), India sees these regional instruments as platforms to cooperate with the outside world to meet the expectations from a rising power. India also needs these regional organisations to meet her own development needs and rising aspirations.

Since the beginning of the second phase in the LEP, strategic and defence cooperation have been stepped up (Muni 2011). Under the new leadership of PM Narendra Modi, the LEP got evolved into more dynamic and action oriented AEP in 2014. As per the PM, Commerce, Connectivity and Culture are the three most important elements of the AEP but many experts believe that the new Policy will cater to India's strategic interests in the Indo-Pacific. As per Jaishankar (2019), the Act East represents the securitization of India's eastward engagement. India has always emphasized upon 'ASEAN Centrality' in its LEP/AEP and as per the MEA's brief, India's Indo-Pacific vision is based on the vision of 'ASEAN Centrality'.

While going through works on India-ASEAN regionalism, it came to observation that even though the concept of 'new regionalism' has extended the domain of cooperation,

much more work has been done in the field of economic regionalism than the political and strategic regionalism.

1.2.4 India's bilateralism in ASEAN

India's bilateral relation with ASEAN members is a very important part of India's ties with ASEAN. As per the MEA's report, the announcement of the 'Act-East Policy' signalled a clear message on the part of India to up-scaling its ties with ASEAN Member States. Muni (2013) argues that within ASEAN, India has a differentiated approach between the new ASEAN members or the CLMV countries and the old ASEAN members or the ASEAN6. Except for Vietnam, all the CLMV countries fall under the category of Least Developed Countries as classified by the United Nations. While India's differentiated engagement with ASEAN6 and the CLMV was more prominent during the LEP, it has to be seen how AEP impacted India's ties with the ASEAN6 vis-à-vis the CLMV.

Singapore has been the most important partner of India in ASEAN. Economic relations between India and Singapore received a major boost when the CECA was signed between the two in 2005. It proved to be a "path finder" or model for India's economic relations with other economies in Southeast Asia and East Asia. In addition to strong economic ties, India and Singapore also worked to deepen their defence relations. Today, India and Singapore are strategic partners cooperating in a range of fields like maritime security, sea piracy among others. Following Singapore, the old members of ASEAN also emphasized on nurturing strong bilateral ties with India. India has signed CECA with Malaysia, Early Harvest Scheme Agreement with Thailand. India is also a strategic partner of Malaysia, Indonesia in addition to Singapore and Vietnam. With the rest of the ASEAN countries, that includes Cambodia, Laos, Myanmar (CLMV countries except for Vietnam), Brunei and Philippines, India's ties have been unsatisfactory. Interestingly, while many works have tried to highlight the gap in India's bilateral ties with ASEAN countries, the possible impact of this differentiated approach on India-ASEAN ties has not received adequate attention, especially from political and strategic perspectives.

1.3 Rationale and Scope

ASEAN has been at the centre of India's LEP/AEP. The LEP which began in 1991 entered into its second phase after a decade in the new millennium. The period 2003-2019 comprises of the second phase of the LEP and also first five years of the AEP. In this period, India's ties with ASEAN became strategic with security and connectivity gaining enhanced significance. The LEP, after more than twenty years, was transformed into AEP in 2014 to add activism in India's engagement with ASEAN. The AEP of India has completed more than six years since its announcement in 2014. The objective of the new policy is to realize the potential of India-ASEAN cooperation by actively focussing on commerce, culture, connectivity and capacity building. But the lack of tangible engagement together with slow delivery creates a perception of Indian deficiency in actualising the AEP. The study will be helpful in analysing India's Look and Act East policies during 2003-2019 in terms of its achievements and failures in strengthening India-ASEAN regional and bilateral ties.

India engages ASEAN members at both regional and bilateral levels. This study will be helpful in identifying the pattern and nature of India's bilateral engagement with ASEAN members. It will also be helpful in identifying the gaps in India's bilateral relations with ASEAN members, if any, since plugging the gap in India's bilateral ties with ASEAN members is the key to realising the full potential of India-ASEAN ties. Since uneven and relatively weak economic integration with the CLMV countries has been evident in India's relations with the region, India's ties with ASEAN6 and the CLMV has been discussed separately.

At the regional level, India-ASEAN ties are important not only for the economic opportunities provided by ASEAN but also as a counter to the increasing economic and strategic influence of China in the region. Chinese expansionism is a strategic concern for India and ASEAN as it threatens peace and security in the Indo-Pacific region. In this direction, maintaining cordial ties with ASEAN as an organisation and with the individual ASEAN countries is very crucial.

For India, as we have seen earlier, regionalism is a new approach in foreign policy as traditionally India was a supporter of bilateralism as the preferred way of handling international relations. In this context, the research work is crucial to assess India's preferred means of engaging with Southeast Asian countries. The research will help to assess how India's regional ties with ASEAN compare with India's bilateral relations with ASEAN members and hence to evaluate whether regionalism or bilateralism has been the dominant feature of India-ASEAN ties.

1.4 Objectives

This research work studies India-ASEAN regional and bilateral ties during the period 2003-2019. The objective of the research is to analyse India's Look and Act East policies in terms of economic and strategic (defence-security) cooperation between ASEAN nations and India during this period. In India's LEP/AEP, India has sought to strengthen relations with Southeast Asian countries at the regional level through ASEAN and at bilateral levels with each ASEAN member individually. In this context, this research tries to analyse how India-ASEAN regional ties compare with India's bilateral ties with ASEAN members. It aims to find out whether regionalism or bilateralism has been the dominant feature in India's LEP/AEP during the period 2003-2019. The research also studies the gap in India's bilateral ties with ASEAN members and assesses whether the gap is huge or less.

1.5 Research Questions

1. How has India-ASEAN regional ties progressed since the LEP? Has the regional relationship further strengthened under the AEP?
2. How have India's bilateral ties with ASEAN members progressed under the LEP?
3. How have India's bilateral relations with ASEAN members evolved since the AEP?
4. In what ways India's bilateral relations with ASEAN-6 members are different from the CLMV countries?

5. What has been the impact of India's bilateral relations with ASEAN members on India-ASEAN regional ties?
6. How do India-ASEAN regional ties compare with India-ASEAN bilateral ties?

1.6 Hypotheses

- India has followed a differentiated bilateral approach in its relation with ASEAN member countries.
- Bilateralism, rather than regionalism, has dominated India's relations with ASEAN under Look East Policy and now Act East Policy.

1.7 Research Methodology

The research work is primarily comparative and analytical. In a comparative study, different phenomena are analysed and then put together to find out the points of similarities and differentiation. It makes use of both qualitative and quantitative methods. The study is deductive in nature. The sources of research include both primary sources and secondary sources. The primary sources comprise of reports published by various governments and international organisations, data related to trade and investments of India and ASEAN members released by government agencies. The secondary sources include mainly the books and articles of eminent authors and experts, journals, and online materials. It also employs case studies to do in-depth analysis of bilateral relations. The research looks into India-ASEAN ties from 2003 to 2019. In 2003, India-ASEAN ties had received a major boost at the Bali Summit when India signed the TAC, a framework agreement on India-ASEAN FTA and a joint declaration to combat terrorism. In the same year, the framework agreement to establish India-Thailand FTA under Early Harvest Scheme was signed which got implemented a year later in 2004. Thus, 2003 witnessed some substantial progress towards economic integration and strategic cooperation. On the other hand in 2019, India's AEP completed 5 years. In this sixteen year duration, India-ASEAN regional and bilateral ties have been analysed.

1.8 Chapter Scheme

The dissertation is organised in five chapters including this 'Introduction' chapter. The second chapter, 'India-ASEAN Regional Engagement', discusses India-ASEAN regional ties with special focus on economic and security ties. It discusses how these ties have progressed under the second phase of the LEP vis-à-vis the AEP during 2003-2019. The third chapter, 'India's Bilateral Relations with the ASEAN6', discusses India's ties with the ASEAN6 members. It discusses India-ASEAN6 bilateral relations, again, from both economic and strategic perspectives. It also includes a case study of India-Singapore bilateral relations. The fourth chapter, 'India and the CLMV Countries', discusses India's ties with the CLMV countries. It studies India-CLMV economic, strategic and developmental ties with special focus on India-Myanmar and India-Vietnam bilateral relations. The fifth chapter 'Conclusion' summarises the findings of the study.

CHAPTER 2

India-ASEAN Regional Engagement

2.1 Introduction

India-ASEAN regional ties formally began under India's LEP after India joined as a sectoral dialogue partner of ASEAN in 1992. Before that India's relationship with ASEAN countries was negatively affected by the Cold War politics as both sides found each other on the opposite sides of Cold War alliances led by the USSR and the USA respectively, although India was officially a non-aligned country and never became part of any alliance. In the post- Cold War period, since the enactment of India's LEP, India-ASEAN ties progressed by leaps and bounds, led by increasing cooperation in a wide range of areas such as economy, defence and security, energy, connectivity, capacity building, etc. The mainstay of India-ASEAN regional ties are economic and strategic cooperation (primarily defence-security cooperation). India is also an important development partner of CLMV countries, which are economically the least developed among ASEAN members (with the exception of Vietnam).

This chapter focuses on India-ASEAN regional ties for the period 2003-2019. The period 2003-2019 includes second phase of the "LEP" and first five years of the "AEP" (AEP). In the first phase of the LEP, India-ASEAN partnership had progressed from sectoral partnership to that of summit level partnership. Coming out of the Cold War period, characterised by mutual suspicion, India and ASEAN worked to develop and strengthen mutual trust during the first phase of the LEP, by the end of which, many important changes had taken place for both India and ASEAN. In the late 1990s, Indian economy was growing at the rate of around 8% and was the second fastest growing economy, next only to China. It brought India into the hotspots of the global economy and countries were looking towards India for trade and investments to take benefits out of large Indian market. On the strategic part, India had emerged as a nuclear power country and together with its growing maritime capabilities. India was being seen as a

possible security provider by Southeast Asian countries in the region. ASEAN members were also looking towards India due to the fact that the USA, post the Cold War, was pulling back itself from Asia and a vacuum had begun to emerge in the security architecture of the region (Mishra 2019). The grant of membership of the ARF to India in 1996 was on part of willingness of ASEAN to accommodate India in the regional security architecture and to establish balance of power in the region.

For India, ASEAN has always been high on strategic agenda due to its location around strategically crucial points like the Malacca Strait which connects the Indian Ocean with the Western Pacific via the SCS (Baruah, 2016). Even then, in the beginning of the LEP, the strategic cooperation was undermined by the immediate economic objectives of India. Soon, the addition of the CLMV members in ASEAN, especially that of Myanmar and Vietnam, significantly increased the strategic importance of the ASEAN for India, as India was concerned about the growing insurgency problem in its northeast, which was organised and conducted from across the border in Myanmar. In addition, Cambodia, Laos and Myanmar were the least developed countries in ASEAN and were heavily dependent upon China for investments in infrastructure and trade as well as for military equipments. It made these countries (and they still are) vulnerable to strategic wishes of China, which is an issue of concern for India. Thus, the strategic compulsion was also huge for India to engage ASEAN for its own security as well as the regional security. These factors on the economic and strategic parts laid the foundation for future India-ASEAN ties in the second phase of the LEP.

The period 2003-2019 witnessed many milestones in terms of institutional developments as well as at the foreign policy level which strengthened India-ASEAN regional and bilateral cooperation. Towards economic cooperation, at the second India-ASEAN Summit in 2013 in Bali, Indonesia, India and ASEAN signed the 'ASEAN-India Framework Agreement on Comprehensive Economic Cooperation'. The agreement aimed at establishing ASEAN-India Free Trade Area for goods, services and investments. However, it took six long years when finally the AITIGA was concluded in 2009 and came into effect a year later on January 1, 2010. Similarly, the AITISIA was signed very late in November 2014 and became effective from 2015. Besides the

regional free trade agreements, India also concluded CECAs³ with Singapore and Malaysia in 2005 and 2011 respectively which helped to boost India-ASEAN regional trade and investments.

At the strategic front, major developments during this period were India's accession to the Treaty of Amity and Cooperation (TAC), which binds signing member to observe the guiding principles of non-interference, sovereignty, non-use of force, pacific settlement of disputes (ASEAN Secretariat 2020) among others which serve as to ensure peace and security in the region. All the extra-regional dialogue partners including the USA and China have signed the TAC, which represents their acknowledgment of the centrality of ASEAN in the region. In 2004, ASEAN and India signed 'ASEAN-India Partnership for Peace, Progress and Shared Prosperity' and came with the ASEAN-India Plan of Actions⁴ 2004-2010. As of 2020, three Plan of Actions have been completed- 2004-2010, 2010-2016 and 2016-2020. Celebrating the 20th anniversary of dialogue partnership and the 10th anniversary of the summit level partnership, ASEAN and India and upgraded their partnership into strategic partnership at the 10th India-ASEAN Summit in 2012, held in New Delhi.

Another major development in India-ASEAN regional ties was the transformation of India's LEP into the AEP in 2014 under the newly formed NDA government led by PM Narendra Modi. The AEP sought to energise India's ties with the countries in its East. The major thrust areas of the AEP, as identified by Muni and Mishra, include 'active and intensive political engagement with the countries in its East, development and growth of its Northeast Region by its integration with Southeast Asian neighbours, defence and security cooperation to be focused sharply, persistence of economic agenda and people to people connectivity through enhanced physical connectivity and by the means of soft power' (Muni and Mishra 2019).

³ CECAs are more comprehensive than an FTA and include negotiations on services as well as investments in addition to FTA in goods.

⁴ The Plan of Action guides the execution of goals as mentioned in the 'ASEAN-India Partnership for Peace, Progress and Shared Prosperity' and other agreements between India and ASEAN.

The government has tried to project the AEP as a new foreign policy, which radically differs from the previous LEP by arguing that the AEP is broader in coverage than the LEP as it goes beyond ASEAN to include East Asian countries like China, Japan etc and also Australia. The other difference between the LEP and the AEP is with regard to strategic cooperation. Under the AEP, strengthening strategic cooperation through defence and security ties is no less important than economic cooperation with the East. Another major difference is related to the focus on India's Northeast region, whose development did not find enough space in the LEP, as in the AEP. However, Muni and Mishra are of the opinion that the LEP had never closed its eyes on the countries beyond ASEAN, nor that the security and strategic concerns were missing completely under the LEP and similarly, the development of India's northeast was always on the agenda of the LEP (Muni and Mishra 2019). They suggest that the AEP represents more continuity than change and the change is more quantitative than qualitative. Contrary to Muni and Mishra, Ngaibakching and Pandey (2020) believe the AEP to be radically different from the previous policy, although it may appear similar to the previous policy.

Nevertheless, the transformation of the LEP into the AEP was much needed. The transformation of the LEP to AEP was done to add activism and dynamism to India's ties with the countries in its East, especially with its ASEAN neighbours. Although, the LEP had been instrumental in enabling India to re-engage with its neighbours in the Southeast and East Asia and emerge as a significant player in the region strategically (Muni 2011), the LEP was not able to meet its trade and investment targets while India was facing criticism for its delivery deficit, especially in the context of connectivity projects. On the external front, India was under constant pressure from countries like the USA to make the LEP more active and effective. The former US President Barack Obama in his address to the joint session of the Indian Parliament mentioned on the need for India to 'engage East' to strengthen regional security and not just look east (Press Secretary, the White House 2010). Again in 2011, the then Secretary of State of the US, Hillary Clinton, while praising India's LEP, encouraged India "not just to look east, but to engage east and act east" (Kandavel and Scaria 2011).

The US under its 'Pivot to Asia' strategy was trying to engage regional powers like India, Japan, Australia and others to balance the growing power of China. India, on its part was also alarmed by the growing assertiveness of China in the region, evident from increasing territorial claims in the SCS, building of artificial islands with military outposts, etc. (Batra 2020). In 2013, an Air Defence Identification Zone (ADIZ) was announced by China in the East China Sea, which not only clashed with that of the Japanese ADIZ but also threatened the freedom of movement in the open space (Krishnan 2016). In the same year, China was also accused of attacking Vietnamese fishing boats in the SCS region (Associated Press 2015), which is also claimed by Vietnam along with other Southeast Asian countries. The Asia-Pacific countries in the region were continuously under pressure due to growing Chinese assertiveness, creating security challenges for them.

Clearly, India's AEP was a much needed policy shift in its engagement with the countries in its east. In practical terms, it signalled India's willingness to play active and effective role as a major player in the security of the region. The AEP also meant India would work actively to complete the pending projects soon like the Trilateral Highway project, the Kaladan project, etc. The development of infrastructure in India's Northeast and its connectivity with ASEAN nations through Myanmar is a major goal of the AEP.

The next section discusses India-ASEAN economic ties during 2003-2019. Under the economic ties, India-ASEAN trade in goods and in services besides investment ties between the two have been discussed. Apart from these, different aspects such as impact of AIFTA on trade, India's major trading partners in ASEAN, India's top 20 items of exports (to) and imports from ASEAN have also been discussed.

2.2 India-ASEAN Economic Ties

India's LEP had a major objective of attracting foreign investments and promoting trade with ASEAN countries. The first phase of the LEP witnessed a gradual expansion of

India's trade and investments ties with ASEAN. But a major boost to economic cooperation came with signing of the Framework Agreement for India-ASEAN CECA on October 8, 2003. The framework agreement had provisions for trade in goods agreement as well as trade in services agreement. However, it took six long years for the signing of AITIGA in 2009 and the AITISIA was finally signed in November 2014.

The trade between India and ASEAN presently takes place under the AITIGA, which came into force in a phased manner beginning from January 1, 2010. ASEAN and India agreed to progressively eliminate tariffs on 80% of the tariff lines, accounting for 75% of the trade (EXIM Bank 2020). In addition to India-ASEAN regional FTA, India's trade and investments with ASEAN also received a boost with the conclusion of bilateral FTAs the Early Harvest Scheme with Thailand and CECAs with Singapore and Malaysia.

The upcoming sections contain various aspects of India-ASEAN economic relationship during the period 2003-2019.

2.2.1 India-ASEAN Trade, 2003-2019

Table 2.1 presents India-ASEAN regional trade between 2003-04 and 2019-19. As can be seen in the table, India-ASEAN trade increased from USD 13.26 billion in 2003-04 to USD 86.92 billion in 2019-20. In the same period, the share of ASEAN in India's trade with the world increased from 9% to 11%. However, India's exports to ASEAN have continuously lagged behind its imports throughout between 2003-04 and 2019-20. Exports from India to ASEAN increased from USD 5.82 billion in 2003-04 to USD 31.55 billion in 2019-20 whereas, its imports have increased significantly from USD 7.44 to USD 55.37 in the same period. Although the share of ASEAN in both India's exports and imports with the world has increased during this period, but imports from ASEAN has a greater share (11.66%) compared to exports to ASEAN from India

(10.07%). Thus, the increase in share of ASEAN in India's overall trade is driven more by India's imports from ASEAN rather than India's exports to ASEAN.

Table 2.1: India's Trade with ASEAN, 2003-04 to 2019-20 (in USD billion)

	2003-04	2007-08	2011-12	2015-16	2019-20
Export to ASEAN	5.82	16.41	36.74	25.13	31.55
Export to World	63.84	163.13	305.96	262.29	313.36
Share of ASEAN (%)	9.11	10.06	12.01	9.58	10.07
Import from ASEAN	7.44	22.65	42.16	39.91	55.37
Import from World	78.15	251.65	489.32	381.01	474.71
Share of ASEAN (%)	9.51	9.01	8.61	10.47	11.66
Trade Deficit with ASEAN	-1.62	-6.24	-5.42	-14.78	-23.82
India-ASEAN Total Trade	13.26	39.06	78.9	65.04	86.92
Total Trade of India with World	141.99	414.78	795.28	643.30	788.07
Share of ASEAN (%)	9.34	9.42	9.92	10.11	11.03

Source: Export-Import Databank, Department of Commerce, India.

2.2.2 India-ASEAN Trade, Pre and Post-AIFTA

In the years preceding AITIGA, India-ASEAN regional trade increased almost three times from USD 13.26 billion in 2003-04 to USD 39.06 billion in 2007-08 and later, as a result of AIFTA, the trade doubled between 2007-08 and 2011-12, from USD 39 billion to USD 78 billion. But since 2011-12, the two-way trade shows a fluctuating trend. It witnessed a decline in 2015-16 before reaching the peak of USD 96.80 billion in 2018-19. In the next financial year, 2019-20, India-ASEAN trade again declined to USD 86.92 billion. The India-ASEAN regional trade has increased by less than USD 10 billion between 2011-12 (USD 78.9 billion) and 2019-20 (USD 86.9 billion) in the post FTA period. This reflects that ASEAN-India FTA has not been able to significantly enhance regional trade between the two as was expected.

Between 2003-04 and 2007-08, India's exports increased more than thrice from USD 5.82 billion to USD 16.41 billion. The positive impact of AIFTA was seen on India's exports to ASEAN in the immediate period as exports value got almost doubled between 2007-08 and 2011-12, from USD 16 billion to USD 37 billion. But, thereafter, India's exports to ASEAN have shown an overall decline in the post FTA period between 2011-12 (USD 36.74 billion) and 2019-20 (USD 31.55 billion), in opposite to the positive trend observed during the pre-FTA period. ASEAN's share in India's global exports got reduced by 2%, from 12% in 2011-12 to 10% in 2019-20.

Similar to the trend visible in pre-FTA exports, India's imports from ASEAN increased three times, from USD 7.44 to USD 22.65 billion between 2003-04 and 2007-08. Again, the import value almost doubled between 2007-08 and 2011-12, from USD 22.65 billion to USD 42.16 billion (similar to the trend visible in India's exports to ASEAN). But a contrast is seen in the post-FTA period between India's imports and exports with ASEAN. Post FTA, India's overall imports increased substantially from USD 42.16 to USD 55.37 billion between 2011-2 and 2019-20 before registering a decline in 2015-16. The share of imports from ASEAN in India's overall imports got increased by 3% (between 2011-12 and 2019-20). This is contrary to overall decline seen in both amount and share of ASEAN in exports from India in the post-FTA period as explained earlier. Thus, post-FTA, imports from ASEAN into India has increased more than India's exports to ASEAN. Consequently, India's trade deficit with ASEAN has multiplied over ten times, from less than USD 2 billion in 2003 to around USD 24 billion in 2019-20. This concern was raised by NITI Aayog in its report titled "A Note on Free Trade Agreements and Their Costs". This has forced policy makers in India to ask for review of AITIGA. Under the AITIGA, India had agreed to remove tariffs on up to 75% of 12000 tariff lines. The NITI Aayog report found the balance of trade worsening in 13 out of 21 sectors (Saraswat et al. 2017). Other reasons for growing trade imbalance, as per the report, are procedural issues in ASEAN together with poor implementation of Rules of Origin (RoO) norms, which allow cheap non-ASEAN country like China to route cheap goods into India (Saraswat et al. 2017).

Below par exports from India is also a major factor in growing trade imbalance between India and ASEAN. At the “Special Plenary with the Trade Ministers of the Region: Indo-ASEAN Business”, Indian Union Minister of Commerce and Industry Piyush Goyal pointed out major hurdles to India’s exports to ASEAN such as “non-reciprocity in FTA concessions, NTBs, import regulations, quotas & export taxes from ASEAN countries” (PIB 2021). According to AIC report, more than 60 percent of India’s exports to ASEAN are affected by non-tariff measures (AIC&RIS 2019).

At the 16th ASEAN Economic Ministers (AEM)-India Consultations, ASEAN and India agreed to review the AITIGA to meet India’s concerns so as to make the AIFTA “user-friendly, simple, and trade facilitative for businesses” (PIB 2019).

2.2.3 India’s Major Trading Partners in ASEAN

Table 2.2 depicts India’s bilateral trade with ASEAN members during 2003-04 and 2019-20. As can be seen, India’s top five trading partners in ASEAN in 2019-20 are Singapore, Indonesia, Malaysia, Vietnam and Thailand. The share of top 5 trading partners increased significantly between 2003-04 and 2007-08 (from 82% to 95%). Thereafter, their shares have remained over 90% in India’s trade with ASEAN. This shows that India’s trade with ASEAN has been confined to few ASEAN members, especially the non-CLMV countries. However, two major changes are visible. Firstly, Vietnam was not among the top 5 trading partners in 2003-04, but thereafter it replaced Myanmar as Indians fifth major trading partner as seen in 2007-08. Secondly and most importantly, in 2017, Vietnam replaced Thailand as India’s fourth major trading partner and still is in 2019-20. Thus, Vietnam has emerged as a significant economic partner in the last one decade for India besides being an important strategic partner.

Table 2.2: India's Trade with ASEAN economies (in USD million)

COUNTRIES	2003-04	2007-08	2011-12	2015-16	2019-20
BRUNEI	4.93	237.67	1500.51	528.47	643.90
CAMBODIA	18.88	56.4	106.72	197.44	234.81
INDONESIA	3249.26	6967.42	21443.92	15951.42	19191.20
LAO PDR	0.56	3.97	104.23	217.97	28.17
MALAYSIA	2939.31	8588.16	13454.00	12790.66	16146.94
MYANMAR	498.65	994.45	1930.53	2054	1520.25
PHILIPPINES	443.64	824.86	1434.29	1895.50	2049.86
SINGAPORE	4210	15501.83	25246.20	15028.19	23669.44
THAILAND	1440.73	4111.80	8244.85	8498.02	11087.68
VIETNAM	448.64	1783.77	5441.96	7826	12232
Share of top 5 Trading partners (%)	82.21	94.54	93.57	92.39	94.72

Source: Export-Import Databank, Department of Commerce, Government of India

Among ASEAN countries, Singapore has been the number one destination for exports from India between 2003-04 and 2019-20 (Table 2.3). However, its share in India's exports to ASEAN has seen a decline in the post-FTA period from 45% in 2007-08 to 28% in 2019-20. Besides Singapore, other major destinations for Indian exports are Malaysia, Indonesia, Thailand and Vietnam. In the post-FTA period, significant increase

in exports can be seen in India's exports to these countries. Interestingly, Vietnam, which is a CLMV country, has entered among the top three major export destinations among ASEAN members recently as seen in 2019-20. The top five destinations received more than 90% of India's exports during the same period. However, their shares have shown an overall decline from 94% in 2003-04 to 91% in 2019-20. India's exports to ASEAN members at bilateral level are discussed in the upcoming

Table 2.3: Exports to ASEAN economies from India (in USD million)

	2003-04	2007-08	2011-12	2015-16	2019-20
Brunei	4.59	10.43	895.49	28.45	57.62
Cambodia	18.60	53.50	99.45	143.01	188.12
Indonesia	1127.20	2164.17	6677.99	2819.49	4129.33
Lao PDR	0.43	3.86	14.97	37.94	25.08
Malaysia	892.76	2575.26	3980.36	3706.83	6364.66
Myanmar	89.64	185.82	545.38	1070.65	973.89
Philippines	321.53	620.32	992.91	1353.34	1526.03
Singapore	2214.83 (38)	7379.20 (45)	16857.71	7719.81	8922.66 (28)
Thailand	831.68	1810.87	2961.01	2987.86	4299.30
Vietnam	410.43	1610.09	3719.09	5265.99	5059
Total	5821.71	16413.52	36744.35	25133.37	31546.04
Share of top 5 Exporters	94	95	93	90	91

Source: Export-Import Databank, Department of Commerce, Government of India.

On the imports side, India's top five sources of import in 2019-20 are Indonesia, Singapore, Malaysia, Vietnam and Thailand. Among ASEAN members, Indonesia has consistently remained the number one importing partner between 2003-04 and 2019-20.

Vietnam was initially not among the top 5 importing partners of India in the pre-FTA period. Imports from Vietnam rose consistently during this period. From less than 1% in 2003-04, its share in India's imports increased to over 13% in 2019-20. Interestingly, the combined shares of India's top 5 import partners in ASEAN have ranged between 98% and 94% between 2003-04 and 2019-20. Thus, India's imports from ASEAN are concentrated in top five countries. India's import from ASEAN members at bilateral level is discussed in the upcoming chapters.

Table 2.4: India's imports from ASEAN economies (in USD million)

	2003-04	2007-08	2011-12	2015-16	2019-20
Brunei	0.34	227.24	605.02	554.02	586.28
Cambodia	0.28	2.90	7.27	54.43	46.69
Indonesia	2122.06	4821.25	14765.93	13131.93	15061.87
Lao PDR	0.13	0.11	89.26	180.03	3.09
Malaysia	2046.55	6012.90	9473.64	9083.83	9782.28
Myanmar	409.01	808.63	1381.15	984.27	547.25
Philippines	122.11	204.54	441.38	542.16	523.83
Singapore	2085.37	8122.63	8388.49	7308.38	14746.78
Thailand	609.05	2300.93	5283.84	5510.16	6788.38
Vietnam	38.21	173.68	1722.87	2560.39	7283.42
Total	7433.11	22674.81	42158.84	39909.60	55369.87
Share of top 5 (%)	98	97	94	94	97

Source: Export-Import Databank, Department of Commerce, India.

2.2.4 Sector-wise Trade: A Comparison of top 20 export and import items

In 2019-20, India's top 20 export items to ASEAN include Mineral fuels, mineral oils (21.9%), followed by Nuclear Reactors, machinery, mechanical appliances (7.9%), Meat and edible meat offal (6.3%), among others (table 2.5). On the other hand, the top 20

export commodities to ASEAN in 2009-10 were fuels and oils (17.6) followed by ships and boats (12.9%), electric machinery (8.3%), among others (table 2.5). It can be seen from the table 2.5 that India's exports to ASEAN are heavily concentrated in top 20 items of exports with shares of 85.8% and 86.1% in 2009 and 2019 respectively. The trend is towards increasing concentration in top 20 items of export, although very minutely. India's Minister of Commerce and Industry, Shri Piyush Goyal expressed concerns regarding the need for India to diversify its export basket in order to reduce trade deficit with ASEAN in general and Indonesia in particular (PTI 2019) as India's trade deficit with Indonesia is the largest among all ASEAN economies.

Table 2.5: India's top 20 exports to ASEAN with shares

S. No.	Commodity name	2009 (%)	Commodity name	2019(%)
1	Mineral fuels, mineral oils and others	17.6	Mineral fuels, mineral oils and others	21.9
2	Ships, boats and others	12.9	Meat, edible meat offal	6.3
3	Electrical Machinery, Equipments and others	8.3	Nuclear Reactors, Boilers and others	7.9
4	Natural pearls, stone and others	6.4	Organic Chemicals	6.2
5	Commodities not specified	5.5	Fish, crustaceans, molluscs and other ...	1.8
6	Nuclear Reactors, Boilers and Appliances	5.2	Vehicles and others	4.3
7	Organic chemicals	4.4	Natural pearls, stones and others	4.2
8	Residues and waste from the food industries...	4.3	Iron and Steel	5.9
9	Iron and steel	3.3	Electrical Machinery and Equipments	3.3
10	Meat, edible meat offal	2.8	Aluminum and articles	4.7

			thereof	
11	Vehicles other than railway or tramway rolling stock,	1.8	Cotton	1.7
12	Pharmaceutical products	1.8	Pharmaceutical products	3.0
13	Copper and articles	1.7	Ships and boats	5.3
14	Cereals	1.6	Coffee, tea, spices and others	1.2
15	Aluminum and articles thereof	1.6	Plastics and others	1.5
16	Articles of iron, steel and others	1.4	Oil seeds, oleaginous fruits, miscellaneous grains	2.0
17	Aircraft, spacecraft, and parts	1.3	Miscellaneous chemical products	1.5
18	Miscellaneous chemical products	1.3	Tanning pr dyeing extracts and others	1.3
19	Oil seeds and oleaginous fruits; miscellaneous grains	1.2	Residues and waste from the food industries...	0.8
20	Cotton	1.2	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical...	1.3
	Share of top 20 export items in India's total exports to ASEAN (%)	85.8		86.1

Source: Export-Import Databank, Department of Commerce, India.

On the import side, in 2019, the top 20 import items from ASEAN economies included Mineral fuels, mineral oils (20.7%), Electrical machinery and equipments (15.8%), Nuclear reactors and appliances (10.1%), Animal or vegetable fats and oil products (9.1%), among others. On the other hand, in 2009, the top 20 import items from ASEAN economies included Mineral fuels, mineral oils (24.9%), Animal or vegetable fats and oils (15.4%), Electrical machinery and equipments (11.5%), among others.

Table 2.6: India's top 20 imports from ASEAN economies with shares

S. No.	Commodity	2009(%)	Commodity	2019(%)
1	Mineral fuels, mineral oils and others	24.9	Mineral fuels, mineral oils and others	20.7
2	Animal or Vegetable Fats and others	15.4	Electrical Machinery, Equipment and others	15.8
3	Electrical Machinery, Equipments and others	11.5	Animal or Vegetable Fats and oil and products...	9.1
4	Nuclear Reactors, Boilers and others	9.8	Nuclear Reactors, Boilers and others	10.1
5	Organic Chemicals	4.6	Organic Chemicals	4.2
6	Edible vegetables, certain roots and tubers.	3.6	Plastics and others	
7	Ores, slag and ash	3.5	Iron and Steel	3.3
8	Woods and Articles	3.3	Copper and articles thereof	2.5
9	Plastics and others	2.8	Rubber and articles thereof	2.3
10	Ships, boats and others	2.4	Ships, boats and others	3.6
11	Natural or cultured pearls, precious or semi precious stones...	1.7	Miscellaneous chemical products	1.9
12	Optical, photographic, cinematographic, measuring, and others	1.5	Optical, photographic, cinematographic, measuring and others	2.4

13	Rubber and articles thereof	1.5	Pearls and stones	1.8
14	Miscellaneous chemical products	1.4	Inorganic chemicals; organic or inorganic compounds and others	1.4
15	Iron and Steel	1.1	Vehicles and others	1.4
16	Articles of iron or steel	1.0	Aluminum and articles thereof	1.1
17	Vehicles and others	0.6	Woods and others	1.1
18	Inorganic chemicals; organic or inorganic compounds and others	0.6	Articles of iron or steel	1.2
19	Aluminum and articles thereof	0.5	Ores, slag and ash	0.4
20	Salt, sulphur, earths and others	0.5	Paper, paperboard and others	0.7
	Share in total imports from ASEAN (%)	92.2	Share in total imports from ASEAN (%)	85

Source: Export-Import Databank, Department of Commerce, India.

It can be seen in the table 2.6 that the share of top 20 import commodities in India's total imports from ASEAN declined from 92% in 2009 to 85% in 2019, which reflects diversification of India's import basket with ASEAN. Nevertheless, India's import items from ASEAN economies is highly concentrated in top 20 commodities with a share of over 85% in 2019. Overall, the concentration of top 20 items in India's import and export with ASEAN is very high and needs to be reduced by the development of manufacturing base and by increasing supply chain linkages with ASEAN.

2.2.5 India-ASEAN Trade in Services

In service sector trade, India is a major player globally. India was the eighth largest services exporter and the tenth largest services importer in 2019. India's service export was worth USD 214 billion (3.5% of global services exports) and its services import was

worth USD 179 billion (3.0% of global services imports) in 2019. Although India is regarded as a major player in world services trade, it is not the same for most of the ASEAN economies. Except for Singapore and Thailand, the share of all other ASEAN economies in both global services exports and imports is less than 1% individually. India's service export to ASEAN was worth USD 17 billion and import was worth USD 13 billion from ASEAN countries in 2015. Singapore, Malaysia, Indonesia and Thailand are the major service trade partners of India both for exports and imports. However, Singapore alone occupies a share of more than half of India's exports and imports of service trade with ASEAN. India's exports to ASEAN countries are mainly confined to IT services, financial and insurance services, and other business and transport services, while for imports, important services are finance, insurance and transport services. Compared to ASEAN countries, India is more competitive except than Philippines, in the ICT services and other business services. On the other hand, ASEAN countries are more competitive in transport and travel.

India-ASEAN services trade is based on the AITISIA, which was signed in 2014 and came into force in 2015. Under it, both ASEAN members and India observe GATS plus commitments. India-ASEAN trade in services also takes place under India-Singapore CECA (signed in 2005) and India-Malaysia CECA (signed in 2011), which provide more comprehensive coverage and concessions for trade in services. When the ASEAN-India services trade agreement was signed, it was hoped that it would help to ease burden on India's trade deficit with ASEAN in goods. The latest figures for India-ASEAN services trade are not available. As per figures from PHD Research Bureau, in 2016, India had a trade surplus of only USD 3 billion in 2016-17 (\$24 billion exports and \$21 billion imports). India needs to leverage its comparative advantage in fields like Information and Communication technologies and make way into CLMV countries to take benefits of the Services trade agreement. Certain barriers to services trade as suggested by the PHD Research Bureau report include "security and data protection issues, non-recognition of qualifications, complex licensing procedures, lack of market knowledge, local certification and clearances, among others". Further, ASEAN countries have undertaken only modest commitments in Mode-4 of services supply compared to India's commitments in the services agreement (AITISA). This makes the AITISA less favourable to India (PHD Research Bureau 2019).

2.2.6 India-ASEAN Investment Ties

India's LEP had a major objective of bringing foreign investments from the Southeast and East Asian countries. In order to boost investments, India gradually opened up its economy for investments and began talks with ASEAN at both multilateral and bilateral levels, leading to the signing of a framework agreement on ASEAN-India Comprehensive Economic Cooperation in 2003. As mentioned earlier, the framework agreement finally culminated in AITIGA in 2009 and AITISA in 2014. At the bilateral level, India had CECA's first with Singapore (2005) and then with Malaysia (2011). All these agreements facilitated India-ASEAN investment ties significantly, which picked momentum in its second phase of the LEP.

Table 2.7 shows FDI inflows in India from ASEAN. Between, 2003 and 2019, the share of ASEAN in India's overall FDI from all countries has substantially jumped from 4% to 32% with peak share of 38% seen in 2018. Remarkable growths can be witnessed in India's inward FDI flows during 2003-2007, 2007-2011 and since 2015, which can be attributed to India-Singapore CECA, AITIGA and AITISA respectively. The cumulative FDI inflow from all the countries in India between 2000 and 2019 is USD 457.46 billion. Out of this, ASEAN accounts for USD 97.19 billion, which is a share of 21.25%. ASEAN led by Singapore is the second major source of FDI in India during this period, next only to Mauritius. The top sectors that attracted maximum FDI during the same period are service sector (finance, insurance and business services), trading, computer software and hardware, telecommunications and construction (infrastructure) activities.

Among the ASEAN members, Singapore has occupied the dominant position in terms of both ASEAN's FDI inflows to India as well as India's outward FDI flow to ASEAN. More than 97% of overall FDI inflows to India (from ASEAN) are from Singapore, with other members accounting for 3%. The extra ordinary share of Singapore in FDI inflows in India can be attributed to India-Singapore CECA (effective since 2005), besides Singapore's status as the international financial hub and its ease of doing business. In addition, Singapore also acts as a route for third country based investments in India, because of India-Singapore CECA and. Similarly, India also routes its investments in

ASEAN and other countries through Singapore, which adds to India-Singapore investment figures.

Other than Singapore and Malaysia (with a marginal share of 1%), all other ASEAN economies have a negligible share, especially the CLMV countries (0.06%), in cumulative investments in India between 2000 and 2019.

Table 2.7: FDI inflows in India from ASEAN

Calendar Year	From ASEAN (in million)	From All Countries (in million)	Share of ASEAN (%)
2003	87.47	2079.13	4.2
2007	1476.64	15921.29	9.3
2011	4288.39	34621.09	12.4
2015	13511.08	38134.69	35.4
2019	15145.26	47463.04	31.9
Cumulative Total from 2000 to 2019	97194.40	457456.32	21.2

Source: DPIIT, Ministry of Commerce and Industry, GoI.

Table 2.8: Share of ASEAN economies in Inward FDI flows to India

Country	Cumulative Total (in million) (from January 2000 to December 2019)	Share (%)
Brunei	0.44	0
Cambodia	50.17	0.05
Indonesia	636.33	0.7
Malaysia	1036.94	1.1
Myanmar	8.97	0
Philippines	313.04	0.3
Singapore	94651.95	97.4
Thailand	491.46	0.5
Vietnam	5.12	0
Grand Total	97194.40	100

Source: DPIIT, Ministry of Commerce and Industry, GoI.

2.2.7 Analysis of Economic Ties between ASEAN and India

India-ASEAN bilateral trade has increased gradually and more so in the years immediately after the signing of the AITIGA in 2009. However, the widening trade deficit with ASEAN is a major concern for India and a reflection of India's inability to make use of the full potential of the FTA. India's refusal to be a part of the RCEP was, again, based on the fear of its increasing trade deficit (especially with China, which alone accounts for half of India's trade deficit with RCEP countries, even without any FTA). It also reflected the shortcomings in India's AEP as India could not act enough, even after seven years of negotiations, to be a part of RCEP, which is now world's largest free trade area.

Some of the measures that can be taken to enhance India's exports to ASEAN can be providing more government support to exporters, more services trade, simple custom procedures, support to the private sector to become part of regional supply chain among

others. It is supposed that a full review of the ASEAN-India FTA will provide a boost to India's exports as well as curb third country export of goods to India by plugging the loopholes in the rules of origin provision.

Similarly, investment from ASEAN in India is dominated by Singapore, whereas, India's outward FDI in ASEAN is very minuscule in comparison to that of inward FDI from ASEAN. It is an indicator of missed opportunities as the CLMV region in ASEAN are new centres of regional growth and by investing in this region, India could take benefits of the low cost manufacturing, ASEAN Free Trade Area and ASEAN's FTA with other countries outside the region and could have become part of regional and global supply chains (India's investment ties with the CLMV countries is dealt in Chapter 4).

At a time when the US and many ASEAN countries look upon India to play the role of a balancer, India needs to actively pursue economic integration with ASEAN since China has been using its economic muscle to gain strategic foothold in the region. India's geo-strategic balancing of China, therefore, needs to be complemented by economic balancing equally.

2.3 India-ASEAN Strategic Ties

India's LEP had begun with the objective of developing economic cooperation with ASEAN, but cooperation in defence-security matters was not overlooked. As early as 1995, India was granted a full dialogue membership of ASEAN from that of a sectoral partner, which meant India and ASEAN were to be engaged in comprehensive dialogues on matters including political and security and not just trade and investments. By the end of the first phase of the LEP, India's strategic importance had significantly increased for ASEAN than a decade back when the LEP began. The reduction in the presence of the USA in the post-Cold War was creating vacuum in the region and the fear of an assertive China, which could dominate the region post- US withdrawal, was looming large in the minds of ASEAN leaders. By this time, India had emerged not only as a strong maritime power, which was engaging and leading its eastern neighbours for the protection of the

IOR, but had also become a nuclear weapon state. India's desire to play the role of security provider or balancer of China in the region was matched by ASEAN's desire for the balance of extra-regional powers in the region.

The beginning of annual India-ASEAN summit in 2002 provided both India and ASEAN the institutional mechanism to build and develop strategic partnership for the future. Thus, the foundations of India-ASEAN strategic partnership had already been laid by the end of the first phase of the LEP. In the second phase of the LEP, both India and ASEAN were determined to step up their strategic engagement by cooperating across multiple areas including political, defence and security, development and capacity building. Unlike a decade back, ASEAN countries were looking forward for defence and security cooperation with India. India's credibility as a security provider in the region was evident when in 2002 India helped in escorting American ships in the Straits of Malacca amid the threat of sea piracy (Sudha 2002). During the second phase, India strengthened its strategic cooperation with ASEAN by engaging ASEAN countries both at the bilateral as well as at the regional levels. To add energy and activism in India's engagement with the Southeast and East Asian region, the NDA government transformed the LEP into the AEP, under which developing strategic cooperation with ASEAN was an important objective, unlike in the case of the LEP, where the strategic concerns were missing, especially in the initial years of the policy.

The next section discusses India-ASEAN strategic ties during the period 2003-2019 by looking at important aspects of India-ASEAN strategic engagement such as ASEAN Centrality, political and institutional cooperation, and defence and security cooperation.

2.3.1 ASEAN Centrality

ASEAN Centrality is an important pillar of India-ASEAN strategic ties as well as India's Look/AEP. According to Amitav Acharya, ASEAN Centrality has several meanings such as ASEAN is and should remain at the core of Asia-Pacific (now Indo-Pacific) regional platforms like the ARF, the EAS, RCEP, the ADMM plus etc. Another implication of ASEAN Centrality, he suggests, is that "ASEAN is the hub of debates

surrounding Asian regionalism and interactions over changing norms and mechanisms for regional cooperation in Asia” (Acharya, 2017). In practical terms, ASEAN Centrality implies ASEAN’s leadership and relevance in maintaining regional distribution of power and acknowledgement of the same by extra-regional powers. ASEAN Centrality is of key strategic significance for ASEAN as it helps ASEAN to manage powerful countries to its advantage while preventing any single powerful country from dominating the region. The ASEAN dialogue partners, on the other hand, regularly acknowledge the centrality of ASEAN.

Amid the uncertainties surrounding the relevance of ASEAN Centrality, for instance as in 2012, when ASEAN for the first time in its history couldn’t come with a Joint Press Statement under the Chairmanship of Cambodia or the recent challenges in the wake of emergence of ‘Quad’ as a regional security arrangement involving the US, India, Australia and Japan and with no ASEAN member and also due to increasingly gaining significance of the term ‘Indo-Pacific’, India has consistently been an ardent supporter of the concept of ASEAN Centrality. India has been consistently participating in ASEAN led security mechanisms like ARF, EAS and ADMM plus. India has reiterated the ‘ASEAN Centrality’ in its Look/Act East Policy, the same was again reiterated in India’s Vision for the Indo-Pacific at the Shangri-La Dialogue. At the event, PM Modi said that ASEAN had been and will always remain central to Indo-Pacific’s future (MEA 2018). This goes well with the policy of ASEAN to remain central in the region.

India’s support of ASEAN Centrality is not without substance. India supports ASEAN Centrality as it suits India’s strategic interests as India prefers the strategic dynamics of the Asia-Pacific region to be anchored by ASEAN rather than by either the US or China.

2.3.2 Institutional Developments

By 2003, as mentioned earlier, India’s relationship with ASEAN had been elevated from a Dialogue partner (in 1995)⁵ to a summit level partner (in 2002). During 2003-2019,

⁵ From a Sectoral partner in 1992.

ASEAN and India came closer to each other by continuing the process of institutional integration further. As of 2019, India and ASEAN have over 30 dialogue mechanisms which include Summit level meetings, ministerial and official meetings and expert level meetings (MEA 2015). At the apex level, Summit meeting takes place annually, while bi-annual meetings take place at the Foreign Ministers' level besides regular Senior Official level meetings. The Armed forces of India and ASEAN also regularly held talks during joint exercises. These political and military visits help to discuss broader regional and global security issues and to develop strategic cooperation. In addition to this, Track 1.5 mechanism in the form of Delhi Dialogue⁶ takes place annually involving academics, think tanks, prominent civil society personalities and ASEAN Foreign Ministers⁷.

The year of 2003 was a milestone in this direction as India signed the TAC, a 'Joint Declaration to Combat International Terrorism' as well as a 'Framework agreement on Comprehensive Economic Cooperation. The TAC binds signing member to observe the guiding principles of non-interference, sovereignty, non-use of force, pacific settlement of disputes (ASEAN Secretariat 2020) among others which serve as to ensure security and peace in the region. All the extra-regional players including the USA and China have signed the TAC, which represents their acknowledgment of the centrality of ASEAN in the region. In 2004, India and ASEAN signed ASEAN-India Partnership for Peace, Progress and Shared Prosperity and came with the ASEAN-India Plan of Actions "to achieve the objectives of the partnership" (ASEAN Secretariat 2020). On the 10th anniversary of ASEAN-India Summit level meeting in 2012, India and ASEAN formally upgraded their partnership to strategic partnership.

Apart from exclusive ASEAN-India consultative mechanisms, India also takes part in ASEAN led initiatives such as the ARF, APMCs, EAS and the ADMM Plus. India's

⁶ Delhi Dialogue is an annual track 1.5 mechanism between India and ASEAN for discussions on political, security, economic and social-cultural issues.

⁷ There is no compulsion for Foreign Ministers of ASEAN countries to take part, nevertheless, many foreign ministers take part.

accession to the TAC helped India to become a founding member of the ASEAN led EAS. The EAS is a key forum of ASEAN for strategic dialogue and involves leaders of ASEAN and eight of its dialogue partners to deliberate political, security and economic issues in the Indo-Pacific region. India has also been taking part in the ASEAN led ADMM plus mechanism, since its inaugural session in 2010, which allows practical cooperation among the participating members' (ASEAN and Plus countries⁸) defence establishments. India's participations in these ASEAN led initiatives have firmly placed it in the regional security framework besides strengthening India-ASEAN regional and bilateral ties.

During the Act East phase, ASEAN-India institutional mechanisms got energised by the increase in the frequency of visits from both sides by the top leadership. India's engagement with the region is much more visible than during the Look East phase as a result of active diplomacy of India's top leadership. India established independent Mission to the ASEAN and the EAS in 2015 to provide more traction to India's engagement with ASEAN. India also revived existing institutions which had become dysfunctional for long time, for example the Second Indo-Cambodian Joint Commission Meeting took place in 2016, after a gap of ten years (PTI 2016).

By 2019, PM Modi had visited eight of the ten ASEAN members and developed personal relationships and rapport with leaders of ASEAN. Those countries, where PM Modi could not visit were visited by President or Vice President of India. For example, the then Vice-President of India Mr Hamid Ansari visited Cambodia in 2015 (IANS 2018). ASEAN leaders reciprocated warmly and enthusiastically as evident in 2018 Republic Day celebrations on 26th January, when all the ten ASEAN members were present to commemorate 25 years of India-ASEAN dialogue partnership. The increasing institutional integration between ASEAN and India over the years has played a significant role in facilitating strategic cooperation besides widening and deepening regional ties between the two.

⁸ Plus members are the eight dialogue partners of ASEAN- Japan, China, South Korea, India, Australia, New Zealand, Russia and the US.

2.3.3 Defence-Security Cooperation

Defence-security cooperation between India and ASEAN began in the first phase of the LEP, as mentioned earlier, though in a limited manner given the primacy of economic objectives of India and the history of mutual suspicion during the Cold War. But developments in the post-Cold War such as expansion of ASEAN by the addition of the CLMV countries, India's test of nuclear weapons, 9/11 terrorist attacks on the US, the withdrawal of the US from the region in the post-Cold War period while the fear of domination of the region by countries like China or Japan meant that ASEAN needed regional power like India, with which its members had no history of conflict, to play a positive role in regional security. On the other hand, India was driven not only by the need to balance China's growing assertiveness and counter Chinese influence in the region but also by its own ambition to expand its strategic space in the region (Brewster, 2013). India remains concerned about the tendency of China to dominate its Southeast Asian neighbours to its advantage by using its economic and military might. After the addition of CLMV members, ASEAN has gained weight in the security calculations of India as these countries are more dependent upon China. Besides, cooperation with ASEAN countries is also essential to protect the Malacca Strait (from security perspective) and the SCS for the free movement of goods and to meet its energy requirements (MEA 2017). Any obstruction to the movement of goods through these routes is a security concern for India. With its growing maritime capabilities, India has expanded its security domain in the region. According to C. Raja Mohan "India is now looking beyond the Strait of Malacca to include the SCS in its national security calculus" (Raja Mohan 2011). Both India and ASEAN want rules based order and freedom of navigation through these SLOCs.

Besides the traditional security threats coming from conflict between states, the sources of non traditional security threats faced by India and ASEAN in the region include sea piracy, arms smuggling, smuggling of women and children, money laundering, terrorism, cyber crime, disasters and others. According to IMO (International Maritime Organisation) data, Southeast Asia is the hotspot of global sea piracy as it witnessed more piracy attacks than the rest of the world combined together between 2011 and 2015 (Hastings, 2020). Similarly, terrorist organisations also pose challenge to regional security as witnessed in the southern Philippines in the bombing of a SuperFerry 14 in

Feb 2004 by Al- Qaeda linked Abu Sayyaf militants, claiming more than 100 lives (AP 2009). Consequently, during 2003-2019, defence-security cooperation emerged as the major area of strategic cooperation between India and ASEAN. In order to meet these security threats, India and ASEAN nations have been strengthening defence and security cooperation at regional and bilateral levels. Defence cooperation between India and ASEAN takes place through various means like defence dialogues, exchange of top level visits, maritime defence cooperation, training exercises between armed forces, sale of defence equipments and port calls.

Defence-security cooperation between India and ASEAN gets strengthened by regular dialogues, which take place at both multilateral levels (involving ASEAN and Plus members and also exclusively between India and ASEAN at annual Summit meetings as well as at Defence Ministers' level) and at bilateral level with individual ASEAN members. At the ARF, security dialogues take place annually on issues of regional security concerns, while the ADMM Plus, as mentioned earlier, provides platform for not only enhanced dialogues on defence and security but also facilitates practical cooperation between defence establishments of participating countries. The areas of practical cooperation include maritime security cooperation, peacekeeping operations, counter terrorism, cyber security, humanitarian assistance and disaster management among others⁹. Similarly, ASEAN-India annual Summit is an important platform for discussion on defence and security issues such as terrorism, maritime security, disputes in the SCS, military training and joint exercises, etc. In the next section, the major areas of ASEAN-India defence and security cooperation are discussed in detail.

2.3.4 Maritime Security Cooperation

Maritime security cooperation is the key area of defence-security cooperation between India and ASEAN. Both India and ASEAN countries are maritime neighbours and share similar nature of security threats in the region like sea piracy, smuggling of illegal items, robbery, the movement of terrorists through sea routes, as mentioned in the previous section, besides security threat from the assertive tendency of China in the region. Many

⁹ For complete list of the range of cooperation, see the official website of ADMM.

of the ASEAN countries are engaged in territorial conflicts with China in the SCS region and they want India to counterbalance the growing assertiveness of China in the region. ASEAN countries have for long been trying to maintain security and peace in the region by engaging global powers like the US, China, Japan, India and others simultaneously. India, with no history of territorial dispute and as a maritime power, fits into their calculations of power balance in the region. India views the IOR as its backyard and with its growing economic and maritime capabilities, it looks for predominance in the region (Pant 2009). In addition, India is concerned about the security of the trade route between the Indian Ocean and the Pacific Ocean passing through the Straits of Malacca and the SCS, through which nearly 55% of India's trade passes (MEA 2017). Any disturbance in the region owing to conflicts (for example between China and ASEAN countries over territorial claims in the SCS) will jeopardise India's economic security. In order to keep trade and commerce unimpeded, it is essential to preserve our maritime routes and keep it secured. This also calls for India and ASEAN to cooperate on freedom of navigation in the sea and maritime security as any threat to freedom of navigation or any maritime security threat will disturb maritime trade.

India is also wary of the Chinese 'string of pearls' policy in the region through which China can militarily surround India. The 'string of pearls' theory was proposed in a US base study in 2004, which argues that China aims to encircle India by developing military ports in neighbouring countries. Although China denies any such policy but such thinking has got engrained in Indian perceptions (Scott, 2019).

India-ASEAN maritime security cooperation takes place in the areas of naval exercises, coordinated patrolling, sale of military hardware, training, capacity building and others. During the Look East phase, Indian navy, under the aegis of the Andaman and Nicobar Command, inaugurated MILAN exercise in 1995, a year before India joined the ASEAN Regional Forum. The first inaugural exercise saw the participation of ASEAN countries like Singapore, Indonesia and Thailand symbolising the convergence of maritime security interests. The other important initiative led by the Indian navy for maritime security cooperation was the IONS started in 2008. It brought together the littoral states

surrounding the IOR and included five of the ASEAN members viz, Indonesia, Singapore, Myanmar, Thailand and Malaysia. On the other hand, the security initiatives led by ASEAN like ARF and ADMM Plus (India is a member of both the bodies) are strongly dominated by maritime security cooperation. Besides the multilateral maritime exercises between India and ASEAN countries, India also holds bilateral maritime exercises with ASEAN countries, for example SIMBEX (with Singapore), CORPAT (with Indonesia), Indo-Thai CORPAT (with Thailand).

Under the Act East Phase, in 2015, India came up with its SAGAR policy for peace and prosperity in the IOR. The SAGAR policy formalised India's ambition to play the role of security provider for the Indian Ocean littoral states. ASEAN states, being a part of Indian Ocean littoral states, naturally come within the ambit of India's SAGAR policy. Thus, SAGAR has provided India opportunities for enhanced economic and security cooperation with ASEAN (Kaura 2018). India-ASEAN maritime cooperation has gained further prominence due to growing strategic convergence over the new regional security framework based on the emerging idea of 'Indo-Pacific'. India at the Shangri La dialogue mentioned clearly about the centrality of ASEAN in its vision for the Indo-Pacific (MEA 2018). The strategic convergence was further reiterated at the 18th ASEAN-India Summit, where both India and ASEAN agreed to strengthen strategic partnership by exploring the potential of cooperation between ASEAN's Outlook of the Indo-Pacific (AOIP) and India's Indo-Pacific Ocean Initiative (IPOI) (MEA 2021). As per the joint statement, India and ASEAN promote "an Indo-Pacific region that embraces ASEAN Centrality, openness, transparency, inclusivity, a rules-based framework, good governance, respect for sovereignty, non-intervention, complementarity with existing cooperation frameworks, equality, mutual respect, mutual trust, mutual benefit and respect for international law" (MEA 2021). Thus, maritime cooperation continues to remain the key pillar of India-ASEAN strategic cooperation in the region.

2.3.5 Defence Modernization and Capacity Building

Over the years, India has played the role of capacity building of armed forces of ASEAN members through joint training exercises, supply of defence equipments and servicing, especially of the Soviet fighter planes, helicopters, submarines, etc. India also helped the ASEAN members to train their officers on Indian soil for example, in 2007, Singapore was allowed to Indian Air Force base of Kalaikunda in West Bengal for five years for training and practising. Similarly, Malaysian pilots were trained by Indian Air Force pilots to fly Sukhoi- 30 MKM fighter aircrafts (Roy 2008).

India is one of the top defence importers in the world. But, in the past few years, India has also emerged as important arms manufacturer. Consequently, India is looking forward to export weapons to increase its strategic foothold abroad, especially in Southeast Asian region where countries like Vietnam, Indonesia, Philippines, etc have shown interest in purchasing weapons from India (Sibal 2019). In 2016, a line of credit of USD 500 million to Vietnam was announced by India for the purchase of 10 fast interceptor craft. Through the sale of arms and defence equipment's, India is also playing the role of security provider in the region and in capacity building of ASEAN members. India is appreciated for its low cost but high on quality defence manufacturing that includes helicopters, patrol vessels, missiles, guns, spare parts of defence equipments, etc. It fits well into the increasing demands of arms from Southeast Asian countries besides India's ambition to develop its defence industries and to achieve the goal of USD 5 billion worth sale of weapons and defence equipments by 2025 (Peri 2021).

2.3.6 Cooperation to Combat International Terrorism

India and ASEAN adopted the joint declaration to combat international terrorism in 2003. In the last few years preceding the declaration, terrorism emerged as a global security challenge in the wake of 9/11 terrorist attacks. Similarly, South Asia and Southeast Asia also witnessed major terrorist activities such as attack on Indian Parliament in 2001, suicide attacks in tourist resort in Bali in 2002, the Marriott hotel bombing in Jakarta in 2003 and many others. As per intelligence reports, the criminal

organisations in Southeast Asia and terrorist organisations in South Asia were connected with each other through the supply of weapons and facilitation of training activities (Jha, 2008). Through the joint declaration on terrorism, India and ASEAN aimed at stepping up cooperation “to prevent, disrupt and combat international terrorism through the exchange and flow of information, intelligence and capacity-building” (ASEAN Secretariat 2003).

Again, India and ASEAN agreed to cooperate through the ARF Work Plan on Counter-Terrorism and Transnational Crime in 2009. Both India and ASEAN realise the gravity of threat emanating from terrorism in the region, especially in the wake of emergence of ISIS. Cyber terrorism is a new means of spreading radicalism, which calls for further cooperation between the two in the field of cyber security capacity building, policy coordination, helping in the implementation of ASEAN cyber security cooperation strategy. Concrete progress in the field of counter-terrorism cooperation is missing (Nachaiappan 2020) and, therefore, there is a need to deepen counter-terrorism cooperation given the widening of scope of cooperation.

2.3.7 ASEAN-India Connectivity

Building up physical connectivity between India and ASEAN, that includes connectivity through roadways, seaways and airways, has been a major strategic goal for both India and ASEAN. India and ASEAN are not only maritime neighbours but also share land boundary. Completion of physical connectivity projects between ASEAN and India, thus, becomes important from both economic and security perspective and especially from the perspective of the development of India’s Northeast region, which is a major objective of India’s AEP. One of the reasons why trade between India and ASEAN remained below potential is the poor road connectivity between the two despite being neighbours (Muni and Mishra 2019).

Connectivity between India and ASEAN was not paid enough attention in the first phase of the LEP. In the second phase of the LEP, a major push towards connectivity came in

the form of India-Myanmar-Thailand trilateral highway. It is an important connectivity project to connect India with the Southeast Asian countries through land route. The project was conceived in 2002-03 among India, Myanmar and Thailand. However, between 2004 and 2011, the work on the highway was put on hold. Due to the enormous significance of the project and positive cooperation among the three countries, the project was again revived in 2012. Indian Government under the AEP, with a major focus on improving connectivity, took the task of constructing 69 bridges in Myanmar (which was to be completed by Myanmar earlier) in addition to its previous target of building Kalewa-Yargi road segment as per highway standard. The three countries are also working on the plan to extend the highway upto Vietnam (connecting Cambodia and Lao PDR in the way). The trilateral highway will not only enhance regional connectivity but also prove to be boost to the development of India's northeast region by promotion of trade and investments. However, the slow progress of the completion of the project raises questions over the effectiveness of India's AEP despite political willingness to act fast. Another important connectivity project between India and ASEAN awaiting completion is the Kaladan Multi-Modal Transit Transport Project. Upon completion, it will connect the Kolkata port in India with Sittwe port in Myanmar. The Sittwe port in Rakhine state will be connected to Chin state's Paletwa through Kalahandi river, which onwards will be connected to Mizoram state of India. The project is strategically important for India as it will significantly reduce the distance between Kolkata port and Sittwe port and thus reduce the dependence on Siliguri corridor for transport of goods. The project was kicked off during the Look East phase in 2008 but as of 2019 is yet to be completed and become functional. Both Myanmar and India have crossed the deadline of 2014.

Under the AEP, in order to give boost to speedy completion of connectivity projects, PM Modi announced \$1 billion line of credit in 2015 at the 13th ASEAN-India Summit (Laskar 2015). In December 2017, India hosted the ASEAN-India Connectivity Summit for the first time and after Japan and China, India became the third country to initiate meeting with ASEAN Connectivity Coordinating Committee so as to facilitate India's linking with the Master Plan on ASEAN Connectivity (MPAC). India's linking with the MPAC will serve one of the major objectives of the AEP which is establishing physical, institutional in addition to people to people connectivity with ASEAN (Berger 2019). Again, in a boost to maritime connectivity, both sides came with the proposal to

conclude ASEAN-India Maritime Transport Cooperation Agreement at the Delhi Dialogue of 2018.

While road and maritime connectivity projects are under process of completion, in the Act East phase, air connectivity and digital connectivity between India and ASEAN have received a big push. Direct flights between India and ASEAN have increased in number and frequency although much potential remains. As of 2019, direct flights between India and ASEAN are missing in five countries namely Cambodia, Lao PDR, Indonesia, Philippines and Brunei (PTI 2021). India and ASEAN have also looked to cooperate in the field of digital connectivity. This is evident through the Plan of Action of 2016-2020, which lays out measures for enhancing cooperation in the field of ICT, capacity building in fields like software development, use of e-commerce and e-governance, broadband connectivity among others (Majumdar et al. 2020).

To sum up the chapter, India-ASEAN regional ties have got strengthened during 2003-2019 on both economic and strategic fronts. During this period, India-ASEAN trade witnessed over six-fold jump from USD 13 billion to USD 87 billion. The share of ASEAN also increased from 9.34% to 11.03% in India's global trade during the same period making ASEAN the fourth most important trade partner of India globally. However, India's trade ties with ASEAN didn't grow in the post-FTA period as expected. India-ASEAN trade that stood at nearly USD 79 billion in 2011-12 declined to USD 65 billion in 2015-16. Most, importantly, India's trade deficit with ASEAN has grown in size from USD 1.62 billion in 2003-04 to USD 23.82 billion in 2019-20, which is an unhealthy trend as far as India is concerned. Investment wise, ASEAN, led by Singapore, is among India's top investment partner (for both inward and outward investments). But apart from Singapore, inflow of investments does not appear good from any other ASEAN country. India's decision to come out of the RCEP was a blow to India's further economic integration with ASEAN as well as its AEP. It can be hoped that India-ASEAN economic ties will strengthen further with the completion of connectivity projects and renegotiation of India-ASEAN FTA.

On the strategic front, India has firmly established itself in the regional security architecture in this period. During the AEP, India deepened and expanded the area of defence and security cooperation with ASEAN members at both regional and bilateral levels. Led by growing military capabilities and support from countries like the US, Japan, etc., India has tried to play the role of security provider and a balancer to China in the region. In the AEP, India became more vocal in expressing its concerns over Chinese assertions in the SCS. Most importantly, India's role has found acceptance in almost all the ASEAN members during this period, as evident at the 16th ASEAN-India Summit, where India's growing role in the Indo-Pacific was endorsed as a factor of peace and security in the region. But its strategic role in the security field gets undermined by the economic dominance of China, which reduces India's ability to act as a true balancer. It can be hoped that India-ASEAN strategic convergence on the newly emerging 'Indo-Pacific' regional framework will further strengthen India-ASEAN strategic cooperation.

CHAPTER 3

India's Bilateral Relations with the ASEAN6

3.1 Introduction

ASEAN came into existence in 1967 with the five members namely- Indonesia, Singapore, Malaysia, Thailand and Philippines. Later in 1984, Brunei Darussalam joined the group in 1984 making ASEAN a 6 member group. In the 1990s, ASEAN became a 10 member body with the joining of Vietnam (1995), Myanmar and Laos (1997) and finally Cambodia (1999). Thus, ASEAN-6, in general, refers to the original members of ASEAN (of course, with the exception of Brunei), and is used to distinguish from the relatively newer members of ASEAN, i.e. the CLMV countries. However, the ASEAN-6 members are not only the older members of ASEAN but also economically advanced and larger in terms of output, trade flows and population than the new CLMV members (Floresca et al. 2016).

Table 3.1 shows population, GDP, GDP per capita and Human Development Index (HDI) of ASEAN6 countries. Among the ASEAN6 (and also overall in ASEAN), Indonesia is the most populated country. In fact, Indonesia is the fourth most populated country of the world. Besides, Indonesia is also the largest economy in ASEAN (only country in ASEAN to have a trillion dollar economy). Next to Indonesia is Thailand in terms of the size of economy. Brunei and Singapore are the least populated countries but high on GDP per capita. Singapore has, in fact, the highest GDP per capita income and is the most developed economy among all ASEAN members. All the ASEAN6 members fall within the categories of 'very high' and 'high' in the human development index. Singapore has a very high HDI (0.938) and tops the ranking among ASEAN members.

Table 3.1: ASEAN6 at a glance (2019)

	Brunei	Indonesia	Malaysia	Philippines	Singapore	Thailand
Population (in thousands)	459.5	266,911.9	32,581.5	108,274.3	5,703.6	67,989.8
GDP (in million US\$)	13,483.2	1,121,298.3	364,420.4	377,116.2	372,062.5	543,957.7
GDP per capita (in US\$)	29,343.3	4,201.0	11,184.9	3,483.0	65,233.3	8,000.6
HDI	0.838	0.718	0.810	0.718	0.938	0.777

Source: ASEAN Statistical Yearbook 2020, the ASEAN Secretariat.

Among the ASEAN6, India has the most comprehensive bilateral relationship with Singapore. Singapore is the most important trading and investment partner of India among ASEAN members in addition to being a strategic partner of India. India's defence-security cooperation with Singapore is the most intense among ASEAN members. Apart from this, Singapore has played a very significant role in facilitating integration of India with ASEAN. India-ASEAN special partnership has been analysed in greater detail later in this chapter. Singapore, Malaysia, Indonesia and Thailand are India's top trading partners within ASEAN6. Bilateral ties, including both economic and security, with Brunei and Philippines are relatively much weaker in comparison with other ASEAN6 members.

This chapter will first discuss India-ASEAN6 economic and strategic ties during the period 2003-2019, which, as discussed in the earlier chapter, coincides with the second phase of the LEP and the first five years of the AEP, and then undertake a case study of India-Singapore bilateral ties with focus on economic and strategic aspects.

3.2 India-ASEAN6 Economic Ties

India's LEP, in the beginning, was mainly aimed at strengthening economic ties with ASEAN, which then consisted of ASEAN6 members. ASEAN6 being the dominant economies among ASEAN grouping (except for Brunei), it is not surprising that these countries dominate India-ASEAN overall trade and investments (with variations). Singapore, Indonesia, Malaysia and Thailand have been the top four trading partners of India among ASEAN members¹⁰. Within ASEAN6, India's bilateral trade with Philippines and Brunei are very low compared to the rest of the ASEAN6 members.

During 2003 and 2019, India signed many FTAs with ASEAN6 countries such as the Early Harvest Scheme¹¹ (a pre-FTA arrangement) with Thailand in 2003 and CECAs with Singapore and Malaysia in 2005 and 2011 respectively to provide boost to bilateral economic ties. Besides the bilateral FTAs, India's trade and investments with ASEAN6 also received boost by the conclusion of AITIGA in 2009 and the AITISIA in 2014. Singapore has been the major source of investments from ASEAN (and comes next only to Mauritius overall) as well as major destination of India's investments in ASEAN, accounting for over 95% of India's inward and outward investments with ASEAN.

Under the LEP, India was keen to develop economic ties with the ASEAN6 members for two main reasons. Firstly, four of the ASEAN6 members- Singapore, Malaysia, Indonesia and Thailand, led by their high growth rates and rapid industrialisation, were regarded as "East Asian Miracles". On the other hand, India, which was going through a turbulent economic phase, led by balance of payment crisis and economic recession, was looking for opportunities to integrate with these miracle economies for its own economic recovery by increasing trade and investments. Secondly, India's bilateral ties with the ASEAN6 countries had got deteriorated during the later part of the Cold War when India, which had the support of the USSR, found ASEAN6 members on the opposite side

¹⁰ Till 2016, Thailand was the fourth biggest trading partner of India among ASEAN countries. Thailand was replaced by Vietnam only in 2017 as the fourth major trading partner of India.

¹¹ An Early Harvest Scheme or EHS is a precursor to a full fledged FTA. Under it, tariffs are liberalised on certain goods preceding the FTA.

of Cold War alliance with the USA. With China strengthening its economic and strategic hold in the region in the post Cold War, Indian policy makers felt the urgency to step up economic and strategic engagements with its neighbours in the east. Economic engagement with the ASEAN6 not only helped to boost bilateral trade and investments between India and the ASEAN6, but also provided India space to increase its strategic footprint in the region.

India's economic ties with ASEAN6 countries are discussed in next sections in detail.

3.2.1 India-ASEAN6 Trade

ASEAN6 countries are India's important trading partners. Singapore, Indonesia and Malaysia are the three most important trading partners of India among ASEAN6 as well as among ASEAN. Thailand, in 2019, is the fourth most important trade partner within ASEAN6, but not among all of the ASEAN members. In 2017, Vietnam overtook Thailand as India's fourth major trading partner in ASEAN. On the other hand, India's bilateral trade with Philippines and Brunei is very low compared to other ASEAN6 economies.

During 2003-04 and 2019, bilateral trade between India and ASEAN6 increased six fold from USD 12.3 billion to USD 74.8 billion (table 3.2). The share of ASEAN6, in India's total trade, increased around 1% from 8.62% to 9.45% in this period. However, ASEAN6's share in India-ASEAN overall trade witnessed a regular decline since the peak of 97.8% in 2007-08. Thereafter, its share declined to 93% in 2011-12, 87% in 2015-16 and 86% in 2019-20. Meanwhile, ASEAN's share in India's total trade increased by almost 2% from 9.33% to 11.03% during the same period, which implies increasing contribution from the CLMV in India's trade with ASEAN. Similarly, India-ASEAN6 bilateral trade grew annually at a CAGR of 11.21% between 2003 and 2019, while that of India-ASEAN trade grew annually at a CAGR of 11.71%. It shows India's trade with ASEAN on the whole grew at a faster rate compared to India's trade with ASEAN6 during this period, which is again due to increasing India-CLMV trade.

Table 3.2: India-ASEAN6 Trade (in USD million)

Country	2003-04	2007-08	2011-12	2015-16	2019-20
Brunei	4.93	237.67	1500.51	528.47	643.9
Indonesia	3249.26	6967.42	21443.92	15951.42	19191.20
Malaysia	2939.31	8588.16	13454.00	12790.66	16146.94
Philippines	443.64	824.86	1434.29	1895.50	2049.86
Singapore	4210.20	15501.83	25246.20	15028.19	23669.44
Thailand	1440.73	4111.80	8244.85	8498.02	11087.68
India-ASEAN6 Trade	12288.07	38238.74	73334.77	56707.26	74808.02
Trade with ASEAN	13254.82	39088.33	78903.19	65042.97	86915.91
Share of ASEAN-6 in ASEAN (%)	92.70	97.83	92.94	87.18	86.07
Share of ASEAN6 in India's Total Trade (%)	8.65	9.22	9.22	8.82	9.49
Share of ASEAN in India's Total Trade (%)	9.33	9.42	9.92	10.11	11.03

Source: Export-Import Databank, Department of Commerce, India.

India-ASEAN6 trade rose significantly between 2003-04 and 2011-12. The two way trade increased by more than three times from US\$ 12.2 billion in 2003-04 to US\$ 38.2 billion in 2007-08. This growth in trade is primarily led by Singapore, Malaysia, Indonesia and Thailand. Again, between 2007-08 and 2011-12, the two way trade more than doubled from US\$ 39.1 billion to US\$ 79 billion. The years 2007-08 and 2011-12 are important as they represent two years before and two years after the signing of India-ASEAN FTA in Goods respectively. The huge jump in bilateral trade of India with Indonesia (from US\$ 7 billion to US\$ 21.4 billion), Malaysia (from US\$8.6 billion to

13.5 billion) and Singapore (from US\$ 15.5 billion to US\$ 25.2 billion) can be due to the AIFTA. India's trade with Brunei and Philippines also witnessed growth but in terms of value, they are nowhere to the other ASEAN6 members.

A new trend in India-ASEAN6 trade is visible after 2011-12. Between 2011-12 and 2019-20, bilateral trade between India and ASEAN6 increased from US\$ 73.3 billion to US\$ 74.8 billion, an increase of only US\$ 1.5 billion. Between 2011-12 and 2019-20, a low was seen in 2015-16 when bilateral trade dipped to US\$ 56.7 billion mainly driven by reduction in trade with Indonesia and Singapore. Most importantly, the share of ASEAN6 in India-ASEAN trade has fallen from the pre FTA period. And even though bilateral trade increased by almost US\$ 20 billion between 2015-16 and 2019-20, the share of ASEAN6 in India-ASEAN trade got reduced only, from 87% to 86%. This is on account of increasing trade between India and CLMV members in recent years.

The decreasing share of ASEAN-6 in India-ASEAN trade reflects the diversification of India's trade partners within ASEAN, which is a positive development from the perspective of India-ASEAN overall economic relations. Nevertheless, ASEAN-6 occupies a share of over 85% in India-ASEAN trade, which is huge and reflects the economic importance of ASEAN-6 countries for India's trade with ASEAN.

3.2.2 India's Exports and Imports with ASEAN6

A trend, similar to India-ASEAN6 bilateral trade, is visible in the case of India's exports and imports with the ASEAN6. India's exports to ASEAN6 increased five fold from USD 5.3 billion to USD 25.3 billion during 2003-04 and 2019-20. However, in the post-FTA phase, exports to ASEAN6 halved to USD 18.6 billion from USD 32.3 billion between 2011-12 and 2015-16 before recovering to USD 25.2 billion in 2019-20. Most importantly, the share of ASEAN6 in India's exports to ASEAN got declined by almost 10%, from 91.09% in 2003-04 to 80.20% in 2019-20. Similarly, the share of ASEAN6 in imports of India from ASEAN declined from 93.98% in 2003-04 to 85.77% in 2019-20. But contrary to India's exports to ASEAN6, in the post-FTA period, imports from

ASEAN6 witnessed an overall growth from USD 38.96 billion to USD 47.49 billion between 2011-12 and 2019-20. Thus, ASEAN-India FTA in Goods agreement has been more favourable to ASEAN6 compared to India.

Table 3.3: India's Exports and Imports with ASEAN6 (in US\$ million)

	2003-04	2007-08	2011-12	2015-16	2019-20
Export to ASEAN6	5302.59	14560.59	32329.47	18615.78	25299.60
Export to ASEAN	5821.57	16413.52	36744.35	25133.37	31546.58
Share of ASEAN6 (%)	91.09	88.71	87.98	74.07	80.20
Import from ASEAN6	6985.48	21689.49	38958.30	36130.48	47489.42
Import from ASEAN	7433.11	22674.81	42158.84	39909.60	55369.87
Share of ASEAN6 (%)	93.98	95.66	92.41	90.53	85.77

Source: Export-Import Databank, Department of Commerce, India.

3.2.3 India's Balance of Trade with ASEAN6

Within ASEAN6, Singapore and Malaysia are the major destinations of India's exports. On the other hand, Indonesia has consistently been the biggest source of imports for India. A major concern for India over the years has been the unfavourable balance of trade with ASEAN. Between 2003-04 and 2019-20, the trade deficit for India has increased from USD 1.6 billion to USD 23.8 billion (table 3.4). The trade deficit for India is mainly led by the ASEAN6 members (with the exception of Philippines). ASEAN6 accounts for 93% of India's total trade deficit with ASEAN in 2019-20, which is, however, a decline from the highs of 114% in 2007-08 and 122% in 2011-12.

Among the ASEAN6 members, India has the greatest trade deficit with Indonesia. Between 2003-04 and 2019-20, trade deficit with Indonesia has witnessed rapid growth continuously from less than a billion USD to over US\$ 10 billion. In 2019-20, Indonesia alone accounted for 46% of India's total trade deficit with ASEAN. The major sources of

trade deficit with Indonesia are the imports of mineral fuels, oils and products of their distillation, bituminous substances, mineral waxes (USD 7.3 billion) which amounted to almost half of total imports from Indonesia in 2018-19 (USD 15.8 billion). Interestingly, Singapore, with which India used to have trade surplus generally, witnessed a trade surplus in 2019-20 in its trade with India. This new trend is analysed in the section on 'India-Singapore Bilateral Trade'.

During the Look East phase, India's trade deficit with ASEAN6 used to be higher than India's overall trade deficit with ASEAN, which to some extent was balanced by India's trade surplus with the CLMV. In other words, trade surplus with CLMV members used to bring reduction in India's overall trade deficit with ASEAN to some extent. In recent years, although, the value of trade deficit with ASEAN6 has increased, but the share has decreased, implying that now India is incurring trade deficit even with the CLMV countries. Balance of trade with CLMV countries is discussed in chapter 4.

Table 3.4: India-ASEAN6: Balance of Trade (in USD million)

	2003-04	2007-08	2011-12	2015-16	2019-20
Brunei (Total Trade)	4.93	237.67	1500.51	528.47	643.9
Export	4.59	10.43	895.49	28.45	57.62
Import	0.34	227.24	605.02	554.02	586.28
Balance of Trade with Brunei	4.25	-216.81	290.47	-525.57	-528.66
Indonesia (Total Trade)	3249.26	6967.42	21443.92	15951.42	19191.20
Export	1127.20	2164.17	6677.99	2819.49	4129.33
Import	2122.06	4821.25	14765.93	13131.93	15061.87
Trade Balance	-994.86	-2657.08	-8087.94	-10312.44	-10932.54
Malaysia (Total Trade)	2939.31	8588.16	13454.00	12790.66	16146.94

Export	892.76	2575.26	3980.36	3706.83	6364.66
Import	2046.55	6012.90	9473.64	9083.83	9782.28
Balance of Trade with Malaysia	-1153.79	-3437.64	-5493.28	-5377.00	-3417.62
Philippines (Total Trade)	443.64	824.86	1434.29	1895.50	2049.86
Export	321.53	620.32	992.91	1353.34	1526.03
Import	122.11	204.54	441.38	542.16	523.83
Balance of Trade with Philippines	199.42	415.78	551.53	811.18	1002.20
Singapore (Total Trade)	4210.20	15501.83	25246.20	15028.19	23669.44
Export	2124.83	7379.20	16857.71	7719.81	8922.66
Import	2085.37	8122.63	8388.49	7308.38	14746.78
Balance of Trade with Singapore	39.46	-743.43	8469.22	411.43	-5824.12
Thailand	1440.73	4111.80	8244.85	8498.02	11087.68
Export	831.68	1810.87	2961.01	2987.86	4299.30
Import	609.05	2300.93	5283.84	5510.16	6788.38
Balance of Trade with Thailand	222.63	-490.06	-2322.83	-2522.3	-2489.08
Balance of Trade with ASEAN6	-1682.89	-7129.24	-6592.83	-18337.56	-22189.82
Balance of Trade with ASEAN	-1611.4	-6261.29	-5414.49	-14776.23	-23823.83
Share of Trade deficit with ASEAN6 (%)	104.43	113.86	121.73	124.10	93.14

Source: Export-Import Databank, Department of Commerce, India.

3.2.4 India-ASEAN6 Investment Ties

India has substantial investment ties with ASEAN6 both ways (inflows as well as outflows). In 2019, ASEAN6 collectively had a share of about 32% in India's total inward investments globally. In the past two decades between 2000 and 2019, ASEAN6 accounted for over 21% in India's total inward investments globally (table 3.5). At the regional level, ASEAN6 dominated India's inward investments from ASEAN with a share of 99.91% in 2019 and with a total share of 99.93% between 2000 and 2019. It means that less than 0.1% India's inward investments is from the CLMV region.

However, as mentioned earlier, India's investment ties with ASEAN6 are dominated by Singapore. Singapore is not only the major source of FDI from ASEAN countries but also from across the world. Among the ASEAN countries, Singapore's share in inward investments in India is over 97%. Investment ties with Singapore are discussed in the section on 'Investment ties with Singapore', later in this chapter. Next to Singapore are Malaysia, Indonesia and Thailand respectively. Malaysia's investments in India amounted to around USD 1 billion between April 2000 and December 2019, whereas Indonesia invested around USD 995 million during 2000-2018. Exact investments from Malaysia, Indonesia and Thailand can be higher than witnessed in government records as investments from these countries are also routed through Singapore (De 2021). Among the ASEAN6, the lowest investments comes from Brunei and Philippines.

Table 3.5: Country-wise FDI Inflows in India from ASEAN6 (In USD million)

Country	FDI in 2019	Share in ASEAN (%)	Cumulative Total FDI (from January 2000 to December 2019)	Share in ASEAN (%)
Brunei	0.00	0.00	0.44	0.00
Indonesia	7.22	0.05	636.33	0.65
Malaysia	113.80	0.75	1036.94	1.07
Philippines	71.17	0.47	313.04	0.32
Singapore	14904.18	98.41	94651.95	97.38

Thailand	34.92	0.23	491.46	0.51
ASEAN6	15131.29	99.91	97130.16	99.93
ASEAN	15145.26	-	97,194.40	-
Total FDI	47,643.32	-	457,456.32	-
Share of ASEAN6 in World (%)	31.76	-	21.23	-

Source: DPIIT, Ministry of Commerce and Industry, Govt.

As mentioned earlier, India has substantial outward investments in the ASEAN6. During April 2000 and March 2020, India's total outward investments in ASEAN6 amounted to USD 49.5 billion. The share of ASEAN6 in India's total global outward investments stood at 20.6%. Again, ASEAN6 dominates India's investments in ASEAN with a share of 97.5% during the same period (table 3.6). The share of CLMV region in India's outward investments is less than 3% among ASEAN members. However, similar to inward investments from ASEAN6, India's outward investments to ASEAN6 is also dominated by Singapore. Singapore alone constituted 95% of India's outward investments in ASEAN6 during April 2000 and March 2020. In other words, rest of the ASEAN6 members had a share of only about 5% in India's outward investments. It has to be noted, however, that most of India's investments in other ASEAN countries, including ASEAN6, is routed through Singapore. India's outward investments in Singapore will also be dealt in detail in the section on India-Singapore investment ties later.

Table 3.6: India's Outward FDI (in USD million)

Countries	April 2000 to March 2020
Brunei	2.25
Indonesia	948.71
Malaysia	640.37
Philippines	251.14
Singapore	47222.47

Thailand	423.82
ASEAN6	49488.76
ASEAN	50733.9
World	240623.49
Share of ASEAN6 in ASEAN (%)	97.5
Share of ASEAN6 in World (%)	20.57

Source: Department of Economic Affairs, Ministry of Finance, Goi.

3.3 India- ASEAN6 Strategic Ties

ASEAN6 countries are strategically important for India. Indonesia, Malaysia, Thailand and Singapore surround the Straits of Malacca, which links the Indian Ocean and the Pacific Ocean via the SCS. As mentioned in the previous chapter, 55% of total trade of India passes through the SCS and the Strait of Malacca (MEA, 2017). Consequently, security, peace and security in the region is of the utmost importance for India.

Besides, the waters of Malaccan Strait and the SCS are hotspots for maritime piracy, smuggling and of late has become prone to terrorist activities. This makes security cooperation between India and ASEAN6 imperative. But most importantly, the ASEAN6 and India share strategic concerns on the need to balance the growing assertive tendency of China in the region, both economically and militarily, and to keep the maritime region open for trade and overflight without any threat whatsoever from any country (the reference is towards China). China is engaged in territorial conflicts over the SCS with ASEAN6 countries including Indonesia, Malaysia, Brunei and Philippines. Singapore and Thailand, although not directly engaged in any territorial dispute with China, are serious about the need to counter Chinese aggressions in the region and seek the help of external powers like the US, India, Japan, etc for this purpose. Consequently, the ASEAN6 countries agreed to bring India in the ASEAN Regional Forum in 1996 along with other dialogue partners.

India has deep strategic ties with most of the ASEAN6 countries. Nevertheless, India's strategic cooperation varies within ASEAN6 depending upon the economic and security concerns as well as defence capabilities of each country. India has strategic partnership agreements with Indonesia, Malaysia and Singapore. On the other hand, India's strategic relationships, including, defence and security cooperation with Brunei and Philippines are the lowest among the ASEAN6 countries. This is surprising given both Brunei and Philippines are claimant in the SCS territorial dispute with China. While both Brunei and Philippines have traditionally depended on the Western countries such as the US and the UK for defence weapons and security (Izzuddin, 2020), under the Act East phase, both Brunei and Philippines have shown willingness to engage India to balance China in the region. For example, Brunei concluded a defence cooperation agreement with India for the first time in 2016, while Philippines has stepped up defence level talks with India recently and is in line along with Vietnam to purchase Brahmos cruise missiles from India. Thus, India's strategic cooperation with Brunei and Philippines will strengthen probably in the coming years in the Act East phase.

In the upcoming sections, India's strategic ties with ASEAN6 countries are discussed (with the exception of Brunei and Philippines) in brief.

3.3.1 India-Indonesia

Indonesia is the biggest country in terms of area and population among ASEAN countries. India and Indonesia are maritime neighbours. The distance between India's Nicobar island and Aceh province of Indonesia is around 150 km only. India-Indonesia bilateral relations have seen ups and downs. Despite the initial bonhomie of anti-imperialism and non-alignment, the cordial bilateral relations couldn't last long due to Cold War politics and also due to Indonesia's support to Pakistan during the 1965 war. Indonesia not only offered Pakistan the support of its army during the war, but also launched a "crush India" campaign expressing solidarity with Pakistan (Ali, 1981). Under the Look East phase of India, India-Indonesia bilateral relations came on track. As maritime neighbours, India and Indonesia share many similar security concerns such as the protection of the Strait of Malacca from piracy, terrorism, smuggling and others.

Besides, the two countries are also alarmed by the rise of China and its assertive tendency in the region. Indonesia is in territorial conflict with China like Malaysia, Vietnam and Philippines. Indonesia's EEZ around Natuna islands is claimed by China under its 'nine-dash line' and therefore Indonesia is looking to engage India to play a balancing role to counter China in the region (Wezeman, 2019). India and Indonesia support peaceful resolution of territorial disputes and the freedom of navigation as well as overflight in accordance with international law. In addition, Indonesia seeks cooperation from India to strengthen its defence capabilities to develop its national resilience (Fortuna, 2020).

A major boost to bilateral relationship was provided by the signing of 'Defence Cooperation Agreement' in 2001. It led to the re-establishment of defence cooperation which was first established fifty years back¹². A year later in 2002, Indian navy and Indonesian navy initiated India-Indonesia Coordinated Patrols, called (IND-INDO CORPAT) at the northern entrance of the Strait of Malacca, also known as the 'Six-degree Channel'. The joint patrolling is aimed at keeping "IOR safe and secure for commercial shipping, international trade and conduct of legitimate maritime activities" (MoD 2021).

During the period 2003-2019, India-Indonesia first became strategic partners in 2005, but the real push to strategic partnership was provided towards the end of the LEP in 2013 when the five pronged initiatives for the strategic partnership were agreed namely 'strategic engagement, comprehensive economic partnership, defence-security cooperation, cooperation in responding to common challenges and cultural and people-to-people links' (MEA, 2019). In 2018, the Indian PM Narendra Modi visited Indonesia, which was to commemorate the completion of 70 years of diplomatic ties between the two countries. On his visit, the Strategic Partnership was upgraded to Comprehensive Strategic Partnership and a new Defence Cooperation Agreement was signed along with

¹² In the late 1950s, India was helping Indonesia in the maintenance of Soviet weapons. Also, agreements were signed between the Air Force, Navy and the Army of the two countries in 1956, 1958 and 1960 respectively (Jha 2008).

14 other agreements widening the scope of bilateral relations. The strategic convergence over Indo-Pacific was also witnessed when both countries agreed for a “Shared Vision of India-Indonesia Maritime Cooperation in the Indo-Pacific” (MEA, 2019).

The fructification of the strategic convergence was visible when India was granted military access to the Sabang sea port of Indonesia located at the mouth of the Strait of Malacca. Sabang sea port is now the fourth port abroad to which India has access.¹³ This deep sea port will help to increase India’s influence and balance Chinese influence in the region. India will look to develop this port as a strategic base, from where it can support operations in the Malaccan Strait and the eastern Indian Ocean (Sibal, 2019). In the past one decade, the defence cooperation has got strengthened by the conduct of bilateral army exercise – Garuda Shakti (since 2012) and later joint naval exercise – Samudra Shakti (since 2018). Besides, India’s emergence as defence manufacturer has strengthened the prospect of defence cooperation in the Act East phase as Indonesia is looking to purchase missile systems such as ‘akash’ and ‘brahmos’ from India along with other ASEAN countries like Vietnam and Philippines (Siddiqui 2019). As of 2019, defence and security cooperation between India and Indonesia consistently gets strengthened by regular bilateral dialogue mechanisms such as “Biennial Defence Ministers Dialogue, the annual Joint Defence Cooperation Meetings and the service level Staff Talks” (MEA 2019).

3.3.2 India-Malaysia

Malaysia is the third largest economy among the ASEAN members. As is the case with India-ASEAN regional ties, India-Malaysia bilateral relation had become a victim of Cold War politics. After the end of the Cold War and with India’s adoption of the LEP, India- Malaysia bilateral ties got normalised. In 1993, India and Malaysia had signed the Defence Cooperation Agreement and in 1997 Malaysia joined the Indian navy led MILAN naval exercise. Nevertheless, Malaysia, traditionally, was not supportive of any extra-regional player as security provider in the Malaccan Strait and, therefore, resisted

¹³ Besides Sabang, India already has access to three foreign ports namely Chabahar (Iran), Duma (Oman) and Assumption Island (Seychelles).

India's attempt to act as a security provider in this region initially. It should be noted that Malaysia was not only against the idea of having a separate ASEAN-India Summit but also quietly supported China in its plan of excluding India from the East Asia Summit (Brewster, 2013).

Malaysian approach towards India improved with India's growing economic and maritime capabilities, which could be deployed in order to establish "balance of forces" in the region. The change in attitude of Malaysia was due to increasing Chinese assertiveness in the region. Besides, India's continuous participation and appreciation of ASEAN led forums such as ASEAN Regional Forum, ASEAN Post Ministerial Conferences with Dialogue partners, East Asia Summit, etc. at the regional level helped to strengthen bilateral relations (Nathan, 2013). Consequently, an evolving trend can be discerned in India-Malaysia relation, especially since 2007, when India and Malaysia celebrated 50 years of diplomatic relations. Since then, mutual trust and confidence developed in bilateral relations leading to the establishment of strategic partnership in 2011.

Defence engagement between India and Malaysia has been consistent through naval cooperation, cooperation between the Air Force and the Army of the two countries. Indian Air Force had helped the Malaysian counterpart in pilot training for MIG-29 aircrafts after the Memorandum of Understanding on defence cooperation was signed in 1993. In the second phase of the LEP, similar training was provided by India to fly the Sukhoi SU- 30MKM fighter aircrafts. Although no exclusive joint naval exercise between the two have taken place so far, in 2018, for the first time, joint exercise between the armed forces was conducted called 'Harimau Shakti' (Shreyas 2018). Otherwise, naval cooperation takes place through joint exercises at the multilateral level (MILAN Exercise).

Malaysia, being a maritime country, faces the sea based security threats such as piracy, smuggling, terrorism, etc. In addition, Malaysia is also having overlapping claims with China over the Spratly Islands group in the SCS. Chinese assertiveness in the SCS is a

security threat for Malaysia, which interestingly, so far, has tried to downplay the security concerns in order to reap economic benefits from its ties with China. However, Malaysia has strengthened its security engagement with India in recent years as part of its policy of maintaining equidistant from major powers and hedge diplomacy against China which involves limited balancing (of China) with limited bandwagoning (Gerstl 2020). Both Malaysia and India support open seas, freedom of navigation as well as overflight in the SCS based upon the laws established as per the UNCLOS.

Despite this, bilateral ties between the two got constrained recently, first in 2016 when the Islamic preacher Zakir Naik, who was wanted by India in connection with terrorist activities, was not handed by Malaysia and then in 2019 over the remarks of the then PM of Malaysia Mahathir Bin Mohammad on the abrogation of Article 370 by the Indian Parliament and the enactment of Citizenship Amendment Act of 2019. India considers these to be internal matter and reacted by banning the import of palm oil from Malaysia. Thus, bilateral ties with Malaysia, despite strong economic ties, lacks mutual trust, which means India and Malaysia need to engage more.

3.3.3 India-Thailand

Thailand is the second biggest economy among ASEAN countries after Indonesia. India and Thailand lie in each other's extended neighbourhood and also share maritime border. The present phase of India-Thailand ties kicked off with India's LEP, which was complemented by Thailand's Look West Policy announced in 1997, centred primarily around India. Similarly, Thailand reciprocated by announcing 'Act West' policy in 2016 in the wake of India's AEP (Cohan, 2020).

Bilateral ties between India and Thailand got strengthened as a result of their membership of many regional organisations such as ASEAN, BIMSTEC and the MGC. However, economic ties form the backbone of India-Thailand bilateral relationship. India's defence and security cooperation between the two is insignificant as compared to

Singapore, Indonesia and Malaysia. The US has traditionally been the major security partner of Thailand, while China is its both major economic and military partner.

Maritime security is an important area of cooperation between India and Thailand. At the multilateral level, Thailand takes part in Indian navy led maritime exercises such as MILAN and the IONS. Thailand was among the few countries which participated in the inaugural session of MILAN exercise in 1995. At the bilateral level, Indian and Thailand's navy have been conducting patrolling exercises (CORPATs) since 2005. However, more importantly, Thailand took part in the India-Singapore joint naval exercise for the first time in 2019 (SITMEX), commencing in the maiden trilateral exercise for strengthening maritime security in the region (MoD 2019). As of 2019, maritime defence cooperation between India and Thailand comprises of maritime patrols to counter piracy, smuggling and terrorism, joint exercises and capacity building.

Besides navy, the armies of the two countries also take part in bilateral and multilateral army exercises. Bilateral army exercise called 'Maitree' has been taking place since 2007. Under the Maitree exercise, both the armies coordinate to develop their capabilities in counter-insurgency and counter-terrorism operations (MoD 2019). And at the multilateral level, of late, India has been taking part in Thailand led 'Cobra Gold' army exercise, although as observer plus member. This reflects the increasing importance of India for regional security as India took part in this exercise after more than thirty years when this exercise was conducted for the first time in 1982 (Peri 2016). Earlier, security cooperation between India and Thailand witnessed some seriousness post September 11 terrorist attacks. The major push to counterterrorism cooperation came in the form of an MoU on Defence cooperation of 2012, under which it was agreed to enhance bilateral cooperation in combating terrorism through initiatives like restricting unauthorised movements of known terrorists in each other's countries, intelligence sharing, etc.

Compared to other Southeast Asian countries, it was very late in case of India and Thailand to come with any understanding on defence cooperation. Strategic cooperation

emerged between the two only after an MoU on Defence Cooperation was signed in 2012 (Cogan, 2020). Before the agreement in 2012, India and Thailand had very few high level visits and negligible exchange of defence supplies and only one bilateral exercise. Overall, India- Thailand defence cooperation has found momentum, although slow compared to other Southeast Asian countries like Singapore, Vietnam, Indonesia and Malaysia and Myanmar.

3.4 India-Singapore Bilateral Ties

India has the most comprehensive bilateral relationship with Singapore than with any other ASEAN member across a full economic, security and political spectrum. While strong commercial ties are at the heart of India-Singapore bilateral relations, strategic cooperation which covers political-security, defence, science and technology, space, maritime cooperation, and energy has got strengthened, especially, since the second phase of the LEP and continues to under the Act East phase. Singapore was ahead of other ASEAN members in realising the potential of economic liberalisation in India and took initiatives on its own to harness the vast economic opportunities (Muni, 2011).

The first country with which India signed the CECA was Singapore (in 2005) and the bilateral ties were elevated to the level of strategic partnership in 2015. The depth of relationship can be measured by the fact that there are over 20 regular mechanisms that include annual Ministerial and Secretariat level dialogues and staff level talks between the three wings of armed forces besides numerous agreements such as the Defence Cooperation Agreement (2003), Mutual Legal Assistance Treaty (2005) and most importantly CECA (2005) and the Strategic Partnership Agreement (2015). On Indian soil, Singapore is the only country to regularly train its armed forces. India's engagement with Singapore stretches into every facet of engagement.

The foundation of strong bilateral relationship was provided by the end of the Cold War and the enactment of India's LEP together with the opening of the Indian economy for foreign trade and investments. Most importantly, Singapore was very optimistic about

the role India could play in providing regional peace and security as well as prosperity in the long term. Singapore's strategic concerns emanate from its small size, geopolitical location and its nature of economy. As a small city country, but as a highly developed economy, and also as a hub of international transshipment and global aviation, located on Malaccan Strait, the main concern for Singapore is security and stability in the region so that economic activities do not get disturbed (Chan, 2016).

Singapore, for long, has been of the opinion that regional peace requires a united ASEAN as well as the centrality of ASEAN in the region. It holds the view that great power rivalry cannot be done away from the region as the centre of world economy shifts to the East, and also due to rise of China as an economic and military power at the global level. Therefore, it supports the presence of multiple regional and extra regional powers so that the region doesn't get dominated economically or militarily by one powerful country. With this objective, Singapore has tried to incorporate India in the regional security framework besides engaging India at the bilateral level. For India, Singapore has played a crucial role in facilitating India's reconnection with the countries of Southeast Asia. Among the ASEAN countries in the early 1990s, Singapore was the first to extend its hand towards India. It is with Singapore's cooperation that India got associated with ASEAN as a sectoral dialogue partner in 1992 and later became a member of the ARF in 1996. Singapore was also the first ASEAN country to start bilateral naval exercises with India as early as 1993 and later also participated in a multilateral exercise MILAN led by India in its inaugural session in 1995. It was on the initiative of Singapore that ASEAN agreed for ASEAN-India Summit level meetings, which started in 2002 despite initial opposition from Malaysia, a prominent ASEAN member (Yahya 2005). Thus, Singapore has played a significant role in bringing India closer to ASEAN. In the following sections, India's economic and strategic ties with Singapore are discussed.

3.4.1 India-Singapore Economic Ties

India- Singapore economic ties are based on sound bilateral trade and mutual investments. Singapore has been India's biggest trading partner in ASEAN. Every year, India-Singapore bilateral trade has been the largest, except for some years when Indonesia overtook Singapore as in 2015. On the investment side, India has one of the

deepest ties with Singapore, both for India's inward and outward investment flows. Economic ties between the two has been strengthened by the signing of the CECA between the two on 29th June 2005 which came into effect on 1st August in that year. It was India's first such FTA concluded with any country outside of South Asia covering not only merchandise trade but also trade in services and investment. In addition to CECA, Indian-Singapore bilateral trade and investments are also under the purview of AITIGA and AITISIA.

3.4.2 Bilateral Merchandise Trade, 2003-2019

India's bilateral merchandise trade with Singapore saw a steady rise from USD 4.2 billion in 2003-04 to USD 25.2 billion in 2011-12, except for a slide dip in 2009-10 when there was a worldwide decline in international trade. The impact of CECA is clearly visible in the almost fourfold jump in bilateral trade between 2003-04 (USD 4.2 billion) and 2007-08 (USD 15.5 billion), which are two years before and after of the conclusion of the free trade agreement (CECA) in 2005. However, after 2011-12, the bilateral trade went on a decline; trade stood at USD15 billion in 2015-16 from the high of USD 25.2 billion in 2011-12. In 2015-16, India-Singapore bilateral trade was behind that of India-Indonesia bilateral trade. But by 2019-20, bilateral merchandise trade recovered and reached around USD 24 billion. Singapore once again became India's number one trading partner in ASEAN. Meanwhile, the share of Singapore has shown an overall decline in India-ASEAN trade between 2003-04 (32%) and 2019-20 (27%). In between, the share of Singapore went as high as around 40% in 2007-08 to as low as around 23% in 2015-16.

An identical trend (similar to India's total trade with Singapore) was also seen in India's exports to Singapore which increased from USD 2.1 billion in 2003-04 to as high as USD 16.9 billion in 2011-12 later witnessing a low of USD 7.7 billion in 2015-16 before again rising to USD 8.9 billion in 2019-20. Overall, the share of Singapore in India's exports to ASEAN has declined consequently from 36.50% in 2003-04 to 28.28% in 2019-20 before reaching a peak of nearly 46% in 2011-12, whereas, India's imports from Singapore have generally been lesser than exports. During 2003-04 and 2019-20, on only

three occasions India suffered a trade deficit with Singapore, first in 2007-08 and the next two very recently in 2018-19 and 2019-20. The trade deficit in the first case was less than a billion USD, whereas the recent trade deficits are huge - US\$ 4.7 billion in 2018-19 and US\$ 5.8 billion in 2019-20. This is also evident as the imports from Singapore got almost doubled between 2015-16 and 2019-20 from USD 7.3 billion to USD 14.7 billion (table 3.7). The sudden surge in imports from Singapore is speculated to be the result of routing of Chinese products through Singapore in violation of the Rules of Origin clause. The suspicion is based on the fact that products like electrical machinery, and certain capital goods like nuclear reactors, boilers, machinery etc whose imports witnessed surge, are the same products which are traditionally imported from China and most importantly a decline was witnessed in imports of these products from China in these two years (Pattanayak 2016).

Table 3.7: India-Singapore Merchandise Trade (in USD million)

Years	2003-04	2007-08	2011-12	2015-16	2019-20
Export	2124.83	7379.20	16857.71	7719.81	8922.66
Share	36.50	44.96	45.87	30.71	28.28
Import	2085.37	8122.63	8388.49	7308.38	14746.78
Share	28.06	35.82	19.90	18.31	26.63
Total Trade	4210.20	15501.83	25246.20	15028.19	23669.44
Share	31.76	39.66	32.00	23.11	27.23

Source: Export-Import Databank, Department of Commerce, India.

3.4.3 Major Export and Import Items

The major items of exports to Singapore from India include Mineral fuels, mineral oils and products of their distillation; Ships, boats and floating structures; Nuclear reactors,

boilers, machinery among many others. On the other hand, India's major import items from Singapore include Nuclear reactors, boilers, machinery; Electric machinery and equipments; Mineral fuels, mineral oils and products of their distillation; Organic chemicals among many others.

Table 3.8: India's Top 10 Exports to Singapore (in USD million)

Commodities	2004-05	2009-10	2014-15	2019-20
Mineral fuels, oils and others	1874.7	2840.9	5333.0	4455.9
Miscellaneous goods	208.3	828.5	43.0	0.2
Ships, boats and others	143.3	985.2	871.9	931.3
Natural or cultured pearls, etc.	567.8	597.4	493.4	573.1
Nuclear reactors, boilers, machinery, etc	191.0	466.7	426.1	760.2
Organic Chemicals	135.1	163.1	276.6	358.34
Electrical machinery, etc	127.6	385.2	225.9	328.1
Optical, photographic, cinematographic, etc.	49.9	97.3	163.5	225.6
Copper and articles thereof.	49.7	107.4	62.3	2.6
Nickel and articles thereof.	0.1	1.1	460.9	0.9

Share (%)	83.6	85.23	85.20	85.58
------------------	------	-------	-------	-------

Source: Export-Import Databank, Department of Commerce, India.

The share of top 10 export items increased marginally from 83% to 86% between 2004-05 and 2019-20 (table 3.8), reflecting increasing concentration of few items in overall exports. The share of top ten import items shows a fluctuating trend, increasing from 82% in 2004-04 to 91% in 2009-10 and then reducing from 90% in 2014-15 to again around 83% in 2019-20 (table 3.9).

Table 3.9: India's Top 10 Imports from Singapore (in USD million)

Commodities	2004-05	2009-10	2014-15	2019-20
Nuclear reactors, boilers, etc.	778.7 (29%)	1109.5 (17%)	1093.5 (15%)	2800.73 (19%)
Organic Chemicals	359.4	681.6	1428.4	1169.3
Electrical machinery, etc.	528.7	1152.9	907.3	2851.9
Mineral fuels, oils and others	10.5	1495.1	667.8	1724.6
Plastic and articles thereof.	107.5	243.2	836.8	1073.0

Ships, boats and others	173.0	760.7	246.2	889.7
Optical, photographic, cinematographic etc.	110.9	263.1	339.3	879.0
Iron and Steel	65.7	71.2	226.1	423.7
Nickel and articles thereof.	4.4	8.1	356.5	26.99
Natural or cultured pearls, etc.	39.5	106.9	313.2	392.9
Share (%)	82.15	91.30	90.03	82.83

Source: Export-Import Databank, Department of Commerce, India.

The impact of CECA can be seen as both India's exports and imports witnessed substantial increase after CECA came into force. India's exports increased from US\$ 2.1 billion in 2003-04 to US\$ 7.4 billion in 2007-08 (almost four fold jump) and again, the exports doubled to almost US\$ 16.9 billion by 2011-12. Thereafter, exports have shown substantial decrease as can be seen in years 2015-16 (US\$ 7.7 billion) and 2019-20 (US\$ 8.9 billion), a little growth. Similarly, India's imports from Singapore increased four times in 2007-08 (US\$ 8.1 billion) from that in 2003-04 (US\$2.1 billion). However, between 2007-08 and 2015-16, imports increased marginally (less than a billion USD) compared to huge growth again between 2015-16 and 2019-20 (US\$ 7.4 billion).

At the commodity level, the impact of CECA is visible in the exports of mineral fuels, oils and miscellaneous goods, whose exports increased substantially between 2004-05 and 2009-10 from US\$ 1.9 billion and US\$ 208 million to US\$ 2.8 billion and US\$ 829 million respectively. The most important export item to Singapore is mineral fuel. Its shares in exports to Singapore are 45%, 37%, 54% and 50.6% in 2004-05, 2009-10, 2014-15 and 2019-20. In 2011-12, a peak of US\$ 9.5 billion was seen in exports value

whereas a low of US\$ 2.99 billion was seen in 2015-16. The decline is attributed to the fall in oil prices as well as rising domestic consumption in India.

At the import level, the major impact of CECA is visible in the imports of mineral fuels and mineral oils (from US\$ 10.5 million in 2004-05 to US\$ 1.5 billion in 2019-20, an exceptional growth of 13491 %) and ships, boats and others, (from US\$ 173 million in 2004-05 to US\$ 760 million in 2019-20, a growth of 340%). Besides these, most of the other items in top 10 commodities have risen by over 100%. In recent years, products under 'Electrical machinery and equipments' have shown substantial growth (from less than a billion USD in 2014-15 to around US\$ 3 billion in 2019-20). This surge in imports of electronic items and electrical machinery is speculated to be as a result of routing of Chinese products through Singapore as mentioned earlier.

Imports of nuclear reactors, boilers, machinery, etc and organic chemicals increased by four times between 2004-05 and 2019-20 (from US\$ 779 million to US\$ 2.8 billion and from US\$ 359 million to US\$1.2 billion respectively). In recent years, growth can be seen in the imports of almost all of items in the top ten commodities between 2004-05 and 2019-20, with nuclear reactors, boilers, machinery, etc and mineral fuels, mineral oils and their products occupying top two import items in 2019-20 as was the case in 2004-05 (although with fluctuations in between years).

Any assessment of India-Singapore bilateral trade must take into account re-export¹⁴ of Indian products to third country through Singapore and similarly the imports of products of third country through Singapore. This happens on account of free trade agreements Singapore has signed with many countries regionally and globally. For India, it is a matter of concern as this system is used by third party to export products to India at cheaper rates, thereby harming local industry besides increasing India's trade deficit.

¹⁴ Re-export or entrepôt trade is a form of trade in which a country exports the imported goods without any alteration. It takes place to take benefits of lower tariff between the re-exporting country and the final importing country.

3.4.4 India-Singapore Investment Ties

As mentioned earlier, Singapore is the most important investment partner of India among ASEAN countries and comes only second to Mauritius in terms of total cumulative FDI flows to India between 2000 and 2019. Overall, Singapore's cumulative share in India's overall FDI inflows between 2000 and 2019 is 21% (US\$ 97670 million), next only to Mauritius' share of 30% (US\$ 142710 million). Within ASEAN, as has been discussed earlier, Singapore has a share of 97% in India's FDI inflows. As per the DIPP data, the top 5 sectors that attracted maximum FDI equity inflows (from January 2000 to December 2019), from Singapore are Services Sector, including financial services (21%), Trading (13%), Computer Software and Hardware (12%), Telecommunications (7%), and Construction (Infrastructure) Activities (6%).

Between 2003 and 2019, the share of Singapore in India's overall FDI inflows has increased from 2% in 2003-04 to 29% in 2019-20. FDI flows rose between 2003-04 and 2005-06, but the real boost in investments for the first time was seen only in 2007-08 (US\$ 3073 million) when FDI flows rose almost six times the flows in 2006-07 (US\$ 578 million). This sudden rise in FDI flows can be attributed to the India-Singapore CECA. Thereafter, between 2007-08 and 2014-15, FDI inflows increased from US 3073 million to US\$ 6742 million in a fluctuating manner. The second big boost in investments can be observed in 2015-16 when for the first time, the FDI flows crossed over USD 10 billion. This boom in FDI flows can be attributed to the AITISA which was signed in September 2014 and came into force in July 2015. Except for the financial year 2016-17, the FDI flows have remained over US\$ 10 billion and in the last two financial years, 2018-19 and 2019-20, Singapore has occupied the position of top FDI investor in India. The peak, so far, arrived recently in 2018-19 with Singapore's share reaching as high as 37%. The recent surge in FDI from Singapore has been on account of two major factors. Firstly, the Indian government successfully negotiated amendments to the tax treaty with Mauritius (of 1982) so as to tax capital gains on transfer of Indian shares starting from April 2017.

Secondly, while a similar agreement was negotiated with Singapore for avoidance of double taxation, which should have resulted in decline in foreign investments from Singapore as happened in the case of Mauritius, but it is the overall strength of Singapore as a financial hub with its ability to raise funds at lower rates and its effective dispute settlement system, that has helped Singapore to replace Mauritius as the largest source of FDI in India (Fowler 2019).

However, it is also a reality that a lot of investments taking place through Singapore is of third party origin and Singapore is used for investments due to the free trade agreements it has signed with many countries including India. For example, in 2018, Walmart's Singapore based entity bought Flipkart's 77 per cent share for USD 16 billion (Whye 2019). Thus, any assessment of Singapore as a major trade and investment partner of India must take into account Singapore's role as a facilitator of third party trade and investments.

Table 3.10: FDI inflows in India from Singapore

YEAR	FDI from Singapore (US\$ million)	Singapore's Share (%)
2003	37	2
2007	3073	9
2011	5257	12
2015	13692	35
2019	14671	29
Total	97670	21

Source: DPIIT, Ministry of Commerce and Industry, GoI

3.4.5 India's Outward FDI in Singapore

As per the DIPP report, Singapore is the top destination for India's outward investments globally between with a cumulative outward FDI amounting to USD 44,458 billion between financial years 2000 and 2019 (table 3.11). Singapore's share in India's investments globally between 2000 and 2019 is almost 20%. Similarly, Singapore is also the largest destination for India's investments in ASEAN, with a share of 93% during the same period. As of 2019, about 9000 Indian companies have been registered in Singapore since 2000. The major sectors in which Indian investments were made are finance and services, transport and storage and wholesale and retail trade. The India-Singapore CECA significantly boosted Indian outward investments in Singapore. As per the Department of Statistics of Singapore, Indian outward FDI in Singapore more than doubled between 2005 and 2006 from USD 1.3 billion to USD 2.6 billion. Exponential growth was witnessed a year later as outward FDI surged to over USD 13 billion in 2007 which is huge in absolute value terms. Most of the investments made in the area of financial and insurance services. India's investments in manufacturing sector have declined since 2012 indicating divestments or losses.

Table 3.11: India's Outward FDI in Singapore (in USD million)

Years	Amount
2013-14	5057.9
2014-25	7108.6
2015-16	3751.6
2016-17	6533.7
2017-18	4589.1
2018-19	3575.7
2019-20	4394.3
April 2000 to March 2020	47222.47
FDI in ASEAN from April	50733.9

2000 to March 2020	
Share in ASEAN (%)	93.08
FDI in World from April 2000 to March 2020	240623.49
Share in World (%)	19.63

Source: Department of Economic Affairs, Ministry of Finance

Singapore's position as India's top outward investment destination is due to Singapore's status as a major centre of global finance with easier schemes for financing and refinancing besides due to Singapore's role as a key gateway for Indian companies to build their trade and investment relations with other Southeast and Asian countries. In recent past, Singapore has emerged as the top destination for Indian Startups looking for funding and business friendly environment, for example e-commerce giant Flipkart, which was founded in 2007, got ultimately registered in Singapore in 2011 as Indian laws did not permit 100 per cent FDI in online retail of multi brand goods and services. Similarly, many large Indian companies have set up holding companies in Singapore for the purpose of investments in other Asian or world economies. As of 2018, more than 15 TATA companies are operating in Singapore in a diverse range of activities like manufacturing, financial services, communication and information technology, etc. (PTI 2018).

It is strange that Singapore along with Mauritius are not only the top two sources of inward investments in India but also the top two destinations of outward investments from India. In both the cases, the bulk of amounts invested are the funds channelled to Indian holding companies, which then make investments globally. It is similar to foreign investments taking place in India via Singapore and Mauritius and explains their top positions in India's investment figures.

3.4.6 India-Singapore Strategic Ties

During the period 2003-2019, India-Singapore bilateral relationship became strategic in true sense culminating in strategic partnership by 2015. India-Singapore Defence Cooperation Agreement of 2003 was a major milestone in bilateral relationship. It provided for comprehensive annual defence policy dialogues between defence secretaries, joint exercises and intelligence sharing and cooperation in defense technology. Bilateral defence cooperation received a further boost when India-Singapore Strategic Partnership Agreement was signed in 2015. It provided for regular Defence Ministers' Dialogue, which has become a regular feature of India-Singapore engagement. Taking the defence cooperation forward, the two countries also decided to look into co-production and co-development of arms and defence equipments (Chintala 2015).

Defence cooperation between the armed forces of India and Singapore is very strong, especially maritime defence cooperation. In fact, maritime security cooperation is the key pillar of India-Singapore strategic ties. This is attributed to maritime location of Singapore at the head of Malaccan Straits, between the Indian Ocean and the SCS, as well as due to convergence of strategic interests, which emanates from the need to secure the Malaccan Straits and the SCS region from being dominated or threatened by any country as well from threats caused by non-state actors such as sea piracy, terrorist activities carried through sea routes, smuggling of drugs, wildlife and other illegal activities through sea routes.

The maritime security is mainly dominated by joint naval exercises between the navies of India and Singapore. India and Singapore have been regularly conducting annual bilateral naval exercises since 1994 (which later became known as the SIMBEX exercises), making Singapore, the longest running naval exercise partner of India in Asia and the only regular bilateral exercise partner in the region completing 25th anniversary in 2018. Singapore also takes part in India led multilateral naval exercises like MILAN, IONS, and the IORA. The maritime cooperation between got strengthened further when 'Navy Bilateral Agreement' was signed in 2017. As per the Joint Statement, the agreement "will lead to increased cooperation in maritime security, joint exercises,

temporary deployments from each other's naval facilities and mutual logistics support". In a follow up, India and Singapore signed 'Mutual Coordination, Logistics and Services Support' agreement next year in 2018 to facilitate naval logistical support and India was granted access to Changi naval base of Singapore, located near the disputed SCS for logistical support. It is first such facility provided by any ASEAN member to India and will enhance India's naval outreach in the sensitive region (Ganapathy 2017).

Apart from naval cooperation, India-Singapore defence cooperation is also strengthened by cooperation between Air Forces and Armies. While joint maritime exercises between India and Singapore had been conducted regularly, during this phase, the air forces of the two countries conducted their first joint exercise in 2004. Further, reflecting growing trust, India granted Singapore access to its territory to conduct training of its army and air force. The Air Force agreement for the conduct of joint training and exercises between the air forces of the two countries in India was concluded in 2007 and last got renewed in 2012 (PTI 2017).

Under the agreement, India allowed the Singapore Air Force to make use of the Indian Kalaikunda air base on regular basis for long term purposes. The deployment of defence forces on foreign soil by Singapore for long term purposes was nothing new. Because of small territory and air space, Singapore relies on foreign soil and air space for training purposes and by 2007, Singaporean Air Force was already operating permanent flight training establishments in the US, Australia, France and Brunei (Brewster, 2009). But for India, it was a major change in policy as India has traditionally been averse to any foreign military base in Indian territories. In the early 1960s, even in the wake of the Sino-Indian war, India had refused to allow U.S. forces to be based in India to assist in its defense, and in the early 1970s, India resisted pressure from the Soviets to be granted limited naval basing rights. Similar provisions were made for the Singapore Army for training and joint military exercises under the Army Bilateral Agreement signed in 2008 and renewed in 2013.

This makes Singapore the only country among ASEAN members to have agreements signed between three wings of armed forces with their Indian counterparts and also the only country allowed by India to conduct training exercises of their armed forces in India on long term basis (Parameswaran 2017). An important field of security cooperation between India and Singapore is cooperation to combat terrorism. While the incident of September 11 had brought the global attention to the threat to global security caused by terrorism, a series of terrorist attacks in India (attack on Indian Parliament on 13th December, 2001), Indonesia (Bali attack on October 12, 2002 taking more than 200 lives), and the persistent threat of terrorism prepared the ground for cooperation against terrorism. In this direction, under the Defence Cooperation Agreement of 2003 a joint working group for intelligence cooperation and combating terrorism and international crime was established, which formalised intelligence cooperation between the two. Besides, counter terrorism has been an integral part of joint naval and army exercises between the two. Under the strategic partnership concluded in 2015, both the countries resolved to expand cooperation in the field of counter terrorism. In the area of cyber security, which has emerged as a major security challenge, an MoU was signed between the CERT-In and SingCERT, besides identifying five areas of cooperation in the field of cyber security, which was further expanded in 2018 (CSA 2018).

A comparative analysis of India-Singapore strategic ties shows continuity and gradual progress from the Look East phase onwards into the Act East phase. While the Look East phase witnessed the laying of foundation of strings of defence and security ties, the Act East phase saw consolidation and maturity of strategic ties. During the Look East phase, bilateral agreements between air forces and armies of the two countries were signed and renewed, under the Act East phase, the naval cooperation agreement too got signed in 2017. The signing of naval cooperation reflects the increasing importance of maritime cooperation in the region. More importantly, the Act East phase witnessed the transformation of India-Singapore bilateral ties into Strategic Partnership in 2015 when the Indian PM visited Singapore on the occasion of the 50th anniversary of the beginning of diplomatic ties. Over the years, India's engagement with Singapore has truly become strategic with convergence on regional security outlook and is bound to strengthen in coming years.

To sum up, India's overall ties with ASEAN6 have progressed immensely during the period 2003-2019. While India's trade and investments with ASEAN6 dominated India-ASEAN economic ties, defence and security ties with the ASEAN6 got strengthened significantly in this period, especially in the Act East phase so far. During 2003-2019, although trade between India and ASEAN6, increased almost six-fold from USD 12.2 billion in 2003-04 to USD 75 billion in 2019-20, but trade did not grow in the post-FTA period as per the expectations. Ironically, following the FTA of 2009, a goal of USD 100 billion was set for India-ASEAN trade in 2015, which is yet to be achieved. A more worrying trend is the increasing trade deficit for India with the ASEAN6 countries, which stood at over USD 22 billion in 2019-20 from USD 1.6 billion in 2003-04. Similarly, on the investment side, while overall investments from ASEAN6 has increased since the implementation of investment agreement in 2015, however, investments, both inward and outward, continue to be dominated by Singapore (with a share of over 95% both ways).

Contrary to economic ties, India's strategic ties with ASEAN6 have witnessed greater maturity. While Singapore was the first to appreciate and welcome India's strategic presence in the region (since the beginning of India's LEP), other ASEAN6 members followed Singapore in welcoming India as a balancer and security provider in the region during this period (2003-2019) only. Today all the ASEAN6 members acknowledge India's growing role in the region as a factor of peace and security in the region. This is unlike in the initial years of the Look East phase, when countries like Indonesia and Malaysia were ambivalent towards the inclusion of India in the regional security architecture. During 2003-2019, India's strategic partnerships with ASEAN6 have been upgraded and reinforced through strategic agreements at the bilateral level with Singapore, Malaysia and Indonesia. Defence cooperation with Brunei and Philippines, although weak, is on rise, especially in the Act East phase. It is hoped that in the coming years under the Act East phase, India's strategic ties with ASEAN6 will further strengthen with the evolving security scenario in the region given China's territorial disputes with most of the ASEAN6 members including Indonesia, Malaysia, Philippines, and Brunei.

CHAPTER 4

India and the CLMV Countries

4.1 Introduction

The CLMV countries were late entrants to the ASEAN grouping. The end of the Cold War eased down tensions among the countries of Southeast Asia and facilitated the entry of CLMV countries into ASEAN in the nineties. Vietnam got membership of ASEAN in 1995. Soon Laos and Myanmar joined in July 1997 and finally Cambodia became its 10th member in 1999. Thus the end of the 20th century witnessed ASEAN becoming an organization of 10 countries as we know it today.

The CLMV cover 32 percent of ASEAN's geographical area as well as 26.4 percent of ASEAN's population in 2019 (EXIM Bank 2020). Among the ASEAN countries, the CLMV countries, other than Vietnam, have been relatively less developed in terms of economic indicators like GDP and GDP per capita (Table 4.1). The GDPs of Cambodia, Laos and Myanmar are among the lowest among ASEAN members. Cambodia, Laos and Myanmar are considered as Least Developed Countries (LDCs) based on the UN classification¹⁵. The GDP per capita of all CLMV countries is less than the average GDP per capita of ASEAN (US\$ 4,827.4), with Myanmar having the lowest GDP per capita (US\$ 1229.2) among the CLMV. On the other hand, ASEAN6 economies have very high GDP per capita, in general, with Singapore having GDP per capita as high as US\$ 65,233. Although service sector is the dominant sector of all the ASEAN economies, agriculture is still an important sector for the CLMV economies, as in 2019, its shares in their GDPs are 22.3% (Myanmar), 16.7% (Cambodia), 14% (Laos) and 13.7% (Vietnam) (table 4.1). For the rest of ASEAN6 members, agriculture sector contributes to less than 10% of their economies (except for Indonesia).

¹⁵ As per the UN classification, a country is categorized as an LDC if shows poverty (GNI per capita less than US\$ 1,018), human resource weakness and economic vulnerability (based on criteria such as instability of export of goods, agricultural production, population displaced by natural disasters, etc.).

Nevertheless, in the past two decades, the CLMV countries have shown prominence in the economic field. The annual growth rates of the CLMV countries are the highest among the ASEAN economies (table 4.1). Myanmar, Laos and Cambodia recorded the highest growth during 2000-2019 with average annual growth of 13.2%, 7.7% and 7.6% respectively, whereas ASEAN collectively grew at an average annual growth rate of 5.7%.

In addition, the trade/GDP ratios¹⁶ of Vietnam and Cambodia are better than most of the ASEAN6 countries. In 2017, Vietnam came second next to only Singapore in terms of trade/GDP ratio (208.31%) while Cambodia's trade/GDP ratio (124.90%) was better than those of Indonesia (43.07%), Philippines (72.16%), Thailand (120.88%), Myanmar (60.69%) and comparable to Malaysia (130.43%). The trade openness of the CLMV countries is also evident from the increasing share of the CLMV in ASEAN's international trade which has rose from 9.2% in 2010 to 21.4 % in 2019.

This acceleration in the economic performance happened after the CLMV entered into the ASEAN Free Trade Agreement, which was a precondition to join the ASEAN. In addition, the CLMV countries, being least developed (Cambodia, Laos and Myanmar) and developing countries (Vietnam) also enjoy preferential access to markets of developed and developing countries under provisions such as the EBA preferential treatment¹⁷ by the EU (for LDCs) and the Generalized System of Preferences (GSPs) of the US (for developing countries), unilateral duty free schemes of developing countries, etc. for their exports. The free trade provisions along with lowest labour wages, rich natural resources facilitated trade and investment opportunities and provided the CLMV macroeconomic stability with huge potential for trade and investments.

¹⁶ Trade/GDP ratio is an indicator of relative importance of international trade and is also used as an indicator of trade openness.

¹⁷ EBA or Everything But Arms scheme of the EU grants unilateral duty free and quota free access to exports to EU, except for arms and ammunitions.

Table 4.1: CLMV: Some Economic Indicators

Country	GDP In 2019 (billion US\$)	GDP per Capita at Current Prices in 2019 (in US\$)	Annual average GDP growth rate (%) (2000-2019)	Share of Agricultural sector in GDP in 2019 (%)	Trade/ GDP In 2017 (%)
Brunei	13.5	29,343.3	3.3	0.8	93.90
Indonesia	1,121.3	4,201.0	5.3	12.4	43.07
Malaysia	364.4	11,184.9	6.5	7.1	130.43
Philippines	377.1	3,483.0	5.5	9.2	72.16
Singapore	372.1	65,233.3	5.1	0.0	325.34
Thailand	543.9	8,000.6	3.9	6.2	120.88
Cambodia	27.1	1,663.8	7.6	16.7	124.90
Lao PDR	18.8	2,645.4	7.7	14.0	0.00
Myanmar	66.5	1,229.2	13.2	22.3	60.69
Vietnam	261.6	2,711.2	6.6	13.7	208.31
ASEAN	3,116.4	4,827.4	5.7	10.2	NA

Source: ASEAN Statistical Year Book 2020

The increasing economic importance of the CLMV is also evident from the strengthening of India-CLMV economic ties under LEP and AEP phases. In addition, the CLMV countries, located in India's neighbourhood are no less important from India's strategic perspective. This chapter analyzes India-CLMV economic and strategic ties with special focus on ties with Vietnam and Myanmar.

4.2 India-CLMV Economic Ties

India-CLMV economic ties have got strengthened since the CLMV countries became members of the ASEAN. India's trade with CLMV countries is governed by AITIGA (2009) as well as India's unilateral duty free preference scheme of 2008 (applicable to LDCs like Cambodia, Laos and Myanmar) (Ministry of Commerce 2017)¹⁸, whereas, investment ties are governed by AITISA (2014). This is unlike the case with some of the ASEAN6 members such as Singapore and Malaysia, with which India has signed Comprehensive Economic Cooperation Agreements (CECAs) separately. Despite recent surge in trade and investments between India and the CLMV, a major issue of concern is huge disparity that exists in India's economic engagement with the CLMV. Vietnam alone dominates bilateral trade and investments between India and the CLMV, whereas India's economic engagement with Cambodia and Laos is negligible compared to Vietnam.

The CLMV countries have huge potential to enhance India-ASEAN economic ties. Besides the advantages enjoyed by the CLMV like preferential access to key markets such as the US or the EU based on their status as Least Developed Countries (LDCs) and developing countries (Vietnam), lowest labour wage in the whole ASEAN, and natural resources, it is the close proximity of the CLMV countries with India that adds to their economic significance for bilateral and regional trade with India. India has a 1643 km long border with Myanmar in its northeast region whereas Cambodia, Laos and Vietnam form part of India's extended neighbourhood. Besides roadways, the CLMV countries are easily accessible from India's eastern ports through sea routes. This close geographical proximity between India and the CLMV increases their mutual importance for each other from both economic and strategic perspectives.

Again, increasing trade and investment ties with the CLMV will not only improve India-CLMV relation but also help in the economic integration of ASEAN by bridging the gap between ASEAN6 and the CLMV countries, which is an important objective of the

¹⁸ For more information see 'Duty Free Tariff Preference (DFTP) Scheme by India for Least Developed Countries (LDCs)'.

ASEAN Economic Community (AEC) 2025 (Furuoka 2019). Within the CLMV, there exists huge economic disparity as we seen in earlier. On the trade front, Vietnam alone accounted for 86.1% of total trade of the CLMV region in 2019. While Vietnam's total trade with the world, in 2019, was USD 518.1 billion, it stood at only USD 11.6 billion in the case of Laos, which is the lowest among the CLMV members.

In addition to the above reasons, China factor looms large in India-CLMV economic ties. Due to huge socio-economic and developmental gap between ASEAN6 and the CLMV countries, the latter are heavily dependent on China for trade and investments especially Cambodia, Laos and Myanmar. China is the number one trading partner of all the CLMV countries and one of their major investment partners. Cambodia and Laos have fallen under the Chinese influence to the extent of being labelled as “semi-colony” of China (Grossman, 2020). India cannot ignore the geo-economic strategic concerns, which arise from over dependence of the CLM countries on China for investments. As was witnessed in 2012 (when Cambodia didn't allow the issue of joint statement condemning China), China will try to use its economic strength in the CLM countries to make them conform to its strategic wishes (Das 2017).

This calls for India to step up its economic and security engagement with the CLMV countries to balance the influence of China in the region. The CLMV countries are heavily dependent on China for trade, investments and infrastructure development. However, they also want to strengthen economic cooperation with India, so as to reduce dependence on China. In order to deepen economic engagement, India stepped up its developmental cooperation with ASEAN, especially with the CLMV. India announced USD 1 billion Line of Credit to ASEAN in 2015 to promote physical and digital connectivity in the region and offered a grant of USD40 million to the CLMV countries for digital connectivity projects in the sub-region. In addition, to boost India's investments in the CLMV, India created a ‘Project Development Fund’ or PDF of USD 77 million in 2016. These efforts of India are aimed at helping the CLMV members to become self reliant in future and to reduce the influence of China. Thus, India's economic engagement with the CLMV countries has an important strategic objective to minimize Chinese influence in its neighbourhood, beside the economic objective to

integrate with ASEAN. The next section undertakes a detailed analysis of the India-CLMV economic ties.

4.2.1 India-CLMV Trade, 2003-2019

India-CLMV trade has witnessed impressive growth between 2003-04 and 2019-20. Bilateral trade between the two sides has increased from less than a billion in 2003-04 to over USD 14 billion in 2019-20. But most importantly, the share of CLMV countries in India-ASEAN trade has grown substantially from 8% in 2003-04 to 16.3% in 2019-20 (Table 4.2). During the pre-AFTA period, a decline is visible in the share of the CLMV region in India's overall trade with ASEAN (from 8% in 2003-04 to 7.3% 2007-08), but in the post AFTA period, it saw a major growth (from 9.6% in 2011-12 to 16.3% in 2019-20). This shows positive impact of the AFTA on India-CLMV trade as well as increasing importance of the CLMV region in India-ASEAN overall trade. However, the Balance of Trade has turned into deficit for India during this period, which is a new cause of concern for India.

During 2003-04 and 2019-20, India's imports from CLMV countries exceeded India's exports, thereby, leading to trade deficit for India. During the pre-AFTA period, India was consistently having a trade surplus with the CLMV economies. But in the post FTA period, India began to witness trade deficits with them, especially, in recent years as can be seen in 2019-20 (India incurred a trade deficit of about USD 1,633 million in 2019-20). This is an unhealthy development in the post-FTA period as far India as India's trade deficit with CLMV countries adds to India's overall trade deficit with the ASEAN. On the positive side, it can be seen that the share of the CLMV economies in India's overall exports to ASEAN increased substantially from around 9% to around 20% between 2003-04 and 2019-20 after attaining a peak of around 26% as in year 2015-16. Similarly, the share of CLMV economies in India's imports from ASEAN increased from around 6% to over 14% during the same period. This indicates diversification of India's export and import partners in ASEAN from ASEAN6 to CLMV countries, which is mainly on account of India's increasing trade (both exports and imports) with Vietnam in recent years.

Table 4.2: India-CLMV trade, 2003-04 to 2019-20 (in USD million)

	2003-04	2007-08	2011-12	2015-16	2019-20
Export	519.11	1853.26	4378.89	6517.59	6246.99
Share in ASEAN (%)	8.9%	11.3%	12.97%	25.93%	19.79%
Import	447.63	985.33	3200.55	3779.12	7880.46
Share in ASEAN (%)	6.02%	4.34%	7.59%	8.72%	14.23%
Balance of Trade	71.48	867.93	1178.34	2738.47	-1633.47
Total Trade	966.47	2838.59	7579.44	10296.71	14127.45
Total Trade with ASEAN	13254.82	39088.33	78903.19	65042.97	86915.91
Share of CLMV in ASEAN (%)	8.0	7.3	9.6	15.8	16.3

Source: Export-Import Databank, Department of Commerce, India.

4.2.2 Bilateral Trade between India and CLMV

There is a huge gap within CLMV countries in terms of trade with India (Table 4.3). Among the CLMV countries, Vietnam emerged as India's major trading partner between 2003-04 and 2019-20 accounting for 86.7% in 2019-20, followed by Myanmar (10.8%), Cambodia (1.7%) and Lao PDR (0.2%). Cambodia and Lao PDR's combined share in India-CLMV trade is only 1.9% in 2019-20, which is an overall decline from 1.96% in 2003-04. India's bilateral trade with Cambodia, in monetary value, has consistently increased between 2003-04 and 2019-20 but its share in India-CLMV trade declined during the same period (from 1.9% to 1.7%). With Lao PDR, a fluctuating trend can be seen as bilateral trade with India declined to USD 28.17 million in 2019-20 after witnessing an upward trend as in 2015-16 (USD 217.97 million). In India's trade with the CLMV, a jump in bilateral trade with CLMV countries is noticeable in years

immediately post FTA. Bilateral trade doubled between 2007-08 and 2011-12 in case of Cambodia and Myanmar, whereas it tripled in case of Vietnam.

Myanmar, which dominated India-CLMV trade in 2003-04 has witnessed continuous decline in its share in India-CLMV trade with shares falling to 35%, 25.4%, 20% and 10.8% in 2007-08, 2011-12, 2015-16 and 2019-20 respectively. Although in monetary value, India-Myanmar bilateral trade increased from USD 498.65 million in 2003-04 to USD 1.5 billion in 2019-20 after attaining a peak of over USD 2 billion in 2015-16. Overall, during 2003-04 and 2019-20, the share of Myanmar in India-ASEAN trade in general and in India-CLMV trade in particular declined substantially from 3.7% to 1.7% and from 51.6% to 10.8% respectively. In between, India-Myanmar bilateral trade almost doubled between 2007-08 and 2011-12, from around USD 1 billion to around USD 2 billion (table 4.3). This was on the backdrop of economic reforms (liberalisation of trade, policies for attracting local and foreign investments, enhancing regional economic cooperation, reducing state's role in economy, etc.) introduced by the first elected government of Myanmar in five decades under President Thein Sein in March 2011 (Than 2014) which had a considerable impact on India-Myanmar trade. However, this momentum could not be sustained for long and bilateral trade moderated to around USD 1.5 billion in 2019-20 led by downfall in imports of pulses by India (India had imposed restrictions on the import of peas and lentils) in addition to fall in exports of wood logs (Myanmar had imposed ban on exports of logs in 2014) (EXIM Bank 2020).

In 2003-04, Vietnam was behind Myanmar in India-CLMV trade with 46.4% compared to Myanmar's share of 51.6%. But by 2007-08, it overtook Myanmar with more than 60% share and its share has continuously grown thereafter. In 2019-20, Vietnam's share in India-CLMV trade is 86.7%. India-Vietnam bilateral trade has witnessed exponential growth from USD 448.64 million in 2003-04 to USD 12.3 billion in 2019-20. In fact, the considerable growth in India-CLMV trade, in the post-FTA period, has been led by consistent growth in India-Vietnam trade. Given the relative higher significance of Vietnam in India-ASEAN trade, India's trade with Vietnam has been discussed in a later section.

Table 4.3: India's Trade with CLMV (in USD million)

	2003-04	2007-08	2011-12	2015-16	2019-20
Cambodia	18.88	56.40	106.72	197.44	234.81
Share (%)	1.9	2.0	1.4	1.9	1.7
Lao PDR	0.56	3.97	104.23	217.97	28.17
Share (%)	0.06	0.2	1.4	2.1	0.2
Myanmar	498.65	994.45	1926.53	2054.92	1521.14
Share (%)	51.6	35.0	25.4	20.0	10.8
Vietnam	448.64	1783.77	5441.96	7826.38	12252.13
Share (%)	46.4	62.8	71.8	76.0	86.7
Total Trade with CLMV	966.47	2838.59	7579.44	10296.71	14127.45

Source: Export-Import Databank, Department of Commerce, India.

4.2.3 Exports and Imports at the Bilateral Level

As is the case with bilateral trade, India's export and imports with the CLMV countries are also dominated by Vietnam single handedly. Exports from Cambodia saw a gradual increase from USD 18.6 million in 2003-04 to USD 188.1 million in 2019-20 but in case of Lao PDR, exports increased marginally only from about USD 0.5 million in 2003-04 to USD 28.2 million in 2019-20 after witnessing peak a year before in 2018-19 (USD 39.38 million). Again, with Cambodia, India maintained trade surplus between these years, but with Lao PDR, India experienced trade deficit in the post FTA period (Table 4.4) because of substantial growth in imports in the post FTA period (from USD 0.11 million in 2007-08 to over USD 180 million by 2015-16). It is only recently that India

witnessed trade surplus with Lao PDR after heavy decline in imports as in 2019-20 (from USD 180.03 million in 2015-16 to USD 3.09 million in 2019-20).

Overall, India's exports to CLMV countries have recorded higher annualized growth rates in the post-FTA period between 2010-11 and 2019-20 (in the range of 10 to 15 per cent) compared to India's exports to whole of ASEAN (4.6%) (table 4.5). On the import side, Lao PDR and Myanmar have witnessed negative annualized growth rates of -20.0% and -7.7% respectively between 2010 and 2019. However, annualized growth rate in India's imports from Vietnam is exceptionally high in case of Vietnam at 25%. It shows not only widening gap between the CLMV countries in terms of exports to India, but also the emergence of Vietnam as a strong exporting nation in recent years.

Table 4.4: India's Exports and Imports with CLMV (in USD million)

	2003-04	2007-08	2011-12	2015-16	2019-20
Cambodia	18.88	56.40	106.72	197.44	234.81
Exports	18.60	53.50	99.45	143.01	188.12
Imports	0.28	2.90	7.27	54.43	46.69
Lao PDR	0.56	3.97	104.23	217.97	28.17
Exports	0.43	3.86	14.97	37.94	25.08
Imports	0.13	0.11	89.26	180.03	3.09
Myanmar	498.65	994.45	1926.53	2054.92	1521.14
Exports	89.64	185.82	545.38	1070.65	973.89
Imports	409.01	808.63	1381.15	984.27	547.25
Vietnam	448.64	1783.77	5441.96	7826.38	12252.13

Exports	410.43	1610.09	3719.09	5265.99	5059.90
Imports	38.21	173.68	1722.87	2560.39	7192.23

Source: Export-Import Databank, Department of Commerce, India.

Table 4.5: Annualized Growth rates of India's Exports and Imports with CLMV

	Exports			Imports		
	2010	2019	Annualized Growth Rates (%)	2010	2019	Annualized Growth Rates (%)
Cambodia	0.02	0.04	10.7	0.21	0.52	11.1
Lao PDR	0.01	0.03	14.6	0.02	0.00	-20.0
Myanmar	0.27	0.94	14.8	1.12	0.53	-7.7
Vietnam	2.49	5.60	9.5	1.00	7.52	25.1
ASEAN	23.02	34.65	4.6	29.68	56.27	7.4

Source: DOTS, IMF

Vietnam and Myanmar are the two most important export and import partners of India among the CLMV economies. With Myanmar, between 2003-04 and 2015-16, India's exports rose from USD 89.64 million to USD 1070.65 million, thereafter declining to USD 973.89 million in 2019-20. India's major export items to Myanmar in 2019-20 are pharmaceutical products, meat and edible meat offal, machinery and mechanical appliances, electrical machinery and equipment, vehicles other than railway and tramway. Imports rose gradually from USD 409.01 million in 2003-04 to USD 1.38 billion in 2011-12, thereafter declining to USD 547.25 million in 2019-20. India's import from Myanmar has been dominated by edible vegetables, roots and tubers, wood and its articles their share being almost 84% in 2019-20. As a result of the decline in India's

imports and rise in India’s exports, India’s trade deficit with Myanmar, in the pre-FTA period, has reversed to trade surplus in the post-FTA period. The decline in imports from Myanmar is mainly on account of decline in imports of dried leguminous vegetables and pulses and wood articles. In 2017, India published a notification restricting the import of pulses through a quota for matpe, green gram and pigeon beans, which has been extended to March 2021 (DGFT) (PTI 2020). On the other hand, imports of wood and articles were slowed down since Myanmar imposed ban on exports of logs in 2014 (EXIM Bank Report, page 45, 46). The decline in import was complemented by doubling of exports of sugar leading to reversal of trade deficit with Myanmar to trade surplus and the trend has continued thereafter. As of 2019, India has trade surplus of USD 426.64 million with Myanmar.

Overall, the share of Myanmar in India’s exports to CLMV declined from 17.2% in 2003-04 to 15.6% in 2019-20 but increased by 1.5% from 1.6% to 3.1% in India’s exports to ASEAN during the same period (Table 4.6). On the import side, decline in the share of Myanmar is visible in both India’s imports from CLMV (from 91.3% to 6.9%) and India’s imports from ASEAN (from 5.5% to 1.1%) during the same period. Decline in the share of Myanmar in India-CLMV exports and imports can be explained by the phenomenal rise in India-Vietnam trade.

Table 4.6: India-Myanmar Trade (in USD million)

	2003-04	2007-08	2011-12	2015-16	2019-20
Export	89.64	185.82	545.38	1070.65	973.89
Share in CLMV (%)	17.2	10.0	12.5	16.4	15.6
Share in ASEAN (%)	1.6	1.1	1.5	4.8	3.1
Import	409.01	808.63	1381.15	984.27	547.25
Share in CLMV (%)	91.3	82.0	43.2	28.3	6.9

Share in ASEAN (%)	5.5	3.6	3.3	2.5	1.1
Total Trade	498.65	994.45	1926.53	2054.92	1521.14
Share in CLMV (%)	51.6	35.0	25.4	20.0	10.8
Share in ASEAN (%)	3.7	2.5	2.4	3.2	1.7

Source: Export-Import Databank, Department of Commerce, India.

A unique feature of India's trade with Myanmar is border trade between the two, which is obvious given the fact that Myanmar happens to be the only ASEAN country to share border with India. However, the share of India's border trade in India's overall trade with Myanmar is only 6% (Department of Commerce, 2019) compared to over 55% in case with China. Similarly, India's share in Myanmar's total border trade was only 1% in 2017-18. To facilitate border trade, Border Trade Committee was established in 2012. Besides, border haats were created to facilitate sale of local products at the border areas. In 2015, the RBI shifted the barter trade at the India-Myanmar order to normal trade. However, in recent years, border trade witnessed decline from USD 24.3 million in 2014-15 to 0.2 million in 2017-18, led by removal of concessionary customs duty rate of 5 % under the barter trade regime as well as due to restrictions imposed on the import of betel nuts (to avoid routing of import of betel nuts from Indonesia) which dominated India's imports through India-Myanmar border (Taneja, et al. 2019). Several challenges also remain in India's border trade with Myanmar like poor roads, limited electricity, manual handling of goods, unfriendly exchange rates, illegal payments to avoid documentation or threats from insurgent groups etc. Border trade facilitation through investments in logistics infrastructure and through formalisation will certainly boost India-Myanmar bilateral trade.

4.2.4 India-Vietnam Trade

Vietnam, as mentioned earlier, is the most significant trading partner of India among the CLMV members. In addition, Vietnam is also a significant trading partner of India in ASEAN. In 2017-18, Vietnam replaced Thailand as India's fourth highest trading partner

among ASEAN countries. On the other hand, India as of 2019-20, is the 8th largest trading partner of Vietnam (MEA 2020). India-Vietnam bilateral trade increased exponentially from USD 448.64 million in 2003-04 to USD 12.2 billion in 2019-20. Similarly, the share of Vietnam increased from 8.5% to 91.3% in India-CLMV trade and from 0.5% to 13% in India-ASEAN trade during this period (table 4.7).

Contrary to Myanmar, India's both imports and exports with Vietnam have increased significantly. During 2003-04 and 2019-20, India's exports to Vietnam increased from USD 410.43 million to USD 5 billion, whereas the imports from Vietnam increased from USD 38.21 million to USD 7.2 billion. Share of Vietnam in India's exports to CLMV increased slightly from 79.1% to 81%, but the share of Vietnam in India's exports to ASEAN grew significantly from 7% to 16% during the same period (Table 4.7). While the share of Vietnam in India's imports from CLMV region rose significantly from 8.5% to 91.3% and from 0.5% to 13% in India's overall imports from ASEAN during the same period. Thus, Vietnam has emerged as a significant source of imports for India among ASEAN members.

But imports from Vietnam have increased at a greater pace than exports from India. The annualized growth rate of India's exports to Vietnam in the post-FTA period between 2010 and 2019 stands at 9.5% compared to 25% growth rate recorded for imports from Vietnam during the same period (Table 4.5). Consequently India, which always enjoyed favorable trade with Vietnam, started to witness trade deficit not only with Vietnam but also with the CLMV, as can be seen in 2019-20.

Table 4.7: India-Vietnam Trade (in USD million)

	2003-04	2007-08	2011-12	2015-16	2019-20
Export	410.43	1610.09	3719.09	5265.99	5059.90
Share in CLMV	79.1	86.9	85	80.8	81.0
Share in ASEAN	7.0	9.8	11.0	21	16.0
Import	38.21	173.68	1722.87	2560.39	7192.23
Import Share in CLMV	8.5	17.6	53.8	73.6	91.3
Share in ASEAN	0.5	7.7	4.1	6.4	13.0
Total Trade	448.64	1783.77	5441.96	7826.38	12252.13
Share in CLMV	46.4	62.4	71.8	76.0	86.7
Share in ASEAN	3.4	4.6	6.9	12.0	14.1

Source: Export-Import Databank, Department of Commerce, India.

A major aspect of India-Vietnam trade (exports and imports) is the robust supply chain linkages, especially backward linkages between the two (Kumarasamy and De 2021). According to WITS database, the share of parts and components (P&Cs) in India's imports from Vietnam (14.3%) was only next to Thailand (18.4%) in 2018. India's import of parts and components from Vietnam in 2018 increased to USD 490.32 million from a meagre USD 4.54 million in 2006. Road vehicles, electronic equipments and industrial equipments are the major sectors in Vietnam that supply parts and components to India. India's forward linkages with Vietnam is less developed with export value USD 152.23 million in 2018. In coming years, India would like to see growth in India's forward and backward linkages with all the CLMV countries as these present huge potential. As of 2018 data of WITS, India's both forward and backward supply chain linkages with Cambodia, Laos and Myanmar are among the lowest in ASEAN (except

for India's forward linkage with Myanmar), which reflects India's relatively lower economic integration with the CLMV region. It may also be noted that other than Vietnam, the scope for supply chain linkages with CLMV countries is limited on account of the limited manufacturing capabilities and development in these countries.

India's major exports to Vietnam in 2019-20 included iron and steel, meat, fish and vehicles, etc. Between 2009 and 2019, the share of top ten commodities of export from India to Vietnam has got reduced from 75.8% to 73.5% (Table 10). It implies a little diversification in India's exports commodities to Vietnam.

Table 4.8: Share of India's top 10 export items to Vietnam

S. No.	Commodity name	2009 (%)	Commodity name	2019 (%)
1	Meat and edible meat offal	16.8	Iron and Steel	21.7
2	Fish and crustaceans, molluscs and other ...	3.6	Meat and edible meat offal	21.2
3	Cereals	6.7	Articles of stone, plaster...	2.8
4	Residues and waste from food industries...	23.2	Cotton	4.1
5	Organic chemicals	2.9	Electrical Machinery and Equipments...	3.1
6	Pharmaceutical products	5.6	Fish and crustaceans, molluscs and other ...	5.5
7	Miscellaneous Chemical Products...	3.6	Nuclear Reactors, Boilers and Appliances	3.1
8	Plastic and articles thereof	3.2	Oil seeds and olea. Fruits; Misc. grains...	3.9

9	Cotton	5.7	Plastic and articles thereof	3.1
10	Iron and Steel	4.5	Vehicles	5.0
	Total	75.8	Total	73.5

Source: Export-Import Databank, Department of Commerce, India.

India's major import items from Vietnam in 2019-20 included 'electrical machinery and equipments', 'copper and articles thereof' and 'inorganic chemicals'. In fact, electrical items constituted more than half of India's total imports from Vietnam in the same year (2019-20), which is almost twice the import a decade back in 2019-20. This is one of the reasons that the share of India's top ten import items from Vietnam during the same period has increased from 81.8% to 85.4% (Table 4.9), implying increasing concentration of India's import commodities from Vietnam.

Table 4.9: Share of India's top 10 import items from Vietnam

S. No.	Commodity name	2009 (%)	Commodity name	2019(%)
1	Coffee, tea, mate and spices	15.3	Articles of iron or steel	3.1
2	Salt; sulphur; earths and stone...	7.9	Coffee, tea, mate and spices	2.9
3	Electrical machinery, equipments and others	29.3	Copper and articles thereof	6.1
4	Mineral fuels, mineral oils and others	8.0	Electrical machinery, equipment and others	55.0
5	Inorganic chemicals; organic or inorganic compounds and others	4.0	Inorganic chemicals; organic or inorganic compounds and others	4.8

6	Plastic and articles thereof	3.4	Plastic and articles thereof	1.7
7	Nuclear reactors, boilers and appliances	7.3	Nuclear reactors, boilers and appliances	5.1
8	Other made up textile articles...	2.3	Rubber and articles thereof	3.0
9	Vehicles	2.2	Optical, photographic cinematographic measuring and others	1.6
10	Rubber and articles thereof	2.1	Footwear, gaiters and the like...	2.1
	Total	81.8	Total	85.4

Source: Export-Import Databank, Department of Commerce, India.

4.2.5 Reason behind recent surge in imports from Vietnam:

In the last two decades, India's exports to Vietnam as well as India's imports from Vietnam have increased exceptionally. However, imports from Vietnam overtook India's exports to Vietnam for the first time in 2018-19 creating a trade deficit for India. India in 2019-20 incurred a trade deficit of around USD 2.2 billion with Vietnam from a surplus of USD 2.8 billion two years back in 2017-18. The trade deficit has been caused by increase in imports from Vietnam in the last two years has been led by high imports of electrical machinery, copper articles and inorganic chemicals while the simultaneous decline in exports of marine products to Vietnam (EXIM Bank 2020). It is alleged that China routed its electronic products to India through countries like Vietnam, Singapore and Hongkong in the wake of US-China trade war. India does not have FTA with China while China has FTA with Vietnam. It is alleged that Chinese have not only spurred investments in Vietnam but are also abusing the principles of Rules of Origin to take benefits of India's FTA with Vietnam (under India-ASEAN FTA). Between 2017-18 and 2019-20, Chinese exports of electronic items to India declined from USD 28.6 billion to USD 19.1 billion while imports from Vietnam of the same increased from USD 1.6

billion to USD 4 billion. Similar trend was observed in India's import of electronic items from Singapore (Pattanayak 2020).

4.3 India-CLMV Investment Ties

In the last one decade, CLMV region has emerged as an attractive destination for global investments owing to high growth, trade openness, low wage labour, preferential access to China, EU, USA and other markets, and natural resource reserves. However, the major source of investments in the CLMV is intra-ASEAN investments. Japan, South Korea, China and the USA are the major extra-regional investors. As per the World Investment Report, Vietnam's share in inward investments in the CLMV region has increased from 50% to 70% in the last decade between 2010 and 2019 (EXIM Bank, 2020).

According to the fDi Market database, India ranked as the 16th largest investor in the CLMV region in the last decade during 2010-2019 with a share of 1.5%. As per RBI data, during April 1996 to March 2020, India's approved direct investments in CLMV countries amounted to USD 1.2 billion (1.4% of outward investments by India in ASEAN). Among the CLMV economies, Vietnam received the bulk of flows during this period (57.8%) followed by Myanmar (38%), Cambodia (2.7%) and Laos (1.4%) (Table 4.10). Vietnam received investments from India mainly in manufacturing sector while Myanmar attracted investments in sectors like agriculture, hunting, forestry and fishing. However, in 2019-20, Myanmar received the largest chunk of India's outward FDI to CLMV with a share of 64% compared to Vietnam's share of 35%. During the Act East Phase, India's investments in the CLMV countries received boost (EXIM Bank 2020). In 2016, India established a Project Development Fund of Rs 500 crore (USD 75 million) for promoting private sector to expand manufacturing base in the CLMV region. Unfortunately, as of 2019, the fund has not been utilized, since not a single project has taken off under the fund. In a speech, the Minister of External Affairs mentioned that only 2 projects in Myanmar and 1 project each in Vietnam and Cambodia have been identified (as of 2019) so far (MEA 2020). The fund was created with a broader objective of developing regional supply chain linkages between India and ASEAN. Nevertheless, since 2015, when the AITISIA came into enforcement, an upward trend is

visible in India's investments in the CLMV countries (although among the CLMV, immediate enforcement of the investment agreement took place with Vietnam only and took time for enforcement with LDCs). India's investments in CLMV rose significantly from USD 12.3 million in 2015-16 to USD 153.4 million in 2019-20, about 13 times jump during the period. During this period, the share of CLMV region in India's FDI in ASEAN has increased from an insignificant 0.3% to 3.3%.

Table 4.10: India's outward FDI in CLMV (in USD million)

Country	2015-16	2019-20	April 1996 to March 2020
Cambodia	0.3	1.1	33.4
Lao PDR	1.2	-	16.8
Myanmar	1.4	98.3	467.8
Vietnam	9.4	53.9	710.8
CLMV	12.3	153.4	1228.7
ASEAN	4385.0	4634.9	83885.4
Share of CLMV	0.3	3.3	1.4

Source: Department of Economic Affairs, Ministry of Finance

On the other hand, among ASEAN members, CLMV region has a very insignificant share in FDI inflows in India (Table 4.11). CLMV countries are not major investors. Outward investments from the CLMV region accounted for only 1 % of the total investments from ASEAN. Consistent with the global investment trend, investments from the CLMV is very low in case of India as well. The total FDI from CLMV between Jan 2000 to Dec 2020 stood at USD 64.3 million. The share of CLMV in FDI from ASEAN is a miniscule 0.1%. These investments are mainly from Cambodia (78% among

CLMV) and Myanmar (13%). Thus, India-CLMV investment ties are dominated by Indian investments in the CLMV and not vice versa.

Table 4.11: Cumulative FDI from CLMV in India

Country	Cumulative FDI Inflow from January 2000 to December 2019
	(in US\$ million)
Vietnam	5.12
Myanmar	8.97
Cambodia	50.17
Grand Total	64.26
FDI Inflows from ASEAN countries	97194.40
Share of CLMV countries in ASEAN	0.06%

Source: DPIIT, Ministry of Commerce and Industry

4.3.1 India-Vietnam Investment Ties

Vietnam has emerged as an attractive destination for foreign investors due to advantages like stable political and economic environment, attractive investment policies, availability of raw materials, free trade agreements and preferential access to markets of developed countries, low labour costs and a young work force.

Table 4.12 shows India's approved FDI in recent years in Vietnam since 2015-16, when the ASEAN-India Investment Agreement became effective. An upward trend can be seen

during 2015-16 and 2017-18 as India's FDI in Vietnam jumped about 'eight times from USD 9.4 million to USD 73.9 million before falling to USD 53.9 million in 2019-20. Although, India's FDI in Vietnam has seen an overall increase since 2015-16, but the share of Vietnam in India's FDI in CLMV has got halved from 76.4% in 2015-16 to 35.1% in 2019-20, led by decline in India's FDI in Vietnam and rise in India's FDI in Myanmar (Table 4.12).

Table 4.12: Indian FDI in Vietnam (in USD million)

Years	Indian FDI in Vietnam	Indian FDI in CLMV	Share (%)
2015-16	9.4	12.3	76.4
2016-17	33.5	64.7	51.8
2017-18	73.9	131.5	56.2
2018-19	53.8	139.9	38.5
2019-20	53.9	153.4	35.1

Source: Department of Economic Affairs, Ministry of Finance

India's investments in Vietnam, as of 2019, stand at around USD 1.7 billion including investments routed through third countries. As per Vietnam's Foreign Investment Agency, India has 255 valid projects, as of 2019, with total invested capital of USD 922.34 million. India's investments in Vietnam are mainly in sectors like energy, mineral exploration, agro-processing, sugar, tea, coffee manufacturing, agro-chemicals, IT and auto components. (MEA Brief on India-Vietnam Relations, 4th Feb 2020). At the India-Vietnam Investment Forum, many sectors were identified for Indian investments in Vietnam such as pharmaceutical, food processing, garments, information technology, construction and renewable energy, in addition to energy sector. Compared to Indian investments in Vietnam, Vietnam has very low investments in India. As per Foreign

Investment Agency of Vietnam, total investments from Vietnam in India stood at only USD 28.55 million between April 2000 and June 2020, primarily in sectors like pharmaceuticals, IT, construction, etc. (MEA 2020). This is in line with the fact that Vietnam along with other CLMV members are not major outward investors.

4.3.2 India-Myanmar Investment Ties

In 2010s, Myanmar introduced economic reforms under the civilian President Thein Sein and visited India with business delegations for improving trade and investments between the two. India announced a Line of Credit of USD 500 million to Myanmar for promoting economic and development activities in Myanmar. Despite this, Indian investment in Myanmar remained low. In fact, it decreased from USD 3.2 million to USD 1.4 million between 2012-13 and 2015-16. It is only during the Act East phase that a continuous upward trend is visible in India's outward FDI in Myanmar. India's investments in Myanmar have been on an upward trend, increasing significantly from a mere USD 1.4 million in 2015-16 to USD 98.3 million in 2019-20. During this period, the share of Myanmar in India's outward FDI in the CLMV region has jumped almost six times from 11% to 64% (table 4.13). According to fDI Markets database, in the last one decade, around 80% of Indian investment in Myanmar is in the oil and gas sector. Major Indian companies making investments in Myanmar include ONGC Videsh Limited (OVL), Tata Motors, Essar Energy, Escorts, among others. Other sectors which attracted investments from India include financial sector, non-automation transport original equipment manufacturer (OEM) and wood products.

India's cumulative FDI outflows in Myanmar between April 1996 and March 2020 stood at USD 467.8 million, which amounts to a share of 38% in India's total investments in the CLMV during the period, next only to Vietnam. On the other hand, investment from Myanmar into India is very insignificant one. Between April 2000 and March 2020, the total cumulative investment from Myanmar stood at USD 8.97 million only.

Table 4.13: Indian FDI in Myanmar (in USD million)

Years	Indian FDI in Myanmar	Indian FDI in CLMV	Share (%)
2012-13	3.2	15.4	20.8
2013-14	16.2	40.9	39.6
2014-15	4.0	26.3	15.2
2015-16	1.4	12.3	11.4
2016-17	29.0	64.7	44.9
2017-18	54.7	131.5	41.6
2018-19	83.9	139.9	60.0
2019-20	98.3	153.4	64.1
Cumulative Investment between April 1996 and March 2020	467.8	1228.7	38.0

Source: Department of Economic Affairs, Ministry of Finance, GoI.

4.4 India-CLMV Strategic Ties

The CLMV countries are of great strategic importance for India. Three of the CLMV countries, namely, Cambodia, Laos and Vietnam form part of India's extended neighbourhood, whereas Myanmar shares land border with four states in the east including that of insurgency hit Manipur and Nagaland.

While Myanmar, among the CLMV, is strategically the most significant country for India from its security perspective, it is Vietnam with which India has the strongest strategic partnership owing to ties developed during the Cold War period as well as due to common strategic understanding on the need to balance the increasing Chinese assertion in the region. India seeks cooperation with Myanmar for combating insurgency

in India's northeast, for developing physical connectivity with ASEAN and for balancing or reducing China's presence in the IOR. Despite this, Vietnam is the only CLMV country to have strategic partnership agreement with India, signed as early as 2007, which was elevated to comprehensive strategic partnership in 2016.

Among the CLMV countries, India's strategic ties are least developed with Cambodia and Laos which rely heavily on China for trade and investments and are considered as the most trusted political allies of China among the Southeast Asian countries. Among the two, Cambodia has shown greater accommodation towards Chinese interests compared to Laos. In 2012, ASEAN foreign ministers for the first time failed to produce a joint statement because Cambodia, the host blocked any criticism of China. Again in 2016, Cambodia prevented the ASEAN from issuing a joint statement referring to the ruling of the PCA against China. (Baliga 2016). Because of lack of consensus among ASEAN members, it is feared that ASEAN Centrality can break down.

China has a strong role in India's strategic calculations in the CLMV region. Chinese strong influence in the CLMV region is a matter of immense concern for India, which wants the ASEAN countries, especially the CLMV to play the role of buffers or even allies against China (Wezeman 2019). It is not an easy task for India as for China, led by its economic might has made deep roads in CLMV economies. China is also the biggest military aid provider to Myanmar, Cambodia and Laos. China has been accused of dividing the ASEAN by the use of its economic and military aid to Cambodia and Laos, while the latter are accused of acting as 'satellite states' of China. Chinese arms constituted nearly 45% of total arms purchased by Cambodia since the past two decades (1998-2018) (Wezeman 2019). From the perspective of Cambodia, Vietnam is a greater security risk as Cambodia has not been able to forget the invasion of Vietnam in 1978 and its 10 year long control. Compared to Cambodia, Laos tries to balance its ties with all its neighbours- Vietnam, Thailand and China (Pang 2017).

Besides, Cambodia and Laos do not have any territorial disputes with China, unlike Vietnam. China, thus, fits easily into their national interest calculations. Surprisingly, the Cambodian PM on his visit to India in 2018, in a joint statement mentioned “safety and security in the Indo-Pacific region and also supported freedom of navigation as well as overflight and peaceful resolution of maritime disputes as per international laws. India’s defence cooperation with Cambodia and Laos include training of defence personnel in unexploded explosives, demining and basic tactics besides training in English and Computers under ITEC programme. The upcoming sections will look into India’s bilateral defence-security ties with the two most strategically important CLMV countries- Myanmar and Vietnam.

4.4.1 India-Myanmar Strategic Ties

Myanmar is strategically one of the most significant ASEAN countries for India. Myanmar is the only ASEAN country to share land border with India. India’s four northeast states namely Mizoram, Manipur, Nagaland and Arunachal Pradesh share border with Myanmar. In other words, Myanmar is the physical gateway for India to ASEAN. Improved physical connectivity with Myanmar is essential for India’s trade with ASEAN countries, especially with the CLMV countries. Improving physical connectivity with Myanmar is a major strategic goal of India as part of its broader objective of improving connectivity with ASEAN.

In this direction, India and Myanmar are working on connectivity projects such as the IMT trilateral highway and the Kaladan project. These projects upon completion will not only boost India’s trade and investment ties with Myanmar (and with other ASEAN countries), but will also act as a catalyst for the development of India’s northeast. Both these projects were started during the Look East phase, and as of 2019, are yet to be completed. One of the major challenges in the completion of the Kaladan project was disturbances created by insurgent groups, which take shelter across the India-Myanmar border. Under Operation Sunrise 1 and 2 in 2019, Indian and Myanmar’s army destroyed

around a dozen camps of the Arakan army in the Rakhine province, which threatened the multi modal project (Anand 2019).

India's defence and security cooperation with Myanmar has traditionally been based on the need to combat the problem of insurgency in its North-East region. Insurgent groups, using their base in Myanmar, for long have disturbed security, peace and development in the region. Ensuring the safety of the region from cross border insurgency is the key for the development in India's northeast states and for the success of India's AEP (earlier the LEP). This was one of the important factors in India's shifting its position from no cooperation to 'yes' for cooperation with the 'Tatmadaw'. Earlier, India had taken a strong position against Myanmar's brutal suppression of pro-democracy uprising in 1988. The shift in India's position with regard to cooperation with the military of Myanmar started in the 1990s with the beginning of India's LEP and received momentum with the signing of an MoU on "maintenance of peace and tranquility in border areas" in 1995. The signing of this MoU was immediately followed by a joint military operation by Indian and Myanmar's army (Operation Golden Bird) along the Mizoram-Myanmar border (Singh 2015).

However, the major breakthrough in India-Myanmar defence and security cooperation occurred after Indian PM Manmohan Singh visited Myanmar in 2012, which was first such visit by an Indian PM in 25 years, on the back of political and economic reforms introduced in Myanmar in last few years. The focus on defence and security cooperation was evident from the visit of all three Service Chiefs of India to Myanmar soon and most importantly the visit of then Indian Defence Minister A.K. Antony in January, 2013. PM Modi in his first official visit to Myanmar in 2014 announced India's AEP. These high level exchanges imparted immense significance to the need of deeper strategic cooperation in the field of defence-security.

In the past two decades, military cooperation in the field of counter insurgency between the two has matured to such an extent that India carried out a surgical strike across the

border in 2015 without evoking any major criticism from the Myanmar authority. Moreover, in 2019, both the countries were involved in coordinated military operations- ‘Operation Sunrise’ across the border targeting militant groups operating in Assam, Nagaland and Manipur. To gain Myanmar’s support in combating insurgency, India has been generously providing military weapons and equipments to Myanmar. For example, India provided six second hand trainer air craft to Myanmar in 2018 free of charge, which is believed to be reward for Myanmar’s support. More importantly, India has shown realism in its policy with Myanmar by not taking any moral stand against the authorities in Myanmar in the wake of expulsion of democratic leader after the national elections in November 2020 followed by arrival of refugees of Myanmar into the border states of Manipur and Mizoram in India (Guha 2021).

As per SIPRI Military Expenditure Database, 2019, in the past two decades (1998-2018), China has been the major arms supplier to Myanmar constituting 44% of the total arms’ supply, while India’s share is only around 2%. India wants a stable and autonomous Myanmar, since a weak Myanmar can fall into Chinese trap jeopardizing India’s security in its doorstep. China has always seen Myanmar as a land bridge to the Indian Ocean (Byrd 2020). Myanmar joined the BRI project of China under which China is developing the China-Myanmar Economic Corridor. As part of the project, China is developing a deep sea port in the Kyaukpyu (Rakhine province) in the Bay of Bengal, very close to India built Sittwe port, also in the Rakhine province. Chinese built port is a cause of concern for India as it provides the Chinese access to the Indian Ocean, adjacent to Indian mainland, and can undermine the traditional advantageous position enjoyed by India in the Bay of Bengal region in case of war with China in future (Patranobis 2018). Upon completion, it will be the third sea port in the Indian Ocean built with Chinese assistance (after Gwadar port in Pakistani and Hambantota port in Sri Lanka). India fears the loss of influence and strategic leverage in the IOR on account of increasing Chinese presence through the construction of sea ports. Already, Myanmar is heavily dependent on China for trade and investments. India’s recent push to improve bilateral relations through developmental cooperation and security and defence cooperation is aimed at reducing Myanmar’s dependence upon China, both economically and militarily (Izzuddin and Atmakuri 2020).

India's deeper economic and military engagement with Myanmar started under PM Manmohan Singh in 2012 on the back of Myanmar's economic reforms which eased down sanctions put by the Western countries. After Indian then Defence Minister A.K. Antony visited Myanmar in 2012, a joint patrolling by Indian and Myanmar's coast guard in the Andaman sea region began in 2013. In the Act East phase, India has stepped up military cooperation with Myanmar, especially maritime cooperation to counterbalance growing Chinese influence in its neighbourhood. In 2017, India and Myanmar signed an MoU on maritime security cooperation. As part of maritime cooperation, India and Myanmar take part in joint patrolling and naval exercises, besides India helping Myanmar in training and capacity building, supply of spare parts of Russian weapons and equipments used by Myanmar, sell of India made weapons to Myanmar's navy among others. As of 2019, Myanmar was in talk with India to acquire INS Sindhuvir (a diesel-electric Kilo Class Submarine) from India, which India bought from Russia in the 1980s and has modernised for sell. After acquisition, it will be the first submarine of Myanmar's navy and will help to augment Myanmar's naval capability.

In addition to Myanmar's regular participation in multilateral naval exercises like MILAN and IONS, both countries conducted their maiden bilateral naval exercise, IMNEX in 2018, following the first ever bilateral army exercise IMBAX-2017. The major milestone in bilateral defence-security cooperation came in the form of Defence Cooperation Agreement signed in July 2019, which provided for cooperation in the areas of counter-insurgency, military to military ties, capacity building and maritime cooperation. The agreement is supposed to further energise India's defence and security cooperation with Myanmar.

4.4.2 India-Vietnam Strategic Ties

India and Vietnam hold a special relationship that is based on mutual trust and friendship developed during the Cold War period. India had strongly condemned the American Government for involvement in Vietnam War. Besides, India was among the few non-

communist countries to stand with Vietnam in the Vietnam- Cambodian War in 1978. In fact, India's friendship with the communist Vietnam was one of the reasons behind the distance maintained by the then ASEAN with India. Another point of convergence which brought India and Vietnam closer during the Cold War is the fact that Vietnam was the only Southeast Asian country to indulge in a full- fledged war with China in 1979. India, having fought a war with China and being defeated convincingly, feels naturally inclined to Vietnam.

Defence-security cooperation between India and Vietnam existed independently of Vietnam's membership of ASEAN. India and Vietnam had signed their first defence cooperation agreement in 1994, when Vietnam was yet to become a member of the ASEAN. It reflects significance that India attaches to Vietnam in India's foreign policy independently of ASEAN. However, Vietnam's joining of ASEAN, along with other CLMV countries, significantly added to the strategic significance of ASEAN for India. In the second phase of India's Look East Policy, India-Vietnam defence and security cooperation got firmly established through a series of bilateral agreements over the years that include a 15 point 'Defence Assistance Agreement' (2000), the 'strategic partnership agreement' (2007), an MoU on bilateral security cooperation (2008) signed between Ministry of Home Affairs of India and Vietnam's Ministry of Public Security, another MoU on Defence Cooperation (2009), a 'Joint Vision Statement on India-Vietnam Defence Relations for the period 2015-2020' (2015), an additional MoU between the coast guards of the two countries (2015) and finally the 'comprehensive strategic partnership agreement' (2016). After Vietnam became a member of the ASEAN, the 15 point defence assistance agreement of 2000 was instrumental in institutionalising regular defence ministerial dialogues, besides expanding the area of cooperation to "regular exchange of intelligence, joint coastguard training to combat piracy, jungle warfare and counterinsurgency training for the Indian army (something particularly useful in dealing both with the Naga insurgency in northeast India), repair of Vietnamese MiG aircraft, training of Vietnamese pilots and Indian assistance on small and medium arms production" (Brewster 2009).

The apprehension of an aggressive China has acted as a major driver of growing strategic partnership between the two, which got formalised through the Strategic Cooperation Agreement in 2007. Despite fighting a war with China in 1979, Vietnam had followed a policy of keeping economic and security aspects of its ties with China separate. However, increasing Chinese activities in the SCS, where Vietnam is a claimant, has acted to sour bilateral relationship between the two. Today, Vietnam is the most vocal among all the ASEAN countries in protesting against the assertive tendencies of China in the SCS (Jennings 2018).

In a further boost to bilateral ties, India and Vietnam elevated their relationship by signing Comprehensive Strategic Partnership Agreement in 2016, when PM Modi visited Vietnam for the first time as Indian PM. The agreement identified defence-security cooperation including cyber security and cooperation on anti-terrorism as the major area of strategic cooperation. During the period 2003-2019, bilateral defence-security cooperation between India and Vietnam has got wider and deeper and is featured by regular defence and security dialogues, military exercises and training, capacity building, defence line of credits, defence procurements and maritime cooperation including cooperation in the SCS in the Indo-Pacific. Maritime security cooperation between India and Vietnam has emerged as the most important aspect of bilateral defence and security cooperation especially under the Act East phase. It comprises of maritime security dialogues, naval exercises, ship visits, trainings, capacity building as well as supporting freedom of navigation in the SCS. During the Look East phase, Vietnam and India jointly conducted naval exercises only under the multilateral MILAN exercise led by Indian navy. Here, Vietnam's participation occurred only in few years, first time in 2008 and the second time in 2010 (in the Look East phase) and then it took eight long years to participate in the MILAN exercise in 2018. Similarly, bilateral naval exercise between the two took place only in 2018 for the first time. It shows the increasing significance attached to maritime cooperation with Vietnam under the Act East phase. Earlier, maritime cooperation had received boost by an MoU signed between the coast guards of India and Vietnam in 2015 and by the first Navy-to-Navy talks held a year later in 2016. The coast guards of the two countries focus on capacity building, combating 'transnational crime, and ship visits' (ANI News, 2020). The naval exercises (since

2018) and Navy-to-Navy talks have become regular features of India- Vietnam maritime cooperation now.

The strengthening of maritime cooperation between India and Vietnam under India's Act East phase can be explained by the increasing realisation by the two about the need to counter Chinese assertiveness in the SCS, where Vietnam is a claimant in the territorial dispute with China. Both India and Vietnam support freedom of navigation and overflight in the SCS, peaceful resolution of conflicts as per international laws and the early and effective conclusion of the 'Code of Conduct' in the SCS. India's decision in 2014 to continue joint oil and gas exploration in new blocks in the EEZ and the continental shelf of Vietnam in the SCS, despite objections from China reflects India's support for Vietnam's claim in the SCS (Vinh, 2019).

Another major area of security cooperation is the training of Vietnamese officials in ships and fighter planes procured from Russia and the sale of military spare parts, given both India and Vietnam have traditionally been importer of defence equipments from the USSR (now Russia). In addition, India, as an emerging defence manufacturer, also wants to achieve the target of US\$ 5 billion worth of defence exports. In this direction, India provided defence lines of credit to Vietnam twice, first of US\$ 100 million in 2014 and then US\$ 500 million in 2016. The defence credits are to help Vietnam purchase missiles like Akash, Brahmos besides torpedoes, helicopters and patrol vessels. However, defence cooperation also witnessed several challenges, especially with regard to export of high technology missiles. By 2005, Vietnam had made formal request to India for the supply of Prithvi and Brahmos missiles. As of 2019, not a single missile has been transferred to Vietnam from India as defence exports are yet to be finalised. Other areas of defence and security cooperation include cyber security, space and counter- terrorism. India and Vietnam signed an MoU on Cyber Security in 2016 for cooperation in the field of cyber security. Similarly, in the field of space cooperation, the two signed a framework agreement on cooperation in the exploration and uses of outer space. Besides, collaboration for satellite construction was also agreed for civilian and non-civilian purposes.

A careful observation of defence and security ties shows urgency and seriousness on the part of both India and Vietnam under the Act East phase. So far, both India and Vietnam were hesitant to provoke China (Vinh 2019). Moreover Vietnam tried to compartmentalize its maritime disputes with China and sought economic cooperation. This changed with events like, in 2014, when a Chinese oil rig appeared in Vietnam's EEZ and harassed its vessels¹⁹ and later in 2016, when China rejected the ruling of the PCA on the territorial disputes in the SCS. Vietnam felt the urgency to develop its defence capabilities and the need to strengthen its defence engagement with friendly countries like India in order to protect its territorial integrity and sovereignty.

India, on the other hand, has shown aggressiveness in taking on China in the wake of Chinese assertion in the SCS and intrusion in the IOR in the past few years. India realised that it can no longer afford to be a mute spectator and need to take pro-active measures if it wants to be seen as a credible power in the region. It is argued by Patasani that India's increasing robust security cooperation with Vietnam is also strategically motivated to counterbalance Chinese military nexus with Pakistan and establish its presence in the East Asia region just as Chinese is increasing presence in the IOR using India's neighbours like Pakistan (Patasani 2010).

To sum up the chapter, India-CLMV ties have got strengthened in the past two decades since the CLMV countries became part of ASEAN. In the economic field, bilateral trade between India and the CLMV increased 14 times, from less than a billion USD in 2003-04 to over USD 14 billion in 2019-20. This is almost double of the seven-fold jump witnessed in India-ASEAN trade and six-fold jump witnessed in India-ASEAN6 trade during the same period. Similarly, the share of CLMV in India-ASEAN trade doubled from 8% in 2003-04 to 16% in 2019-20, which reflects the increasing significance of the CLMV region in India-ASEAN trade. India-CLMV investment ties also increased during this period. India's investments in the CLMV region, though much small compared to

¹⁹ It was the deadliest confrontation between China and Vietnam since the Johnson reef skirmish. The confrontation in the SCS was followed by widespread protests in Vietnam against Chinese firms (Thu 2020).

the ASEAN6, grew from USD 12.3 million to 153.4 million while its share increased from 0.3% to 3.3% in India's outward investments in ASEAN in the Act East phase during 2015-16 and 2019-20. However, a cause of concern is the dominance of Vietnam in India's economic ties with the CLMV group. Earlier, Vietnam used to be a significant security and defence partner of India, but during the period 2003-2019, Vietnam emerged as a very important trading partner of India in ASEAN. Vietnam alone accounted for 87% of India-CLMV trade in 2019-20 besides 35% of India's investments in the CLMV in 2019-20, which in 2015-16 was as high as 76%. Another concern is trade deficit with the CLMV led by increasing imports from Vietnam. The asymmetry in India's trade with the CLMV needs to be corrected for India as it adds to India's overall trade deficit with ASEAN.

On the strategic front, India's cooperation with the CLMV has got enhanced, especially, in the Act East phase. While Vietnam remains the most important strategic partner of India among the CLMV members, strategic cooperation with the CLM countries remain under developed as Cambodia and Laos do not share the same level of security threats from China as is felt by Vietnam. Even then, India's security and defence cooperation with the CLM countries progressed in the Act East phase. India-CLMV ties got also received boost during this period with India trying to play the role of development partner for the CLM countries.

Overall, India's engagement with the CLMV remains underutilized, especially with the CLM countries. India's trade, investments and security ties with the CLMV stand nowhere close to China. The CLMV countries depend on China for 30% of their imports, whereas India's share is only 1.8%. India needs to step up its economic and strategic cooperation with the CLMV by completion of connectivity projects, developing manufacturing base in the CLMV region and by increasing its developmental cooperation. India's strategic concerns in the region demand India to emerge as a significant force in the CLMV region.

CHAPTER 5

Conclusion

India-ASEAN relations have progressed comprehensively since the enactment of India's LEP. The first phase of the LEP facilitated economic engagement between ASEAN and India apart from socialising them. In the later phases during 2003-2019, political-security (which was never absent in the first phase of the LEP), connectivity and cultural cooperation received greater priority in India-ASEAN relations (than during first phase of the LEP) along with economic cooperation. Under the AEP, India's engagement with the ASEAN members got further enhanced, which is visible through increase in the number of visits by the top leadership both ways. Strategically, India's role as a factor of peace, security and stability in the region got firmly established during this period.

In this dissertation, India-ASEAN regional and bilateral ties were analysed during the period 2003-2019 mainly from economic and strategic perspectives. While the economic relations looked into trade and investment aspects, under the strategic relations, mainly defence and security ties were analysed. In Chapter 2, India-ASEAN regional ties were discussed while Chapter 3 and Chapter 4 looked into India's ties with the ASEAN6 and with the CLMV respectively at both sub-regional and bilateral levels. One of the objectives of the research, as mentioned in the first chapter (Introduction), was to assess India-ASEAN regional ties vis-à-vis India's bilateral ties with ASEAN members during 2003-2019. An important question emerged in this context– How did India-ASEAN regional ties compare with India-ASEAN bilateral ties (with ASEAN members at the bilateral level)? In this context, one of the hypotheses noted – bilateralism, rather than regionalism, has dominated India's relations with ASEAN under both LEP and the AEP. In other words, India's bilateral ties with ASEAN members received preference over India-ASEAN regional ties. Another objective of the research was to analyse India's differentiated engagements with ASEAN members at the bilateral level, which were studied in Chapter 3 and Chapter 4. In this context, as per another hypothesis, India has followed a differentiated bilateral approach in its relation with ASEAN countries. In

addition to these, the research also aimed at analysing how India-ASEAN regional and bilateral ties progressed under the LEP and AEP during 2003-2019. The objective was to do a comparative analysis of the LEP and the AEP during this period. In the preceding chapters, Look East and Act East policies were analysed comparatively by looking into India-ASEAN ties during these phases.

This research has primarily been a comparative analytical study. In this dissertation, comparative method was used to study India-ASEAN regional ties vis-à-vis India-ASEAN bilateral ties, India-ASEAN6 ties vis-à-vis India-CLMV ties besides India's LEP vis-à-vis India's AEP. In addition, this dissertation also involved quantitative as well as qualitative analysis. India-ASEAN trade and investment figures were subject to quantitative analysis primarily while the strategic ties between the two went through qualitative analysis.

From the preceding chapters, it is evident that India has always endeavoured to develop strong India-ASEAN regional as well as strong bilateral ties with ASEAN members. While India-ASEAN strong regional ties is evident from overall increase in trade and investments and the range of defence-security agreements between the two, at the bilateral level, India's economic and security ties vary immensely with different ASEAN members. Economically, as has been seen in the preceding chapters, the ASEAN6 members are the dominant trading partners of India compared to the CLMV members. Again, among the ASEAN6, Singapore, Malaysia, Thailand and Indonesia are the major trade partners of India while comparatively, trade with Philippines is much lesser and with Brunei is the least. Singapore is the most important trade and investment partner of India among all ASEAN economies. Similarly, among the CLMV, India's trade with the sub-region is dominated by Vietnam comprehensively. Vietnam's share in India-ASEAN trade is, in fact, larger than that of Thailand (an ASEAN6 member) and, as of 2019, is the fourth biggest trade partner of India in ASEAN behind Singapore, Indonesia and Malaysia. Laos and Cambodia are the smallest trade partners of India not only among the CLMV, but among all the ASEAN members.

Again, while India incurred negative trade balance with ASEAN consistently at the regional level during 2003-2019, bilaterally, India's trade balance with ASEAN economies showed mix results. For a major part of 2003-2019, India had a favourable trade balance with Singapore and Vietnam which turned into negative recently. In 2019-20, India has trade surpluses only with Laos, Cambodia, Myanmar and Philippines (these are the countries with which India has small trade). In investment terms, ASEAN is a major investment partner of India (for both inward and outward flows). Overall, ASEAN is the second biggest source of FDI in India (next only to Mauritius) and the top destination of India's outward investments in the last two decades (see Chapter 2). However, bilaterally, India-ASEAN investment ties are dominated by Singapore to the extent of 97% in case of India's inward investments from ASEAN and 95% in case of India's outward investments in ASEAN. The CLMV sub-region has negligible share in India's inward investments.

Strategically, both India and ASEAN came much closer during the period 2003-2019, owing to the need to counter the increasing economic and military presence of China in the region. Despite internal divisions, ASEAN as a group doesn't want the domination of China in the region. Southeast Asian countries are concerned about increasing militarisation of China, withdrawal of the US and the prospects of arms race in the region. Security threats emanating from China has intensified over the years with its claims over the SCS besides its assertive tendency in the region, as seen in preceding chapters. This has acted as a catalyst for enhanced strategic convergence between India and ASEAN leading to strengthening of defence-security ties between the two. Additionally, security challenges in the region like terrorism, sea piracy, smuggling, cyber crime, etc also provided avenues for defence and security cooperation between the two. During this period, maritime security emerged as the most important domain of defence-security ties since both India and ASEAN members (except Laos) have maritime borders and are maritime neighbours.

India-ASEAN growing security-strategic ties are evident through widening and deepening of defence and security cooperation between the two during this period. Apart from holding annual Summit level dialogues and dialogues at the ministerial and armed

forces levels, India regularly participated in ASEAN led platforms like ARF, APMC and ADMM plus that helped to strengthen regional security cooperation between India and ASEAN. India and ASEAN formalised their strategic partnership by signing the Strategic Partnership Agreement in 2012. In the Act East phase, India-ASEAN defence and security ties expanded from joint exercises between armed forces, training and capacity building, anti-terrorism cooperation to include cyber security cooperation and sale of high order weapons and defence equipments. During this period, India was also in talks with ASEAN members like Vietnam for joint production of weapons. Unlike in the first phase of the LEP, during the AEP, India is widely seen among ASEAN members as a credible source of security across the region. With growing security ties, India has firmly established itself in the security architecture of the Asia-Pacific region. Security-strategic ties can be hoped to strengthen further because of increasing convergence over the emerging concept of Indo-Pacific.

Bilaterally, India's strategic ties with ASEAN members vary significantly depending upon each member's threat perception and strategic vision for the region. Unlike India-ASEAN strategic partnership at the regional level, India has strategic partnerships with only four of ASEAN nations bilaterally namely Singapore, Indonesia, Malaysia and Vietnam. Unlike at the regional level, India's armed forces have been conducting joint exercises with many of the ASEAN members bilaterally. India-ASEAN joint exercises take place through ADMM+ mechanisms which are not exclusive to India and ASEAN and involve other dialogue partners of ASEAN as well. Overall, Singapore and Vietnam are the closest strategic partners of India in the region. Among the ASEAN6, Singapore is the most comprehensive strategic partner of India, while security ties with Indonesia, Malaysia and Thailand continue to grow gradually. India's defence and security ties with Brunei and Philippines are the weakest in ASEAN, nevertheless, have received boost in the Act East phase as seen in the preceding chapters. The CLMV sub-region is very critical because of its proximity to India besides the fact that India shares land border with Myanmar in its northeast region. Since India's LEP, India's security cooperation with Myanmar has got strengthened in the field of counter-insurgency as evident from numerous joint operations in the last two-three decades. Nevertheless, India's strongest strategic partner among the CLMV is Vietnam, with which India's defence and security cooperation date back to pre-LEP period. Vietnam was the first Southeast Asian country

to sign strategic partnership agreement with India in 2007 and later, Vietnam became a comprehensive strategic partner of India in the Act East phase in 2016. India's security ties with Cambodia and Laos are the least within the CLMV group.

With the CLMV members, India's engagement is not confined only to trade, investments and security cooperation. India has been consistently supporting the development of the CLMV by investing in the physical and digital infrastructure of the region. In this direction, India's AEP has been more visible as the focus on developmental cooperation with the CLMV certainly increased in this phase. Soon after the announcement of the AEP, India came with many developmental initiatives like the USD 1 billion Lines of Credit to boost connectivity projects, both physical and digital, in ASEAN, USD 40 million grants to the CLMV members to kick start digital connectivity projects, a PDF of USD 77 million for the development of manufacturing hubs in the CLMV countries in addition to several Quick Impact projects. These initiatives helped in both enhancing India-CLMV trade and investments (and hence India-ASEAN economic ties) and in bridging the gap within ASEAN (between the ASEAN6 and the CLMV).

Based on discussion so far, it can be said that while India's regional ties with ASEAN strengthened in the last two decades but India's bilateral ties with ASEAN members did not progress uniformly. India has differentiated ties with ASEAN members at two tiers—one at the sub-regional level in India's ties with ASEAN6 vis-à-vis the CLMV, and the other at bilateral level within the sub-regions, India has differentiated engagement with the ASEAN6 members as well as with the CLMV members. In Chapter 3, it was observed that while India's relations with Indonesia, Malaysia and Thailand progressed gradually, however, India has the strongest bilateral relations with Singapore across political-strategic and economic fields. India's ties with Brunei and Philippines remained weak, especially with Brunei. During his first term as Prime Minister (2014-2019), PM Modi could not visit Brunei for once. On the investment front, Singapore alone outweighs any other ASEAN member in terms of India's inward and outward investment flows with ASEAN. Similarly, in Chapter 4, it was seen that within the CLMV, India's economic and strategic ties with Vietnam far outweigh ties with any other CLMV member. As mentioned earlier, Vietnam alone accounted for 87% of India-CLMV trade in 2019-20 and emerged as India's fourth biggest trade partner in ASEAN replacing

Thailand (an ASEAN6 member) in 2017-18, while Laos and Cambodia continued to occupy the bottom positions in India's trade with the CLMV as well as among all ASEAN members during this period. Similarly, India's investments in the CLMV are concentrated in Vietnam as has been seen earlier. On the strategic front, India and Vietnam became comprehensive strategic partners, while strategic partnership is yet to be established between India and the CLM members. Although Myanmar, bordering India's northeast region, holds significance from India's security perspective, but Vietnam holds special importance in India's strategic calculations as is evident from their strategic convergence on the need to prevent the domination of the region by China. India and Vietnam have fought wars against China in the past and recently, China's assertiveness has caused trouble for both India (at the land border) and Vietnam (at the maritime border). Cambodia and Laos, as has been discussed in Chapter 4, are more inclined towards China. India's defence and security cooperation are among the weakest with Cambodia and Laos. Based on the above discussion, the first hypothesis stands validated which says that India has followed a differentiated approach in its bilateral relations with ASEAN members, with special emphasis on relations with Singapore (within the ASEAN6) and Vietnam (within the CLMV). On the positive side, a significant aspect of India's differentiated approach with ASEAN is India's special attention to development needs of the CLMV members. India provides assistance for human resource development as well as for development of infrastructure through physical and digital connectivity projects. This helps in bridging the gap between the ASEAN6 and the CLMV members and is crucial for realisation of the ASEAN Economic Community. ASEAN acknowledges India's contribution towards this and is appreciative of India's role in this direction.

The second hypothesis that has been examined in this dissertation says that bilateralism, rather than regionalism, has dominated India-ASEAN relations under both LEP as well as AEP. It is true that India has very special bilateral relations with some of the ASEAN members like Singapore and Vietnam. However, strong bilateral relations with some countries in ASEAN do not mean that regional cooperation with ASEAN was ignored or was secondary to bilateral ties with ASEAN. During the LEP, India's commitment to regionalism was evident from strengthening of India-ASEAN regional ties through India's elevation from sectoral partner to summit level partner and then to strategic

partner, India's unwavering support to 'ASEAN Centrality' and regular participation in ASEAN led institutions like ASEAN Regional Forum (ARF), East Asia Summit, ADMM Plus, etc. Again, while India signed CECAs with ASEAN members like Singapore and Malaysia bilaterally, but these bilateral FTAs acted as a catalyst for the conclusion of ASEAN-India FTA in trade and services and investment agreement leading to the completion of ASEAN-India CECA at the regional level. This reflects the importance that India attaches to its ties with ASEAN as a bloc.

A careful study of India's bilateral relations in the region reveals that India's strong bilateral relations with ASEAN members like Singapore and Vietnam are important factors in the strengthening of India-ASEAN regional ties. For example, India's strong bilateral relation with Singapore helped India immensely in associating with ASEAN regionally. As has been seen, Singapore was the first ASEAN country to welcome India's LEP. Singapore was confident about India's economic potential and its importance in the strategic balance of the region. Without Singapore's support, it would not have been easy for India to become a member of the ARF and the EAS or to initiate summit level meetings with ASEAN in 2002 (despite oppositions by important ASEAN members like Malaysia). Singapore also helped to remove the suspicions and hesitations among fellow ASEAN members regarding maritime intentions of India in the region (in the context of growing militarisation of India). Thus, India's bilateralism with Singapore helped India's regional ties with ASEAN only. Similarly, with the strengthening of India's bilateral relations with other ASEAN members, India has gained greater acceptance within ASEAN regionally, which was evident throughout the presence of all the ten ASEAN members in New Delhi for the Republic Day celebrations in 2018. Overall, it can be said that India has maintained a balance between bilateralism and regionalism in its relations with ASEAN and, hence, the second hypothesis that bilateralism, rather than regionalism, has dominated India-ASEAN relations stands nullified.

Interestingly, growing India-ASEAN regional ties also helped to strengthen India's bilateral relations with ASEAN members. For example, following India's participation in ASEAN led institutions such as India's accession to the Treaty of Amity and

Cooperation (TAC), India's membership of the ARF, APMC, EAS, etc., bilateral relations between India and Malaysia improved since Malaysia has been committed to ASEAN regionalism. Earlier, as has been discussed, Malaysia, owing to its Islamic identity and its good relations with Pakistan, didn't use to hesitate in opposing India. For example, Malaysia was neither supportive of India-ASEAN Summit meeting in 2002 nor of India's admission to the East Asia Summit in 2005. Thus, while India's bilateral ties with some ASEAN members helped to strengthen India-ASEAN regional ties, in the same way, growing India-ASEAN regional ties helped to strengthen India's bilateral ties with some ASEAN members. To sum up, it can be said that India's bilateral and regional ties with ASEAN complement each other.

As far as India's AEP is concerned, a critical study of performance of the policy, as of 2019, reveals that the AEP, although energised India's political and security cooperation with ASEAN, but, so far, it has not been able to meet initial expectations in the economic field. A major setback to the AEP was India's decision in 2019 to come out of the RCEP negotiations on the pretext of flooding of Chinese goods and dairy products from New Zealand and Australia, which could exponentially increase India's trade deficit. India had been a participant in the negotiations for seven long years since 2012 and the enactment of the AEP should have been complemented by 'Act Domestic' policy. In other words, India needed to act and strengthen its domestic manufacturing capabilities during these years to be a part of the RCEP, which could have enhanced the credibility of India's AEP. Similarly, India's trade with ASEAN did not progress under the AEP as was expected. The target of 100 billion USD worth of bilateral trade, which was set in 2012, couldn't be achieved even by 2019, while India's trade deficit with ASEAN refused to decline during this phase.

Apart from these, India came up with many initiatives during the AEP, but the challenge of execution remains as was the case during the Look East phase. For example, since 2014, India was in talks with Vietnam to supply BrahMos anti-ship cruise missile, but as of 2019, the supply is yet to take place. Similarly, other ASEAN members like Indonesia, Malaysia, and Philippines showed interest in acquiring the BrahMos system, but little progress has been made so far (Bedi 2020). On the connectivity front, which is

a key focus of the AEP, the progress has been less than satisfactory. India-ASEAN connectivity projects like the 'IMT Trilateral' highway project, 'Kaladan' project are yet to be completed. Direct air connectivity is missing with most of the CLMV countries. India has direct air connectivity with only Myanmar and Vietnam among the CLMV members. As of 2018, not a single ASEAN country came forward to make use of the USD 1billion provided by India for connectivity projects. Based upon the performance of the AEP in its first five years (as of 2019), it can be said that the AEP is a further evolution of the LEP and maintains continuity with India's LEP.

In sum it can be said that although India has a much differentiated bilateral ties with ASEAN members, but India's overall ties with ASEAN strengthened significantly at both regional and bilateral levels. With India keen on developing strong regional and bilateral ties with ASEAN under the AEP and with the ongoing efforts towards ASEAN economic integration, it can be hoped that India's differentiated ties with ASEAN members will decline further in the Act East phase and India will have a more balanced relations with all ASEAN members.

References

Acharya, A. (2017), “The Myth of ASEAN Centrality?”, *Contemporary Southeast Asia*, 39(2), 273-279.

*AIC & RIS (2019), *Non-Tariff Measures: Evidence from ASEAN-India Trade*, RIS, New Delhi. [Online: web] Accessed 27 January 2021, URL: <https://www.ris.org.in/non-tariff-measures-ntms-evidence-asean-india-trade>

Ali, Mehrunnisa (1981), “Pakistan-Indonesia: Ties of Amity”, *Pakistan Horizon*, 34(1): 93-104.

Anand, Brig V. (2019), “India’s Defence Cooperation With Southeast Asian Countries”, *Vivekanand International Foundation*, July 2019.

Anwar, D. Fortuna, (2020), “Regional Security Outlook: More Continuity than Change in Indonesia’s Security Posture”, COUNCIL FOR SECURITY COOPERATION IN THE ASIA PACIFIC.

ASEAN Secretariat (2003), “ASEAN-India Joint Declaration for Cooperation to Combat International Terrorism”, 1 October 2003, URL: <https://asean.org/asean-india-joint-declaration-for-cooperation-to-combat-international-terrorism/>.

ASEAN Secretariat (2020), “ASEAN-India Economic Relations”, URL: <https://asean.org/our-communities/economic-community/integration-with-global-economy/asean-india-economic-relations/>.

ASEAN Secretariat (2020), “Plan of Action to Implement the ASEAN-India Partnership for Peace, Progress and Shared Prosperity”, 12 September 2020, URL: <https://asean.org/speechandstatement/plan-of-action-to-implement-the-asean-india-partnership-for-peace-progress-and-shared-prosperity-2021-2025/>.

ASEAN Secretariat (2020), “Treaty of Amity and Cooperation in Southeast Asia (TAC)”, URL: <https://asean.org/our-communities/asean-political-security-community/outward-looking-community/treaty-of-amity-and-cooperation-in-southeast-asia-tac/>.

AP (2009), “3 killed, 880 people rescued from Philippine ferry”, *The Hindu*, New Delhi, 6 September 2009, URL: <https://www.thehindu.com/news/international/3-killed-880-people-rescued-from-Philippine-ferry/article16879541.ece#>.

Baliga, A. et al. (2016), “Cambodia Again Blocks ASEAN Statement on South China Sea”, *The Phnom Penh Post*, Phnom Penh, 25 July 2016.

Batra, Amita (2020), “India’s Economic Relevance in the Indo-Pacific”, *Asian Perspective*, 44(3), 535-547.

Batra, Amita (2020). “The Economics of Act East Policy”, *The Institute of Peace and Conflict Studies*, Special Report, March 2020

Baruah, D. (2016), “Expanding India’s maritime domain awareness in the Indian Ocean”, *Asia Policy*, 22, 52–55.

Berger, B. H. (2019), “ASEAN Connectivity and China–Japan Infrastructure Export Competition: Challenges facing ASEAN Integration” In T. Kikuchi & M. Sakuragawa (eds.), *Financial Cooperation in East Asia*, (pp. 97–105).

Blank, J. et al. (2015), “How Is India’s Strategy Being Implemented in Southeast Asia?”, in Jonah Blank, Jennifer D. P. Moroney, Angel Rabasa and Bonny Lin (eds.) *Look East, Cross Black Waters*, California: Rand Corporation.

Breslin, S. and R. Higgott (2000), “Studying Regions: Learning from the Old, Constructing the New”, *New Political Economy*, 5(3), 333-352.

Brewster, D. (2009), “India’s Security Partnership with Singapore”, *The Pacific Review*, 22(5), 597-618.

Brewster, D. (2009), “India’s Strategic Partnership with Vietnam: The Search for Diamond on the South China Sea?”, *Asian Century*, 5(1), 24-44.

Brewster, D. (2013), “India’s Defence Strategy and the India-ASEAN Relationship” in Ajay K. Das (ed) *India-ASEAN Defence Relations*, Singapore: S. Rajaratnam School of International Studies.

Byrd, M. W. (2020), “HAS MYANMAR BECOME CHINA’S BACK DOOR TO THE INDIAN OCEAN?” In A. L. Vuving (Ed.), *HINDSIGHT, INSIGHT, FORESIGHT: Thinking About Security in the Indo-Pacific* (pp. 307–316).

[Online: web] Accessed 25 October 2020, URL:

<http://www.jstor.org/stable/resrep26667.25>

Chan, Jane (2016), “Singapore and the South China Sea: Being an Effective Coordinator and Honest Broker”, *National Bureau of Asian Research*, 21: 41-46.

Chintala, P. (2015), “India, Singapore enter into strategic partnership”, *The Hindu*, Chennai, 25 November 2015, URL: <https://www.thehindu.com/news/national/india-singapore-enter-into-strategic-partnership/article7913143.ece>

Cohan, M. Shawn, V. Mishra (2020), “India-Thailand Security Cooperation: Strengthening the Indo-Pacific Resolve”, *Journal of Asian Security and International Affairs*, 7(1): 36-56.

CSA (2018), Cyber Security Agency, Government of Singapore, “Singapore signs MoU extension with India to continue cyber security cooperation”, 8 June 2018, URL: <https://www.csa.gov.sg/Who-We-Are/Our-Organisation>.

Das, Sanchita B. (2017), “Southeast Asia Worries Over Growing Economic Dependence on China”, *ISEAS YUSOF ISHAK INSTITUTE*, Singapore, 3 November 2017.

*De, Prabir, et al. (2021), “India’s Development Partnership With IMT-GT: Identifying the Regional Cooperation Countours”, *AIC Working Paper, RIS*, New Delhi.

Dent, C. M. (2006), “The new economic bilateralism in Southeast Asia: region-convergent or region-divergent?”, *International Relations of the Asia-Pacific*, 6(1), 81-111.

Dent, Christopher M. (2016), *East Asian Regionalism*, 2nd Edition, London: Routledge.

*EXIM Bank (2020), *Building Infrastructure in CLMV: Opportunities for India*, Occasional Paper 22, New Delhi.

Farrell, Mary, (2005), “The Global Politics of Regionalism: An Introduction”, in Mary Farerll, Björn Hettne, and Luk Van Langenhove(eds.) *Global politics of regionalism: Theory and Practice* , London: Pluto Press

Fawcett, Louise 1995. “Regionalism in Historical Perspective”, in Louise Fawcett & Andrew Hurrell (eds), *Regionalism in World Politics: Regional Organization and International Order*, New York: Oxford University Press ,pp. 9-36.

Firmalino, Anna Floresca F. and J.A. Arapoc (2016), “Development Gaps in the ASEAN: A Comparison of the ASEAN6 and CLMN Using Gravity Models of the Trade”, *Journal of Global Business and Trade*, 12(2), 43-51. [Online: web] Accessed 26 December 2021, URL: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2986811

Fowler, N. (2019), “India and the renegotiation of its double tax agreement with Mauritius: an update”, *Tax Justice Network*, 4 April 2019, URL: <https://taxjustice.net/2019/04/04/india-and-the-renegotiation-of-its-double-taxation-avoidance-agreement-with-mauritius-an-update/>

Fukuoka, F. (2019), “Do CLMV Countries Catch Up With the Older ASEAN Members in terms of Income Level”, *Applied Economics Letter*, 26(8): 690-697.

Ganapathy, N. (2017), “India and Singapore deepen defence ties with naval agreement”, *The Straits Times*, 29 November 2017, URL: <https://www.straitstimes.com/asia/se-asia/india-and-singapore-deepen-defence-ties-with-naval-agreement>

Gerstl, Alfred (2020), “Malaysia’s Hedging Strategy Towards China Under Mahathir Mohamad (2018–2020): Direct Engagement, Limited Balancing, and Limited Bandwagoning”, *Journal of Current Chinese Affairs*, 49(1), 106-131.

Grossman, Derek (2020), “Vietnam is Losing its Best Friends to China”, *The Diplomat*, 2 November 2020. [Online: web] Accessed 20 November 2021, URL <https://thediplomat.com/2020/11/vietnam-is-losing-its-best-friends-to-china/>

Guha, S. (2021), “First Palestine And Now Myanmar: New India Sits Out on Issues of Human Rights At The UN”, *Outlook*, New Delhi, 19June 2021.

Hastings, Justin V. (2020), “The Return of Sophisticated Maritime Piracy to Southeast Asia”, *Pacific Affairs*, 93(1), 5-29.

Hettne, Björn (2005), "Beyond the 'new' regionalism", *New Political Economy*, 10 (4): 543-571.

Heydon, K., and S. Woolcock (2009), *The rise of bilateralism: Comparing American, European and Asian approaches to preferential trade agreements*, UNU Press: New York.

IANS (2018), "Narendra Modi holds talks with Hun Sen: India Cambodia agree to enhance maritime cooperation, combat terrorism", *Firstpost*, 27 January 2018 [Online: web] Accessed 15 October, URL: <https://www.firstpost.com/india/narendra-modi-holds-talks-with-hun-sen-india-cambodia-agree-to-enhance-maritime-cooperation-combat-terrorism-4322647.html>

Izzuddin, M. (2020), "Envisioning the Potential in India-Brunei Relations", *ISAS Insights*, (602).

Izzuddin, M. and A. Atmakuri (2020), "India's Myanmar Engagement under the Modi Government", *ISAS Insights*, Singapore, (601), 2 March 2020.

Jaishankar, Dhruva. (2019), "Acting East: India in the Indo-Pacific. Brookings India Impact Series 102019" *Brookings Institution India Center*.

Jennings, R. (2018), "What's Behind Vietnam's More Vocal Stance Against China?", *Voanews*, 30 April 2018, URL: <https://www.voanews.com/a/vietnam-s-on-and-off-again-criticism-of-china-reflects-stronger-political-economic-ties/4370586.html>

Jha, Ganganath (2008), "India's Dialogue Partnership with ASEAN", *India Quarterly*, 64(4): 1-34.

Jha, Pankaj K. (2008), "India-Indonesia: Emerging Strategic Confluence in the Indian Ocean Region", *Strategic Analysis*, 32(3), 443-444.

Kandavel, S. and Joe A. Scaria (2011), “Look East and act East, too: US Secretary of State Hillary Clinton to India”, *The Economic Times*, New Delhi, 20 July 2011, URL: <https://economictimes.indiatimes.com/news/politics-and-nation/look-east-and-act-east-too-us-secretary-of-state-hillary-clinton-to-india/articleshow/9299669.cms>.

Kaura, Vinay (2018), “Securing India’s Economic and Security Interests in the Indo-Pacific”, *Indian Journal of Asian Affairs*, 31(1/2), 37-52.

Krishnan, A. (2016), “Ambiguity about China’s air defence zone fans regional tensions”, *The Hindu*, Chennai, 26 May 2016. [Online: web] Accessed 14 December 2021, URL: <https://www.thehindu.com/news/international/world/ambiguity-about-chinas-air-defence-zone-fans-regional-tensions/article5398193.ece>

Kumarasamy, D. and P. De (2021), “ASEAN-India Production Networks in COVID Times” in ASEAN-India Development and Cooperation Report 2021, AIC&RIS, New Delhi.

Laskar, R.H. (2015), “PM Modi Proposes \$1 billion line of credit for connectivity with ASEAN”, *Hindustan Times*, 21 November 2015, URL: <https://www.hindustantimes.com/india/pm-modi-proposes-1bn-line-of-credit-for-connectivity-with-asean/story-VqSRhihw2jtpO5Th9XeTLI.html>.

Legro, Jeffrey W. "Bilateralism." In *International Encyclopedia of the Social Sciences*, volume 1, 2nd edition, edited by William A Darity, Jr., 296-297. Detroit: Macmillan Reference USA, 2008.

Majumdar, S.K., et al. (2020), “ E-Commerce and Digital Connectivity: Unleashing the Potential of Greater India-ASEAN Integration”, *Journal of Asian Economic Integration*, 2(1), 62-81.

Lewis, Martin W and Wigen, Kären E. (1997), *The myth of continents: A critique of metageography*, Oakland: University of California Press.

Ministry of Defence (2019), Government of India, Ministry of Defence, “Indo-Thailand Joint Military Exercise Maitree- 2019”, *PIB*, 12 September 2019, URL: <https://pib.gov.in/newsite/PrintRelease.aspx?relid=193155>.

MINDEF (2019), Government of Singapore, Ministry of Defence, “Singapore, India and Thailand Participate in Inaugural Maritime Exercise”, 16 September 2019, URL: https://www.mindef.gov.sg/web/portal/mindef/news-and-events/latest-releases/article-detail/2019/September/16sep19_nr.

Ministry of Defence (2021), Government of India, Ministry of Defence, ‘36th Edition of India-Indonesia Coordinated Patrol’, *PIB*, July. [Online: web] Accessed 25 November 2021, URL: <https://pib.gov.in/PressReleasePage.aspx?PRID=1740798> .

MEA (2015), Ministry of External Affairs (India), “13th ASEAN-India Summit and 10th East Asia Summit in Kuala Lumpur, Malaysia”, 18 November 2015, URL: https://www.mea.gov.in/press-releases.htm?dtl/26038/13th_ASEANIndia_Summit_and_10th_East_Asia_Summit_in_Kuala_Lumpur_Malaysia.

MEA (2015), Ministry of External Affairs of India, “Press Information Bureau”, 23 December 2015, URL: <https://pib.gov.in/newsite/printrelease.aspx?relid=133837>.

MEA (2017), Ministry of External Affairs of India, “Question No.808 Trade Through Seas” 9 February 2017, URL: <https://www.mea.gov.in/rajya-sabha.htm?dtl/28041/QUESTION+NO808+TRADE+THROUGH+SOUTH+CHINA+SEA>.

*MEA (2018), Ministry of External Affairs (India), “India-ASEAN Relations”, URL: <https://mea.gov.in/aseanindia/20-years.htm>.

MEA (2018), Ministry of External Affairs (India), “Prime Minister’s Keynote Address at Shangri La Dialogue (June 01, 2018)’ [Online: Web] Accessed 22 Jan. 2021 URL:<https://www.mea.gov.in/Speeches-Statements.htm?dtl/29943/Prime+Ministers+Keynote+Address+at+Shangri+La+Dialogue+June+01+2018>

*MEA (2019), Ministry of External Affairs (India), “India-Indonesia Bilateral Brief”, URL: https://mea.gov.in/Portal/ForeignRelation/INDIA_INDONESIA_2019.pdf.

MEA (2020), Ministry of External Affairs (India), “ Keynote Address by Secretary (East) at the India-Vietnam Business Forum”, 20 October 2020, https://mea.gov.in/Speeches-Statements.htm?dtl/33127/Keynote_Address_by_Secretary_East_at_the_India_Vietnam_Business_Forum.

MEA (2020), Ministry of External Affairs (India), “Speech by Minister of State for External Affairs on "Building Bridges for Constructive Development" at the 6th India-CLMV (Cambodia, Lao PDR, Myanmar and Vietnam) Business Conclave”, 4 December 2020, URL: <https://www.mea.gov.in/Speeches-Statements.htm?dtl/33258>.

Muni, S.D. (2011), “India’s Look East Policy: The Strategic Dimension”, *Institute of South Asian Studies*, Singapore, 1 February 2011.

Muni, S.D. and Chak, Mun (2012), “ASEAN-India Relation: Future Directions”, ISAS Special Reports, Singapore, 25 May 2012. [Online : web], Accessed 13 November 2021,

URL: https://www.files.ethz.ch/isn/143456/ISAS_Special_Report_05_-Asean-India_Relations_-_Future_Directions_New_25052012172612.pdf.

Muni, S. D. (2013), "India's Look East Policy: The Strategic Dimension" in S.M. D'Souza and R. Jetly (eds.) *Perspectives on South Asian Security*, NUS, Singapore.

Muni, S.D. and R. Mishra (2019), "Act East Policy (2014-): How Different ? How Successful?", in *India's Eastward Engagement : From Antiquity to Act East Policy*, New Delhi, Sage Publications.

Nachiappan, Karthik, (2021), "India-ASEAN Relations: Riding and Transcending the Indo-Pacific Wave", *The Journal of Indian and Asian Studies*, 2(2), 1-17.

Ngaibakching and A. Pandey (2020), "India's Act East Policy and ASEAN: Building a Regional Order Through Partnership in the Indo-Pacific", *International Studies*, 57(1), 67-78.

Nathan, K.S. (2013), "India-Malaysia Defence Relation: Enhancing Strategic Cooperation to Meet Common Challenges" in Ajay K. Das (ed) *India-ASEAN Defence Relations*, Singapore: S. Rajaratnam School of International Studies.

Nye, Joseph (1968), *International Regionalism: Readings*, Boston: Little, Brown & Company

Palmer, N.D. (1991), "The new regionalism in Asia and the Pacific", *The Journal of Asian Studies*, 51 (3), 628-629.

Pang, E. (2017), "Same-Same But Different: Laos and Cambodia's Political Embrace of China", *ISEAS, Yusof Ishak Institute*, 5 September 2017.

Pant, Harsh V. (2009), “India in the Indian Ocean: Growing Mismatch between Ambitions and Capabilities” *Pacific Affairs*, 82(2), 279-297.

Parameswaran, P. (2017), “Why the New India-Singapore Naval Pact Matters”, *The Diplomat*, 30 November 2017, URL: <https://thediplomat.com/2017/11/why-the-new-india-singapore-naval-pact-matters/>.

Patasani, P.K. (2010), “India and its Look East Policy”, *Nam Today*, 27(4), p.21.

Patranobis, S. (2018), “Too close for comfort: China to build port in Myanmar, 3rd in India’s vicinity”, *Hindustan Times*, New Delhi, 9 November 2018, URL: <https://www.hindustantimes.com/india-news/china-myanmar-ink-deal-for-port-on-bay-of-bengal-third-in-india-s-vicinity/story-Lbm4IwOMuqrNvXGv4ewuYJ.html>.

Pattanayak, B. (2019), “Surge in Imports from Singapore under Lens”, *Indian Express*, New Delhi, 4 December 2019, URL: <https://indianexpress.com/article/business/surge-in-imports-from-singapore-under-lens-6149404/>.

Pattanayak, B. (2020), “China Factor: India’s Trade with Vietnam Swings from Big Surplus to Large Deficit”, *Financial Express*, New Delhi, 10 July 2020. [Online: web] Accessed 02 December 2021, URL: <https://www.financialexpress.com/economy/china-factor-indias-trade-with-vietnam-swings-from-big-surplus-to-large-deficit/2019048/>.

Peri, Dinakar (2016), “India joins China and Pakistan in multilateral exercises”, *The Hindu*, 17 February 2016, URL: <https://www.thehindu.com/news/national/india-joins-china-and-pakistan-in-multilateral-exercises/article8245671.ece>.

Peri, Dinakar (2021), “The Growth of India’s Defence Exports”, *The Hindu*, 16 December 2021.

PHD Research Bureau (2019), *India's Trade and Investment Opportunities with ASEAN Economies*, New Delhi.

PIB, Government of India (2019), "Joint Statement of 16th AEM-India Consultations", New Delhi, 10 September 2019, URL: <https://pib.gov.in/PressReleasePage.aspx?PRID=1584641>.

PIB, Government of India (2021), "Shri Piyush Goyal called upon the ASEAN bloc to do away with Non-Tariff Barriers", New Delhi, 8 October 2021, URL: <https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1762079>.

PTI (2016), "Second Joint Commission between India, Cambodia held", *Financial Express*, New Delhi, 8 July 2018, URL: <https://www.financialexpress.com/india-news/second-joint-commission-meeting-between-india-cambodia-held/311040/>.

PTI (2017), "India, Singapore renew bilateral air force agreement" *Business Standard*, New Delhi, 19 January 2017, URL: https://www.business-standard.com/article/pti-stories/india-singapore-renew-bilateral-air-force-training-agreement-117011900982_1.html.

PTI (2018), "TATA Sons sets up office in Singapore", *The Hindu Businessline*, New Delhi, 12 March 2018, URL: <https://www.thehindubusinessline.com/companies/tata-sons-sets-up-office-in-singapore/article20711410.ece1>.

PTI (2019), "India calls for diversification of export basket for sustainable trade with Indonesia", *The Economic Times*, New Delhi, 9 July 2019, URL: <https://economictimes.indiatimes.com/news/economy/foreign-trade/india-calls-for-diversification-of-export-basket-for-sustainable-trade-with-indonesia/articleshow/70148339.cms>.

PTI (2020), “India’s pulses import may fall 60% next fiscal: IPGA”, *The Hindu*, Chennai, 14 February 2020, URL: <https://www.thehindu.com/business/Industry/indias-pulses-import-may-fall-60-next-fiscal-ipga/article30821416.ece>.

PTI (2021), “Need to focus more on air connectivity between India, ASEAN countries: Union Minister Sarbananda Sonowal”, *The Economic Times*, 14 September 2021. [Online: web] Accessed 15 November 2021, URL: <https://economictimes.indiatimes.com/industry/transportation/airlines/-aviation/need-to-focus-more-on-air-connectivity-between-india-asean-countries-union-minister-sarbananda-sonowal/articleshow/86197190.cms?from=mdr>.

Raja Mohan, C. (2011), “Looking Beyond Malacca”, *The Indian Express*, New Delhi, 11 October 2011. [Online: web] Accessed 16 October 2021, URL: <https://indianexpress.com/article/opinion/columns/looking-beyond-malacca/>.

Roy, S. (2008), “India to set up Air Force Academy at Laos”, *The IndianExpress*, New Delhi, 30 August 2008. [Online: web] Accessed 24 November 2021, URL: <http://archive.indianexpress.com/news/india-to-set-up-air-force-academy-in-laos/355204/>.

Ruggie, J. G. (1992), “Multilateralism: the anatomy of an institution”, *International organization*, 46(3), 561-598.

Saraswat, V.K. et al. (2017), “A Note on Free Trade Agreements and their Costs”, NITI Aayog, New Delhi.

Scott, David (2019), “China’s Indo-Pacific Strategy: The Problems of Success”, *The Journal of Territorial and Maritime Studies*, 6(2), 94-112.

*Seshadri, V.S. (2017), “India-Singapore CECA: An Appraisal”, *ASEAN-India Centre (AIC), RIS*, New Delhi.

Sibal, K. (2019), “The Role of Military Diplomacy in India’s Foreign Policy”, *World Affairs: The Journal of International Issues*, 23(1): 24-37.

Siddiqui, H. (2019), “Made in India missile big hit! Countries across the world show interest in buying Brahmos, Akash”, *The Financial Express*, New Delhi, 14 March 2019. [Online: web] Accessed 23 December 2021, URL: https://mea.gov.in/Portal/ForeignRelation/INDIA_INDONESIA_2019.pdf.

Singh, L.B. (2017), “China’s Strategy on the South China Sea Disputes”, *World Affairs: The Journal of International Issues*, 21(1), 80-99.

Singh, S. (2015), “Myanmar Strike: Not the First Time Army Conducted Cross Border Operations”, *The Indian Express*, New Delhi, 10 June 2015. [Online: web] Accessed 15 December 2021, URL: <https://indianexpress.com/article/india/india-others/army-crossed-border-to-target-militants-in-the-past-too/>.

Shreyas, A. (2018), “Harimau Shakti 2018: What’s special about India and Malaysia’s joint counter guerrilla operations?” *Financial Express*, New Delhi, 7 May 2018, URL: <https://www.financialexpress.com/defence/harimau-shakti-2018-whats-special-about-india-and-malaysias-joint-counter-guerrilla-operations/1158278/>.

Taneja, Nisha et al. (2019), *India-Myanmar Border Trade*, Indian Council for Research on International Relations, New Delhi.

Tellis, A. J. (2006), “The evolution of US-Indian ties: Missile defense in an emerging strategic relationship”, *International Security*, 30(4), 113-151.

Than, T.M.M. (2014), “Introductory Overview: Myanmar’s Economic Reforms”, *Journal of Southeast Asian Economies*, 31(2), 165-172.

Thu, H.L. (2020), “Rough Waters Ahead for Vietnam-China Relations”, *Carnegie Endowment for International Peace*, Washington, DC, 30 September 2020, URL: <https://carnegieendowment.org/?lang=en>.

Timo, Behr and J. JOKELA (2011), “Regionalism & Global Governance: The Emerging Agenda”, Notre, Europe. [Online: web] Accessed 17 January, 2021, URL: https://institutdelors.eu/wp-content/uploads/2018/01/regionalism_globalgovernance_t.behr-j.jokela_ne_july2011_01.pdf

Vinh, V.X. (2019), “India-Vietnam Relations under Modi 2.0: Prospects and Challenges”, *ISEAS Yusof Ishak Institute*, 14 October 2019, Singapore.

Vinh, V.X. (2019), “India in Vietnam’s Foreign Policy”, *Strategic Analysis*, 44(1), 31-44.

Wezeman, S.T. (2019), *Arms Flow to South East Asia*, Sweden: SIPRI

Whye, L.K. (2019), “Will Singapore continue to be India’s largest Foreign Investor?”, *Livemint*, 10 June 2019, URL: <https://www.livemint.com/news/india/will-singapore-continue-to-be-india-s-largest-foreign-investor-1560152412630.html>.

Yahya, F. (2005), “Malaysia and India Engagement” *Contemporary Southeast Asia*, 27(3): 472-498.

Yhome, K and Maini, Tridivesh Singh 2017, “India’s Evolving Approach to Regionalism: SAARC and Beyond”, *Rising Powers Quarterly*, vol.v(2), pp. 147-165.