



India's Look East - Act East Policy: A Bridge to the Asian Neighbourhood



SYMBIOSIS INSTITUTE OF INTERNATIONAL STUDIES
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Preface

The collapse of the Soviet Union in 1991 marked the end of the Cold War and the world order that anteceded it. The dynamics post the era saw a swift global reconstruction. United States of America became the most powerful country in the world and China emerged as the face of the 'East', a once underdeveloped country was on the path to becoming a global super power. In a world that was rapidly globalizing, the 'Look East Policy' was a course correction in India's foreign policy. It was formally launched in the 1990s by the Narasimha Rao-led government when India sensed the change in the locus of world economic power from the 'west' to the 'east' as necessitated by the evolving geo-politics and trends in the Asia- Pacific. The aim was to revive political ties, forge regional security cooperation and develop economic linkages by increasing integration with Southeast Asia. Over the years, India joined ASEAN-led arrangements such as the ASEAN Regional Forum (ARF), ASEAN Defence Ministers' Meeting Plus (ADDM+) as also ASEAN-India Annual Summit and the East Asia Summit (EAS) which has institutionalized India's association with Southeast Asia.

The Narendra Modi-led government which came into power in 2014 has accorded high priority to India's Look East Policy. During his opening statement at the 12th ASEAN summit, he underscored the importance of the 10-nation ASEAN bloc in a new era of economic development, trade, investments and industrialization. He made known to the world that India is not merely 'Looking East' but is now 'Acting East' as well, thus, revising the title to 'India's Act-East Policy'. This phase was also characterized by an expanded definition of 'East' extending from Australia to China. There has been a consensus in India cutting across the political spectrum in support of the revision of the 'Look East Policy'. This enthusiasm and intensity in momentum of various actors in the economy is marking another shift in this foreign policy, of 'Thinking East' too.

In line with the thrust of India's foreign policy, the Symbiosis Institute of International Studies, with the support of the Ministry of External Affairs, Government of India, organized an International Relations Conference titled 'India's Look East- Act East Policy: A Bridge to the Asian Neighbourhood.' The conference comprised five tracks which find resonance with the key areas of the policy. The era of globalization and rapid development of technology makes it possible for nations to come together, economically, for mutual benefits. The track dedicated to 'India's Trade and Investments in

Southeast and East Asia' confirms the emergence of a new architecture of world economy which is marked by trading blocs, promoting economic growth within the region. The priority of any successful cooperation is the presence and scope of connectivity, the track titled 'Road and Maritime Connectivity: Vital Elements for Economic Growth' states that connectivity assumes an important and strategic link but the current geo-political scenario puts forth some security concerns to this plausible accordance, the track 'Security and Defence within the Framework of the LEP' explores the prerequisite of a stable and secure region if the policy has to take a leap forward.

The commonalities of India with Southeast Asia are many compared to the dissimilarities. The region shares cultural and religious values, and forms a large collective weight of the global population with a similar demography. These similarities create a ground to work together towards a peaceful and sustainable future and people-to-people exchanges, the track 'Education and Culture: Vectors of Sustainable Human Development' captures this essence. The policy also points towards the strategic importance of India's Northeast region. Political isolation over the years exacerbated the socio-economic issues of the region vis- a- vis the rest of country, the track dedicated especially to this region, 'Northeastern Region of India (NER): A Gateway to Southeast Asia' deals with the strategy of economic development in this region, the issues of internal and border security, and the question of socio-cultural identity. The Northeast region has the potential to play the arrow head role in evolution of the 'Look East- Act East Policy', and in fact it would not be wrong to say that looking and acting east will begin from here. South Asian states such as Bangladesh, Nepal and Bhutan are so closely linked with Act East policy that they also need to be considered as part of the policy

Symbiosis Institute of International Studies (SIIS) hosted this two day conference to deliberate on the multifaceted and evolving contours of the LEP in order to contribute and make substantive inputs to Phase III of the policy. It is through these endeavours that we envisage positioning SIIS as a think-tank and research institute in the country's western region.

Dr. Vidya Yeravdekar
Principal Director
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Dr. Rajani R. Gupte
Vice Chancellor
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Acknowledgements

The International Relations Conference 2014 titled “**India’s Look East - Act East Policy: A Bridge to the Asian Neighbourhood**” was organized by the Symbiosis Institute of International Studies at a very propitious moment when India’s Look East Policy has, in fact, become the arrow head of India’s foreign policy. The conference is a step towards positioning the Symbiosis Institute of International Studies as a think-tank, teaching and research institute.

We are extremely grateful to the Public Diplomacy Division, Ministry of External Affairs, Government of India, and particularly, Mr. Anil Wadhwa, Secretary (East), for their generous support and cooperation in this endeavour.

We would also like to thank Amb. Sudhir Devare, Ram Sathe Chair Professor, Symbiosis Institute of International Studies and Convener of the IRC 2014 for his tireless efforts and valuable guidance to make the conference a success.

We would like to extend our appreciation to all our distinguished speakers and guests for providing rich contributions and invaluable insights with regard to the myriad aspects of the Look East Policy.



Table of Contents

Inaugural Session 07
Track I: India's Trade and Investments in South and Southeast Asia 15
Track II: Road and Maritime Connectivity: Vital Elements for Economic Growth 31
Track III: Security and Defence within the Framework of the LEP 39
Track IV: Education and Culture: Vectors of Sustainable Human Development 51
Track V: North eastern Region of India (NER): A Gateway to Southeast Asia 59



List of Acronyms

ACD	Asian Cooperation Dialogue
ADMM	Asian Defence Ministers Meeting
AH	Asian Highway
APEC	Asia- Pacific Economic Cooperation
APTA	Asia- Pacific Trade Agreement
ASEAN	Association of South East Asian Nations
BCIM	Bangladesh, China, India, Myanmar
BCIM-EC	Bangladesh, China, India and Myanmar-Economic Corridor
BIISS	Bangladesh Institute of International and Strategic Studies
BIMSTEC	Bay of Bengal Initiative for Multi- Sectoral Technical and Economic
BJP	Bhartiya Janta Party
BRICS	Brazil, Russia, India, China and South Africa
CAGR	Compound Annual Growth Rate
CEPA	Comprehensive Economic Partnership Agreement
CII	Confederation of Indian Industry
CLMV	Cambodia, Laos, Myanmar, Vietnam
EAS	East Asia Summit
EXIM	Export- Import
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
FTAAP	Free Trade Area of Asia- Pacific
GDP	Gross Domestic Product
GMS	Greater Mekong Sub- region
GST	Goods and Services Tax
GVC	Global Value Chains
ICCR	Indian Council for Cultural Relations
ICT	Information, Communication and Technology
IDSA	Institute for Defense Studies and Analyses
IIFCL	India Infrastructure Finance Company Limited
IPR	Intellectual Property Right
IS	Islamic State



JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
LDCs	Least Developed Countries
LEP	Look East Policy
LEAP	Look East- Act East Policy
LoC	Line of Credit
MERCOSUR	Mercado Común del Sur, South Cone Common Market
MGC	Mekong- Ganga Cooperation
NAFTA	North American Free Trade Agreement
NER	North East Region
NGOs	Non-Governmental Organizations
NTB	Non-Tariff Barriers
ODA	Official Development Assistance
ONGC	Oil and Natural Gas Corporation Limited
PMO	Prime Minister's Office
PPP	Public- Private Partnership
RCEP	Regional Comprehensive Economic Partnership
RVC	Regional Value Chains
SAARC	South Asian Association for Regional Cooperation
SDG	Sustainable Development Goal
SEZ	Special Economic Zone
SWOT	Strength, Weaknesses, Opportunities and Threats
TAR	Trans- Asian Railway
TiSA	Trade in Service Agreement
TPP	Trans- Pacific Partnership
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UNESCAP	United Nations Economic and Social Commission for Asia and the Pacific
WTO	World Trade Organization

Inaugural Session

Inaugural session presided by:

Padmabhushan Dr. S. B. Mujumdar

Founder and Chancellor
Symbiosis International University

Chief Guest

Shri Nitin Gadkari

Union Minister for Road Transport and Highways

Special Guest of Honour

Dr. Ram Sharan Mahat

Finance Minister, Nepal

Special Guest of Honour

Mr. Md. Shahriar Alam

State Minister for Foreign Affairs, Bangladesh

Special Guest of Honour

Mr. Anil Wadhwa

Secretary (East), Ministry of External Affairs,
Government of India

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Vice Chancellor
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Dr. Vidya Yeravdekar

Principal Director
Symbiosis



Chief Guest

Shri Nitin Gadkari

Union Minister for Road Transport and Highways



Mr. Nitin Gadkari's address at the Symbiosis International University centred on the development of shipping and road sectors in the context of improving relations with the neighbouring Southeast and East Asian countries. Pointing out that improvement in relations with neighbours was of utmost importance to the government of Prime Minister Narendra Modi, Mr Gadkari said, "We need to participate in the new world order by making use of new technology and better connectivity."

He outlined his plans for formulating innovative solutions to some common problems that he learnt about during his tenure at the Public Works Department, Maharashtra, and his experience as the present Transport Minister of India. He stressed upon the Prime Minister's vision of maintaining good relations with neighbouring countries..

While offering suggestions for improving connectivity between India and South East Asian countries, Mr. Gadkari said that new options need to be explored to make transportation more cost effective and environment friendly. "There is need to connect with the neighbouring countries with regard to road and water transportation. We have examples of the Chennai - Myanmar and Chennai - Sri Lanka Sea links," he said.

He also stressed on the fact that sea and river ports encourage tourism and that the recently launched "Make in India" campaign is an innovative approach to this vision. It was his opinion that the current state of shipping and road sectors is holding the Indian economy back. There is huge potential for improvement and investment in these sectors. He stressed on the various aspects of connectivity, particularly, water, power, transport, and communication sectors, without which no country could be viewed as developed.

He opined that there needs to be a multi-modal transport system for the use of general public and that encouragement of Public Private Partnership (PPP) in roads and ports is required for timely improvement. The Government is ridden with too many constraints to yield productive outcomes by itself, but if it worked in tandem with the private sector, the partnership could result in accelerated and efficient results. The government invites innovative models for roads and ports.

There are twelve important ports in India. Recently, a service from Chennai to Myanmar was started and permission for a sea plane in the Andaman and Nicobar Islands is underway. Sea planes can enable connectivity between water and air ports anywhere. Air linkages could be enhanced with planes landing in water bodies. Water bodies that are crucial to the maintenance of ecological balance should not be exploited. However, other water bodies could be used for this new innovation in water ports. Along the same lines, a proposal is underway that supports use of bio-diesel or ethanol instead of diesel, thereby reducing overall costs and improving environmental sustainability.

"With the 'Make in India' campaign, we can also reduce costs because foreign costs are too high," he said. Citing a feasible example of neighbourly collaboration, the Minister spoke of the lower cost of production of barges in Bangladesh, as a result of which water transportation projects in Farakka, West Bengal, and nearby locations could be developed in close coordination with Bangladesh for improved transport and tourism services, which would generate employment and revenue.

He concluded by saying that the twenty-first century is all about progress and development with the use of technology. It was time to convert weaknesses into strengths and problems into solutions.

Special Guest of Honour
Dr. Ram Sharan Mahat
Finance Minister, Nepal



Dr. Ram Sharan Mahat outlined Nepal's role in East Asia vis-à-vis India's Look East Policy. In his address, he spoke of the focus of Nepal's policy with respect to East Asia, including Nepal's growing ties with India, learning from the lessons in East Asia, and leveraging Nepal's geographic proximity to the East Asian countries. Elaborating on the thrust areas of Nepal's foreign policy, he said that regional integration within South Asia was "abysmal". Trade costs have been found to be the major barrier to trade within South Asian countries. For example, trade costs between Nepal and Sri Lanka are much higher than trade costs between Nepal and Brazil or the United States.

These higher trade costs do not fall in line with the "gravity model of trade" because of abnormally high trade barriers and poor infrastructure. Connectivity has been very poor among South Asian nations leading to neglect of the huge potential in this area. According to him, Nepal sees a huge role for India in the improvement of bilateral and regional connectivity in the South Asian Association for Regional Cooperation (SAARC) region. Within the SAARC region, India is a major contributor to the formulation of agendas and the implementation of proposals. India took the lead in formulating the South Asian Free Trade Area (SAFTA) and remains a key participant in trade relations as well. The Indian domination in South Asia cannot be ignored either and this is evident in the fact that two-thirds of Nepal's trade is with India.

The trade relations between India and Nepal got

a boost with the introduction of "Rules of Origin" in the 1996 treaty between India and Nepal. Nepal continues to require India's assistance because it is a landlocked country and has no sea port of its own for trade. Nepal has developed a vast "current account deficit" with India, but it intends to correct this failure by exporting energy and tapping its hydro-power potential. Further, Nepal is working to enhance its tourism sector, with the targeted aim of drawing in the growing middle class in India. The Power Trade Agreement was signed during Hon'ble Prime Minister of India Mr. Narendra Modi's visit to Nepal in August 2014. As part of the agreement, India expressed its intent to exploit the water resources of Nepal. Nepal, in turn, proclaimed that it will attempt to expand trade with India in the energy sector. India also promised to assist Nepal in the Power Development Project, which is estimated to generate 6000 MW of electricity.

Nepal has a booming investment climate and has been emulating East Asian countries in developing its economy. It has seen improvement as a result of its democratic politics and it intends to improve relations with its neighbours to strengthen its position in the region. Michael Spence, in his study on the Asian Tigers, identified some countries with growth rates of more than seven percent after the Second World War. It has been found that these countries have changed the lives of their citizens by putting in place a capable and committed government. Further, these nations have managed to achieve high saving rates and this has helped fuel

investments in the booming economy. These countries were also successful in transforming savings into investment and increasing capital formation in the economy. Such conditions have helped these nations achieve macroeconomic stability, which is necessary for sustainable and stable growth in the long run.

Lastly, these countries have integrated their market with the world market for achieving the economies of scale that their mature producers need to exploit. A strategic framework is no longer about countries alone, it is about specialising in goods in which the country has comparative advantage over other countries. It is also about producing different kinds of goods, working on achieving seamless borders, and generating demand for goods from all over the world. Economists have noted that consumers have an affinity for a variety of goods. Producers in different countries have realized this and have begun to exploit the situation by making use of fewer trade barriers in the present era. International firms are simultaneously competitors and partners. They may compete with each other in laying claims over the final product, but they can also be partners in producing the raw material. The world has moved on to the era of “competitive advantage” where trade barriers have no place in it. This calls for a more level playing field.

Trade and foreign investment are closely related. From 1990 to 2010, manufactured exports increased as a result of networks in South Asia. These networks helped many nations that were members of ASEAN to develop their manufacturing base and export with higher efficiency. He added that India has failed to nurture Special Economic Zones (SEZs). India was the first country to develop SEZs (in Gujarat

and then in Mumbai), much before China, but cumbersome labour and land policies have pushed India behind China in this enterprise. On the other hand, India has seen impressive growth in the automotive sector because of its booming private sector; the presence of Tata in Thailand and Mahindra in China is a testimony to that. The auto sector saw a dip during the global recession; however, it is back on track as international brands such as Audi and BMW, encouraged by good sales, are releasing their low end models in India.

The speaker said that the Prime Minister’s “Make in India” initiative would help in building infrastructure and developing the entrepreneurial base for India. This initiative is in keeping with the Prime Minister’s plans of improving business environment in India to attract both foreign and indigenous businesses. It is commendable that defence and railways are open to foreign investment now. This has been a radical step because these two areas have been closed for investment up until now. Investment in research in defence technology is crucial for eliminating the need to import arms and ammunition from Russia and other countries. Similarly, more investment in railways is needed to overcome the losses that the sector has been facing for years. The Indian Railways has lost efficiency as a result of disguised unemployment and monopoly over the years. New investment will help increase efficiency and generate profits.

Nepal is keenly interested in production-sharing with India. Nepalese entrepreneurs have not really been active participants in the global value chain and this has come in the way of them benefitting from global trade integration. At present, Nepal enjoys an advantageous status with respect to labour and transaction costs

in businesses. This may or may not last with industrial growth, but the advantage continues for Nepal at present. It is also noteworthy that air logistics have greatly improved, and this is of much significance as Nepal, being a land-locked country, relies heavily on air transport. Nepal is emerging as a good destination for investment in education and healthcare. The government of Nepal is undertaking many initiatives and investing in these sectors to meet global standards.

The speaker stated that on the regional level, there presents a “thickness in borders” among the South Asian nations. It has to be reduced in order to be able to increase trade amongst nations within the region before considering the option of exporting or importing from nations outside the region. Intra-regional trade can be highly beneficial for all the countries because there is a ninety percent price differential among the markets. The reluctance to freely engage in trade with each other has led to the persistence of this price differential over the years. Improvement in infrastructure in this region would result in higher growth in trade and investment. Simply put, elasticity of trade with respect to infrastructure has the potential to grow in the region.

In 1990, Nepal did well in comparison with East Asia, Dr. Mahat said. But today, it fares much below the growth rates of other East Asian countries. It has fallen below acceptable levels in the provision of basic amenities to its citizens. Thus, investment in sub-regional infrastructure is very much required. The speaker also discussed many issues related to trade among SAARC nations. He said that many long-term goals of SAARC have remained unfulfilled due to trade blockages and under-developed trade and connective infrastructure. There is lack of unity and unanimity in decision-making amongst the SAARC members.

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) must also be mentioned as a forum to link South Asian countries to discuss issues pertaining to trade and technology. India would do well to engage more enthusiastically in SAARC and lead South Asian nations to a better future. During his visit, India’s Prime Minister promised the people of Nepal that his vision for development goes beyond the region. Nepal’s government trusts this vision and is hopeful that India will lead South Asia into a new paradigm in international relations.

Special Guest of Honour
Mr. Md. Shahriar Alam
State Minister for Foreign Affairs, Bangladesh



Speaking at the inaugural session of Symbiosis International University's second International Relations Conference Mr. Md. Shahriar Alam, State Minister for Foreign Affairs of Bangladesh, elaborated on the symbiotic relations between Bangladesh and India, which had evolved over centuries of shared history, culture, religion, and many other commonalities. He said that the relations are rooted in Bangladesh's struggle for independence (Liberation War in 1971), when India extended invaluable support. The relationship has grown in depth and dimension, maturing into a complex, multi-faceted, dynamic, and comprehensive engagement. Bangladesh's ties with India have now reached a point from where they can only move forward.

Mr. Shahriar Alam acknowledged Indian Prime Minister Narendra Modi's gracious gesture of inviting all SAARC leaders to his swearing-in ceremony, which, according to him, was a manifestation of the ruling BJP's pledge to pursue friendly relations with India's neighbours. The Bangladesh government has accorded utmost importance to enhancing relations with its neighbours. In this context, there was much similarity in the policies of the two governments, led respectively by Prime Minister Sheikh Hasina and Prime Minister Modi.

After having outlined the current state of relations between Bangladesh and India, he spoke about India's "Look East" policy (LEP). He said that the policy represents India's efforts to cultivate extensive economic and strategic relations with the nations of South East Asia. He pointed out that Prime Minister Modi, during his six months in office, has visited many capitals in the neighbourhood and in South East Asian countries, including Japan and Australia, which clearly indicates that the government is deeply invested in economic and regional cooperation.

Regional cooperation under SAARC, BIMSTEC, and BCIM-EC could play a vital role in rallying

bilateral development efforts under these institutional platforms. Much like India, Bangladesh has high stakes in "looking east in the context of discussions on trade and the movement of labour to ASEAN countries and beyond. Speaking on the issue of connectivity, the speaker said that Bangladesh holds the key to India's success with regard to the LEP. He added that South Asia has been characterised as a region of low intensity cooperation and low intra-regional connectivity. The "dismally low" intra-regional trade could be one of the main reasons for the continued impoverishment of the region; there is a pressing need to overcome this stigma.

The Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC) Forum for Regional Cooperation offers an opportunity in terms of establishing infrastructure for trade and movement of goods. The Bay of Bengal initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) offers an opening to work with other countries in the region, including Bhutan, Nepal, Myanmar, and Thailand, thereby achieving integration of the eastern part of the region. The BCIM-EC, the four nation economic corridor, is of particular significance for the development of South Asia, in general, and Bangladesh, in particular. It is an important vehicle to complement various regional connectivity initiatives. The BCIM-EC would provide a crucial avenue to strengthen cooperation and sustainable development across South and South East Asia as well as the Indian Ocean region.

The speaker concluded by stating that the present government of Bangladesh provides a huge opportunity to India in all sectors of cooperation. He also encouraged the new government in New Delhi to make use of this momentum and take the process forward by making Bangladesh India's strategic partner in the East.

Special Guest of Honour **Mr. Anil Wadhwa**

Secretary (East), Ministry of External Affairs,
Government of India



Mr. Anil Wadhwa began his presentation by stating that India's interest in the countries to its east is evident from the fact that ever since Shri Narendra Modi assumed office as Prime Minister in May 2014, the majority of his visits have been to countries in the east. His presence at international summits such as the ASEAN – India Summit and the East Asia Summit earlier this year indicates that India's new foreign policy places the Asia Pacific at its heart.

At these summits, the Prime Minister has stressed on the fact that India has undergone a paradigm shift in policy and is moving away from a passive “Look East” mode to a more proactive “Act East” mode, with a heightened sense of priority and speed. At the SAARC summit, the Prime Minister stated that the neighbouring SAARC nations have also been accorded due importance in India's “Look East” policy. During his visits to Japan and Australia, he extended his invitation of friendship to these nations, bringing them under the “Look East” umbrella.

While this may seem like a sudden turning back, India's interest in the East started as early as 1991, under the leadership of the then Prime Minister Shri P. V. Narasimha Rao. The Prime Ministers who have succeeded him have taken this forward no doubt, but Mr. Modi has given it a new impetus. Although officially formalized in the early 1990s, the “Look East” policy has its origins in the historical and civilizational links with South East Asia and the Asia Pacific. This part of the world has witnessed some truly amazing transformations. The Asia Pacific has seen the highest growth rates in the world, shown unparalleled dynamism, and has emerged as the new economic and geo-political centre of the

world. The rise of superpowers in Asia and a shift in the US foreign policy in favour of “pivot to Asia” outlook are reflections of this reality.

Although India's “Look East” policy is strongly rooted in national interests, it has been quick to adapt to changes in international relations. India's interest in ASEAN and its changing dynamics are testimony to this fact. Presenting an outline of India's engagement with ASEAN, Mr. Wadhwa said that India became a sectoral dialogue partner with ASEAN in 1992 and this relationship has grown tremendously, resulting in enhanced engagement in a multitude of areas, as well as the evolution of a security and political architecture in the region. India became a full dialogue partner with ASEAN in 1996 and a summit-level partner in 2002, before being elevated in 2012 to the status of strategic partner. India's relations with ASEAN have become a milestone in India's foreign policy and the foundation for India's “Look East – Act East” Policy.

India is committed to working towards a more integrated South East Asia and close-knit relations amongst the ASEAN countries. The country is also invested in enhancing connectivity across all dimensions: physical, institutional, and regional. It is particularly important to note that Myanmar acts as a link between India and the rest of ASEAN, and, for this reason, Myanmar holds a significant place in the framework of the “Look East” policy.

India has maritime boundaries with many ASEAN countries. Enhancing this connectivity with the ASEAN community as well as the rest of South East Asia is a strategic priority. In India, progress in this regard would result in

sustainable development, particularly in the North Eastern states. India has made progress in the development of the trilateral highway, which would ensure seamless connectivity between India, Myanmar, and Thailand. The highway project, which runs from Moreh in Manipur to Mae Sot in Thailand via Mandalay in Myanmar, will ensure that India's eastern border is opened to a new bus route from Imphal to Mandalay, enabling travellers to board a bus from Manipur's capital to reach Mandalay in fourteen hours.

India is engaged with Myanmar on the Kaladan Multi-modal Transport project, which would connect Kolkata to the Sittwe port in Myanmar. Many other projects are being planned to connect India to the SAARC nations. Poor connectivity hinders intra-regional trade with countries such as Nepal. India is ready to transfer productive capacity as well as production-sharing to all its neighbours. With regard to maritime and air connectivity, India plans to convert the corridors of connectivity within the ASEAN countries to corridors of economic cooperation. As stated by Prime Minister Modi in the recent India-ASEAN Summit, India has undertaken many initiatives to promote project financing and timely implementation of connectivity projects.

The Indo-ASEAN relations today reflect the fact that both these entities have much in common and are looking to achieve common goals in the future. Together, these two account for about 1.8 billion of the world's population. Combining this with the demographic dividend of the SAARC nations would result in significant contributions to the global economy. India and ASEAN countries are among the fastest growing nations in the world. Trade amongst ASEAN countries is now about \$76 billion and it is growing annually at the rate of around 22%. The signing of the Free Trade Agreement in goods, services, and

investment is expected to result in significant increase in bilateral trade. It is estimated that by 2020, trade between India and the ASEAN countries would be as high as \$200 billion.

It is important to point out in the discussion on investment that ASEAN countries account for about 12.5% of investments in to India, whereas the FDI outflow from India to ASEAN countries over the past seven years has been around \$31 billion. India plans to rectify this trade and investment imbalance. India has been prudent in utilising the platform of the East Asia Summit for facilitating strategic dialogue and cooperation on political and economic levels in critical areas such as maritime security, disaster management, and access to clean energy. Indian prime ministers have attended all the nine East Asia Summits from 2005 to date and this fact underscores the important role of the summit in the formulation of foreign policy.

In the present era of evolving regional security architecture, India has been participating in multilateral forums such as the Mekong-Ganga cooperation, which also includes Thailand, Myanmar, Laos, Cambodia, and Vietnam. This body, along with BIMSTEC, aims to bring about greater regional cooperation with respect to trade and investment. Mr. Wadhwa concluded by stating that India's relations with countries such as Japan, South Korea, Malaysia, Indonesia, Vietnam, and Australia have laid a strong foundation for the "Look East" policy. India has come a long way from its earlier stance of passivity and is now seen as a reliable partner. Slowly but steadily, political and military contents are being added through bilateral and multilateral agreements. India is now proactively working towards building an environment that would enable further growth and ensure economic stability.

India's Trade and Investments in Southeast and East Asia

Moderator: Amb. Sanjay Singh

Speakers:

Mr. Yaduvendra Mathur

Chairman and Managing Director, Export- Import Bank of India

Dr. Ajit Ranade

Chief Economist, Aditya Birla Group

Mr. K. N. Radhakrishnan

President and Chief Executive Officer, TVS Motor Company Limited

Amb. V. S. Seshadri

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Mr. Ichiro Abe

Director and Industry Researcher, Japan External Trade Organization (JETRO)

Amb. Prakash Shah

Chairman, CBSA



Moderator and Chairperson for Track I titled India's Trade and Investments in South East and East Asia, **Ambassador Sanjay Singh**, opened the session by thanking the Symbiosis International University for inviting him to participate in the International Relations Conference on *"India's Look East - Act East Policy: A Bridge to the Asian Neighbourhood"*. He said that he was pleased to observe that issues related to India's external relations were being discussed outside the capital, New Delhi, and that it was particularly heartening to see that the track on trade and investments was being deliberated upon in the commercial heartland of the country—Western India.

Ambassador Singh began his presentation by stating that the Look East Policy (LEP) is the pivot of India's effort towards globalization and the economic reform agenda, which was launched in 1991. He spoke of India's ancient trade linkages with the Association of South East Asian Nations (ASEAN) countries that existed along the route of the monsoon trade winds. To commemorate this landmark association, an Indian ship expedition was organized, which retraced the ancient sea routes that linked India with South East Asia by making ten ASEAN ports of call. The ancient Spice Route, which was once part of the value chain that India is now trying to recreate, is also part of the recent initiative to renew ancient ties.

Ambassador Singh added that the shift of the global centre of gravity to Asia ran almost parallel to the launch of the LEP. This paradigm shift was made possible due to high growth rates in Asia, the average of which amounted to more than the corresponding average figure for the rest of the world. The first thrust came from Japan,

followed by the tiger economies of South Korea, Taiwan, Singapore, Malaysia, and, more recently, China. Today, India, Indonesia, and the ASEAN countries are an integral part of this shift, which will transform the entire region of Asia. He added that Australia and New Zealand comprise "one bookend" of this changing regional scenario, India being the other.

The ASEAN, he continued, is central to India's LEP as it plays a pivotal role in the evolving economic and political architecture of the region. Ambassador Singh referred to ASEAN as "the glue" that brings together countries for interactions based on common understanding.

As part of his speech at the inaugural ceremony, the Minister of Road Transport and Highways, Mr. Nitin Gadkari, had mentioned the importance of innovative financial products that would help promote economic ties with countries of South East and East Asia. Stable economic relations with the ASEAN and East Asian countries are central to the creation of economic opportunities for India. The opportunities are immense as the cumulative population of the ASEAN countries and India stands at approximately 1.9 billion people, and this region creates products worth \$3.7 trillion. To facilitate trade and investments, India has signed the ASEAN-India Trade in Goods Agreement and has concluded negotiations for the Free Trade Agreement (FTA) for services and investments. Trade between ASEAN and India has reached about \$80 billion, and investment relations stand at over \$70 billion today.

Ambassador Singh pointed out a number of commonalities between India and the ASEAN

countries. He said that these are essentially rice-based economies, with the largest biodiversity in the world. He also talked about the high incidence of diseases, such as malaria, that are likely to afflict these countries. These commonalities necessitate collaborative efforts. India has been connected with the ASEAN countries through its ancient trade ties. Many efforts are now underway to build new connectivity, not just over land, but also through air and water. Ambassador Singh emphasized the importance of people-to-people connectivity, which is an important aspect of the LEP. He emphasized the importance of setting up new maritime services, including coastal shipping, which would provide impetus to India's existing trade with neighbouring countries.

Elaborating on the East Asian region, he spoke of the Comprehensive Economic Partnership Agreement (CEPA) with Japan. Plans are underway to bring in more Japanese cooperation, both financial and technical, to take the "Make in India" programme forward. Prime Minister Mr. Narendra Modi's recent visit to Japan bears testimony to this commitment. The CEPA partnership with Korea is already in place and a major FTA with Australia is under negotiation as well. This development has ushered in a lot of excitement as it will bring

new resources into the country. China remains India's largest trade and investment partner. Both countries are part of new financial constructs like the BRICS bank and the Asian Infrastructure Investment Bank, which will create greater synergies in Asia. Other mechanisms like the East Asia Summit (EAS), the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), the Mekong-Ganga Cooperation (MGC), the Bangladesh-China-India-Myanmar Corridor (BCIM), the Silk Road project, and the Regional Comprehensive Economic Partnership (RCEP) are all designed to foster greater cooperation between India and countries of South East and East Asia. There are also negotiations underway with regard to the US-promoted Trans-Pacific Partnership (TPP).

Ambassador Singh reminded the audience of the challenges that confront the Asian region: negative consequences of climate change, pandemics, food, and energy crises. These factors have a detrimental impact on economy and trade, which are the engines of progress. It is, therefore, very important that India and its Asian neighbourhood come together to ensure progress and stability in the region.

Mr. Yaduvendra Mathur

Chairman and Managing Director,
Export Import Bank of India (EXIM Bank)



Mr. Mathur began his presentation by emphasizing the importance of countries in South East and East Asia and dismissed the notion that interest in this part of the world is newfound and sudden. The Look East Policy (LEP), as a political construct, was introduced in the 1990s and took shape with the support of the Ministry of External Affairs. Mr. Mathur said that the difference today is that India is not just “looking east” but actually “acting east”. The presence of guests from Cambodia, Myanmar, Laos, and Vietnam (CMLV) at the recently held Confederation of Indian Industry (CII) conclave highlighted this shift in policy.

As Chairman of the EXIM Bank, Mr. Mathur is currently involved with assignments in South East Asia. He is of the opinion that the focus of the LEP has sharpened over the years. The recent collaborative efforts with the CLMV countries bear testimony to this. There is no denying that India shares many cultural similarities with the ASEAN and CMLV bloc of countries. India’s commercial relations, too, go back a long way with these countries. However, the geo-politics of the region has prevented India’s economic integration with the region.

Chronologically speaking, the ASEAN was formed in 1967 and included Indonesia, Malaysia, Philippines, Singapore, and Thailand; it later expanded to include the CMLV in 1997. The ASEAN Plus Three came into existence to strengthen ties between the People’s Republic of China, Japan, and South Korea. At present, negotiations are underway to put in place a free trade agreement that will include the ten-member ASEAN bloc, Australia, China, India, Japan, South Korea, and New Zealand. Clearly, the future of

international trade is global integration.

The three pillars on which regional integration hinges are culture, commerce, and connectivity. The historical linkages between these countries in terms of culture and commerce are well known. But the implementation of the third pillar, connectivity, has become crucial in affirming the plausibility of strengthening regional ties. There is a need to improve connectivity through transport, technology, and cultural ties.

According to Prime Minister Mr. Narendra Modi, this is “Asia’s Century”. Mr. Mathur stated that the present economic scenario offers tremendous opportunities for Asia. As the prevalence of global value chains begins to dominate the international trade and industry scenario, Asian economies will feature more prominently on the global platform. How does India fit in to the network of global value chains? One of the country’s main strengths is the burgeoning youth population, which promises to pay demographic dividends if channelized properly. Demographic dividend refers to the freeing up of the country’s resources for economic development and increase in per capita income levels as a result of falling fertility rates, which ensure lower number of dependent support for the labour force. Mr. Mathur was of the opinion that the youth are, indeed, the quintessential resource of the country.

The aggregated trade data of \$19 trillion does not give a complete picture of who retains what at every step of the supply chain. Often, the aggregated data is victim to the double counting of intermediary sources. At a recent conference in New Delhi, a professor at the Kennedy School gave the example of the Apple iPhone and pointed out that the production and assembly

costs are around \$175, whereas the MRP is \$500. This means that Apple's margin of profit is around \$325. Out of every handset assembled in China, \$6.5 accrues to China alone, whereas the gap of \$168.5 is spread across other countries that provide plastic, raw materials, and other components. Thus, Apple, which has patents for most of the technologies used in the production process, makes the real chunk of the profits. It is important to understand the importance of value chains before contemplating the role that India should ideally play in this course.

The admirable "Make in India" campaign, flagged off by Prime Minister Narendra Modi as one of the priority projects of the new government, must not be limited to local manufacturing efforts. As has been illustrated above, one cannot deliver efficiently on all aspects of production by oneself and international collaboration is highly recommended. Going back to his original point, Mr. Mathur emphasized that connectivity among regional trade partners is no longer a choice but a requisite.

Even though it could be useful to emulate policies of countries that have performed successfully in the global value chain process of production, it is more important to implement the ones that are effective. A case in point is China, it retains a small amount of the value added to technological goods in production lines, this value amounts to an overall hefty dividend due to the sheer volume of goods that the country manufactures. For India, this may not be entirely feasible. For one, China is already a manufacturing hub in this part of the world. For the other, China has an abundant supply of cheap labour. Thus, displacing China's position in productive efficiency will be no mean feat in terms of volume alone. Therefore, there is a pressing urgency to integrate with the countries of East Asia.

As a financial institution, the Export Import Bank (EXIM) has been more of a policy bank. Mr. Mathur pointed out that the EXIM Bank has had commercial relations with the Indian

government for the purpose of opening up new markets in other countries. He also expressed his concern over the fact that apart from the CLMV countries, Nepal and Bangladesh, India does not have an established network of line of credit with any other country. A line of credit (LoC) refers to a credit source that can be extended to an individual, business, or a government. The EXIM Bank raises dollars in the global market to lend to these countries. In return, foreign market access is achieved as Indian manufacturers get to showcase their products in these countries. Since India has negligible barriers to trade in terms of tariff and other restrictions with the East Asian and African Least Developed Countries (LDCs), the process of extending lines of credit would be mutually beneficial for bilateral and multilateral parties. Further, these countries have certain locational advantages that could be exploited. Thus, we conclude that local manufacturing alone is no longer the preferred route to economic growth.

Mr. Mathur encouraged the students in the audience to begin thinking about setting up businesses in the neighbouring Asian countries and not restrict their commercial ambit to India. The EXIM bank has set up offices in Myanmar and Singapore, and has put in place twenty operational LoCs in the CLMV region. It is preparing \$65 million worth of credit lines to be extended to Cambodia. New credit sources worth \$100 million are also being put in place in Vietnam. Thus, we see that the industry-to-industry or private-private relations across borders are also of vital importance. Commercial presence of such banks in these countries is a step forward in this direction.

Mr. Mathur concluded his speech by observing that there was every reason to be optimistic about India's international trade prospects. The inclusion of "Act East" in the already existing policy of "Look East" is commendable and it would be reasonable to hope that more lines of commerce and connectivity would open up in this region.

Dr. Ajit Ranade

Chief Economist, Aditya Birla Group



Dr. Ranade made his opening statements by observing that in the present times, the East and South East Asian regions are not merely ancient civilizations, but modern nation states. There are important civilizational linkages between these countries. This is as true of India as it is of Cambodia, Laos, or Vietnam. As independent economies that engage in trade and commerce, these nations are relatively younger than their more developed Western counterparts.

When India began the process of economic development during the post-independence years, the initial Five Year Plans emphasized the policy of import substitution and not export promotion. This pessimistic approach towards opening up to the global economy could be explained in light of the 200 years long history of colonization, during which India's productive capacity was exploited and not allowed to develop to its full capacity. In stark contrast, today, the "Make in India" campaign, which was announced on 25 September 2014, is not limited to import substitution. Dr. Ranade also pointed out that "Make in India" involves being part of the global value chain (GVC), which crosses international boundaries and has come to characterize world production processes.

Thus, India has undergone a sea of change from following a policy of export pessimism to export optimism. To illustrate this point, Dr. Ranade pointed out that while the gross domestic product (GDP) of the country (a macroeconomic estimate that measures the value of production in the economy) has grown nearly four times in real terms, adjusted for inflation, since the early 1990s, the trade to GDP ratio (which measures the trade

openness or relative international exposure) has gone from less than 5% to nearly 50% of the GDP in the present times. In the last twenty years, the Indian economy has grown at a rate of 6.5%, which goes to show that the growth rate of trade openness is much higher now than in the past.

The Look East Policy started off as a trade initiative with the support of the Ministry of External Affairs in the early 1990s, and has, today, come to encompass a wider range of aspects. It serves as a policy of external affairs, commerce, and trade and has been adopted with new vigour under the BJP government. The export growth story has also undergone a change in the last fifteen years. Barring a few multinational success stories like Wipro and Infosys, and confining the argument to only trade of goods, one observes a decisive shift in trading patterns from the West to the East. India's major trade partners used to be in Europe or North America, but today, one sees a major shift to the East. Not only is such a shift a boon to developing economies of the region, it also promises the achievement of new economic balance. Angus Madison, a well-known economic historian, documented that until the 1950s, India and China accounted for about 45 to 50 per cent of the global GDP. These countries, put together, are home to nearly 40 per cent of the world population as well. So, this shift in the centre of gravity of economic activity and trade patterns to the East signifies that the world is becoming more equitable. This shift towards more sustainable economic balance is visible in India's trade pattern as well. In the last ten to fifteen years, the share of American exposure in the Indian trade basket has fallen from 25 to 18 per cent while that of Europe

has fallen from 42 to 50 percent. The exposure of Asia as a whole, including China, has grown from 42 to 50 per cent. It is also important to notice that the very size of the economic pie has grown twelve times, out of which the above figures represent percentage shares. The India-China trade relationship alone has grown manifold within the last couple of decades. It is one of the fastest growing economic relationships in the world. Bilateral trade has grown from nearly zero to about \$100 million at a frenetic compound annual growth rate (average year on year growth). Recent EXIM Bank reports show that in 2001, India ranked 19th on the list of countries that China exports to. Today, India occupies the 6th position on that list. This shows the increasing importance of Indian markets to Chinese exports. However, the corollary of the same is not as impressive, and is, in fact, a matter of concern. Indian exporters have not seen as remarkable a rise in their exposure to the Chinese markets. Thus, it is important to exercise caution so that the trade is not overly asymmetrical in favour of any one country's current account.

Trade patterns in South Asia possess peculiar characteristics. The typical trade pattern goes against the predominant patterns of trade elsewhere in the world. As the Honourable Finance Minister of Nepal had pointed out in the inaugural session, South Asia is the only region in the world where 95 percent of the total trade takes place with the rest of the world, and not within the region. This is an anomaly to the gravity effect of international trade, which is a theory that predicts that there exist higher volumes between countries that have more geographical proximity. Most of the foreign trade patterns are predominantly between places within 100 to 200 kilometres of each other in all parts of the world, except for in the Asian region. This is particularly evident within any free trade region of the world whether it be the North American Free Trade Agreement (NAFTA), which

includes North America, Canada and Mexico, or the MERCOSUR (Mercado Común del Sur-Common Market of the South), which includes economies of South America and the European Union. Even though it is widely believed that China has long been the numero uno with regard to exports, it was actually Germany to have occupied that position, if one were to examine the exports in dollar terms. But, Germany exported mostly to countries within Europe and following the European integration, this fact was often overlooked. Today, however, Germany is as big an exporting hub for China as China is for Germany, largely due to increasing efficiency of connectivity and transport. The two countries boast of a 13000 km rail line between their borders. In light of all of this, one can see that South Asian trade pattern is highly anomalous and the importance of connectivity is highlighted once again. In stark contrast to the connectivity between China and the rest of the world stands India's connectivity with China. An illustrative example of this is that there is no direct flight from the commercial capital of India, Mumbai, to China. This is not particularly encouraging given that the bilateral relationship is growing by leaps and bounds. The situation of dismal connectivity is similar in the case of India and Indonesia.

Tourism is also an area of neglect. In economic theory, it is generally observed that finance follows businesses. But, Dr. Ranade believes that there is another aspect to this. Business usually follows tourists. Thus, a healthy tourism industry between countries can trigger bilateral commercial relations. In the recently concluded summit of the CLMV countries that took place in New Delhi, it was pointed out that even though tourists from China, Japan, and Thailand are common in these countries, there are very few Indians in the mix. Similarly, tourists from these countries are not so common in India. Thus, it emerges that in order to "look east and act east," it is important to address the anomalies

mentioned earlier and focus on increasing trade, connectivity, and commercial relations between these countries.

A good strategy to follow is to not sacrifice national interest. Ever since the signing of the FTA with the ASEAN bloc of countries, it has been observed that India's trade deficit has actually increased. This begs the question whether free trade agreements are as mutually beneficial as they are supposed to be. Evidence shows that the lowering of tariffs and other restrictions provide India's exporting partners access to a huge consumer market, but an equivalent reciprocal benefit for India seems to be absent. With reference to Mr. Mathur's example of assemblage of iPhones, the speaker reiterated that China barely retains two per cent of the total market price of the handset. This two per cent is captured as value added by the Chinese economy and enters the income stream in the form of wages and salaries of the Chinese population. But given China's huge working population, the two per cent gets multiplied by almost 100 million workers, which is adequate for China because of the large scale of operations. However, Dr. Ranade was of the opinion that the world market does not have the capacity to sustain two economies of the same manufacturing scale. Thus, India should not follow China's strategy of export promotion characterized by low wages and huge scale of production. However, signing FTAs in the future need not be a bleak prospect for India. The current agreement under negotiation is known as the Regional Comprehensive Economic Partnership (RCEP). Dr. Ranade laid stress on the word "comprehensive" and mentioned that it was crucial to include all elements of international trade from this point on. Services contribute to nearly 65% of India's GDP and it is important to exploit this aspect in international trade relations with other countries. Investments, too, needs to have healthy cross border flow among all trade partners.

According to published data, the other area of concern is that Indian exports have remained insensitive to tariffs. Free trade agreements are essentially about lowering of tariffs so that there is an expanded volume of cross border flow of goods. However, Indian export elasticity is not sensitive to the levying of tariffs, raising the question whether at all signing FTAs leads to income growth and higher production. The inverted duty structure also hurts Indian trade prospects. Some of the raw material that is sourced for manufactured goods in India comes from non-ASEAN sources. These are subject to import duties of two to three percent. However, for the ASEAN bloc, raw materials are sourced at zero rates of import duties. Therefore, an Indian manufacturer and a manufacturer in an ASEAN country do not stand on a level playing field. The inverted duty affects several industries, such as aluminium, capital goods, cement, chemicals, electronics paper, steel, textile, and tyres.

The road ahead involves finding a way of being part of this production process such that it would be the most beneficial option for India. International trade has increasingly become less about national boundaries and more about the efficiency of multinational firms and companies that have value chains and production networks spread across the world. Thus, in order to contribute to this global value chain in a manner that would maximize India's returns, one would have to re-think existing policies and draft new ones. Dr. Ranade went back to what the Finance Minister of Nepal, Dr. Ram Sharan Mahat had mentioned earlier about how the Indo-Nepal trade relations that formally opened up in 1996 and suffered a slowdown from 2006 onwards could receive a boost if tourism and energy industries between the two countries could be opened up. The trade relations with ASEAN, too, require similar re-thinking. Dr. Ranade expressed his hope that these areas of concern would be addressed in the future.

Mr. K. N. Radhakrishnan

CEO, TVS Motor Company



Mr. Radhakrishnan commenced his speech by delivering a vote of thanks to Symbiosis for extending him the opportunity to share his views. He shared his practical experience of the auto industry. The structure of his presentation focused on five areas that covered India and the ASEAN countries. He outlined the similarities between the nations with respect to their climates, consumption of rice, and dependence on agriculture. Every organization has an aspiration to grow and depends on the population of its constituent countries. The ASEAN has the youngest population and India has mirrored this distribution. There also exists a similarity in the status of growth among the nations. India lies around the bandwidth of 6-6.5 CIGR of GDP, whereas most of the ASEAN region lies between the 5-5.57 GDP. There are also similarities in infrastructures, electric power consumption, and saving rates.

Mr. Radhakrishnan pointed out that there is no direct flight from India to Jakarta. Therefore, in order to reach the TVS plant in Jakarta, the company's employees have to travel via Singapore. The most valuable resource in these nations is the people. The productivity of the population in this region is, therefore, of great significance. He spoke about the TVS's experience of manufacturing motorcycles in Indonesia and neighbouring countries. The company's journey began in the year 2005-06. The premium bikes, which are powered more than 500 CC, are in high demand in Europe and the United States, while the regular bikes are in high demand in countries like India, China, Philippines, Vietnam, Myanmar, Cambodia, and other Asian countries. Japanese brands boast the majority of the market share of about 85-90%, be it the two wheelers, cars, or trucks.

He gave a brief history of TVS from 1980-2014, which marked an impressive journey in the production of two wheelers, including mopeds, motorcycles, and scooters. Their latest joint design with BMW is a promising model. The

hundred-year-old organization is growing at a rate of over 30%, is worth \$8 billion, and has more than 200,000 direct employees. The company is deeply grounded in the values of trust and passion. The company proudly claims, "Anything that is on wheels has at least one part from TVS!" The speaker stressed upon the significance of recognizing the value of "Brand India" in order for India to enter the Indonesian and other Asian markets. Most of the ASEAN countries are familiar with the Japanese and Chinese cultures and know of India only in because of Bollywood and television shows. As an example, he mentioned that TVS products are featured in the Mahabharata show, which is aired frequently in Indonesia. The company produces products that are specific to each market and also exports the same to neighbouring regions, including Vietnam, Philippines etc.

The TVS Company has now introduced three-wheelers in the Indonesian market. The cultural ethos of Indonesia is compatible with many aspects of the Indian culture, including family-oriented social values and high level of "learnability". For these reasons, a huge potential for growth exists in this region. The speaker stressed on the importance of brand image in paving the way forward to gain significant market share. This result can be achieved by first ensuring that there is efficient customer connectivity in the Indonesian market. The company has easy access to connectivity, thereby ensuring 24-hour service delivery. He emphasized that it is important to tap into the similarities of the two markets—the presence of young and large population sets—in India and Indonesia. He added that this, coupled with building confidence and remaining consistent in customer service delivery, would further help in projecting "Brand India" in the future. To improve its literacy levels, India can contribute to the education sector by setting up quality institutions. On a different yet related subject, India has robust healthcare resources, which should be used to the advantage of the country's image in the ASEAN region.

Dr. V. S. Seshadri

Vice Chairman, Research and Information System
for Developing Countries



Dr. V. S. Seshadri expressed his respect for the Symbiosis Institute of International Studies (SIIS) for successfully convening a conference of such high stature. He also expressed his confidence in the Symbiosis International University's ability to contribute to the resolution of the many challenges that afflict the South Asian region.

Students play a key role in today's world. They must rise to the daunting challenges, bring in changes in international trade, and gain understanding of the investment framework. Significant reformative changes are being ushered in as a result of the dynamic "Look East - Act East" policy, which covers the ASEAN region, East Asia, and the trans-Pacific regions. Production models have changed the landscape in this part of the world. Thus, experts from the field of economics, law, and others should look in to the emerging framework and the opportunities that are available to India.

He commenced his presentation by a discussion on the key mega FTAs, one of which is the Trans Pacific Partnership (TPP), which comprises twelve Asia-Pacific Economic Cooperation (APEC) members. Four of which are from ASEAN-Brunei, Malaysia, Singapore, Vietnam, and Japan from the East Asian region. In addition to these countries, Australia, New Zealand, U.S., Canada, Mexico and Chile are also part of the TPP. The other mega FTA that he spoke about was Regional Comprehensive Economic Partnership (RCEP), which comprises ASEAN members and the six countries with which ASEAN has existing FTAs. India is a member of these negotiations. The

third proposal, which is yet to come on board, is the FTAAP (Free Trade Area of the Asia Pacific), which comprises twenty-one APEC members. The speaker showed a figurative representation of international trade agreements, which depicts that most of the ASEAN countries are part of the mega FTAs, whereas India is, as of now, only in one of them. Membership of the FTAAP has not yet been designed.

These FTAs are described as "mega" because of their size and the share of the world trade that they cover. Despite India and China not being party to them, many of them contribute to a quarter of the world trade and the total GDP. Several other Asia Pacific countries have entered bilateral, trilateral, and regional FTAs with Chile and Singapore as the front runners. The United States is leading with fourteen FTAs. India has already signed eleven FTAs, of which eight are under negotiations.

Dr. V. S. Seshadri also mentioned three other plurilateral agreements, including the Trade in Services Agreements (TISA). As many as fifty countries outside the WTO framework are members of this agreement. India was an active member of the proposed Information Technology IT-1 agreement. Yet, India is not a member of the IT-2, which is supposed to include a broader set of products, including smart phones, which were not included earlier. The basic idea behind this proposal is to bring down tariffs to zero. Later, he spoke about the environment goods agreement, which includes forty-one member countries. In this case, the main aim is also to reduce tariffs to zero and to bring

about a better trading environment.

After this, the speaker questioned the reason for the surge in FTAs and pluri-lateral agreements in today's world. He pointed out the failures of the Uruguay Round and the Doha Round in not being able to address the issues faced by developing nations, whose demand it was to liberalize agriculture and also to reduce agricultural subsidies. The two multilateral trade rounds were not able to solve the issues faced by the developed world, including trade facilitation in certain specific sectors.

Dr. Seshadri elaborated on the key elements of the TPP, which deals with both border and "behind the border" measures. The four distinguishing features of TPP include deeper liberalization than the existing FTAs and deeper liberalization that focuses on the negative list approach for the services sector. The TPP is negotiated secretly and it is difficult to know what a TPP entails. The other feature is that it not only brings about liberalization but also brings in certain values in terms of food safety. The TPP seeks to further strengthen Trade-Related Aspects of Intellectual Property Rights (TRIPS) between the interests of consumers and innovators. It also seeks to introduce labor and environment standards in trade. The third essential feature is that TPP curtails space for development and insists on technology transfer. The TPP focuses on disciplining performance requirements, which includes government procurement. The fourth essential feature of the TPP is the inclusion of the Investor-State Dispute Settlement. The TPP has progressed well after its inception, with twenty-five rounds already held; it is expected that it will be completed by next year.

Dr. Seshadri also focused on the key elements of the RCEP, which is less intensive than TPP. It covers goods, services, and Intellectual Property

Rights (IPRs), but there are no specific references to state trading enterprises. It also does not focus on further strengthening the financial and trading environment. The role of the investor is debated in these negotiations. The speaker said that India should emulate countries like Vietnam and Brunei, both of which have done well as a result of joining TPP and adopting the export-led model, which have led to advancement of their economies.

Moving to the Indian perspective, Dr. Seshadri stated that we need to look at the model that suits us the best. It is necessary that the government, industries, stakeholders, and NGOs understand the trading frameworks as the negotiation deadlines come closer. The last aspect that Dr. Seshadri touched upon was the key element of FTAAP, which is not only an idea borrowed from the Chinese, but also presents as an agreement by the APEC. However, it will only be realized outside the APEC. The FTAAP would be comprehensive, of high quality, and would incorporate and address the next generation trade and investment issues. He pointed out that APEC remains an incubator of FTAAP.

He concluded by focusing on India's strategy. India needs to actively engage in RCEP negotiations and also work on improving competitiveness and becoming a member of APEC. However, this also needs careful consideration of merits and downsides. Prime Minister Mr. Narendra Modi's first destination for a bilateral visit outside India's immediate neighbourhood was Japan. This decision reflects the importance of Japan in discussing India's foreign policy and economic development. For this reason, a special session focusing on Indo-Japanese relations was organised as part of Track I.

Ambassador Deepa Gopalan Wadhwa

Honourable Ambassador of India to Japan



Ambassador Deepa Gopalan Wadhwa began her speech by elucidating the importance of the Look East – Act East Policy and on why it is important to the Ministry of External Affairs, Government of India. She emphasized on the Tokyo Declaration which was signed on 1st September 2014. In the Declaration, the Prime Ministers of India and Japan pledged to successfully implement policies that would lead to the realisation of the full potential of the India-Japan Strategic and Global Partnership, with the understanding and hope that this would result in progress and prosperity for the people of the two countries and in maintaining peace, stability, and prosperity in Asia and the rest of the world.

The beginning of the 21st century saw India gradually become a major economic hub, recognised globally for its potential. For a few decades, there had been a lull in the India-Japan relationship, but this changed after the path-breaking visit of the Japanese Prime Minister, Mori, in 2000. The visit provided a much needed impetus to develop a strategic bilateral partnership between the two countries. The global partnership formed the foundation for strengthening ties between the two countries based on diversified areas where strategic convergence was possible. The joint statement signed by the Prime Ministers of the two countries, Dr. Manmohan Singh and Mr. Shinzo Abe, in the year 2006 added a new dimension to this bilateral relationship by upgrading it to a global

and strategic partnership, with the provision of the annual prime ministerial summits. India is the only country with which Japan has held annual summits; these meetings are held in Delhi and Tokyo alternatively. The tradition of these annual meetings has received a fillip in the wake of the recent visit to Japan by Prime Minister Narendra Modi. The diplomatic relations have evolved into a solid multidimensional relationship, where priority is given to the three main pillars of foreign policy. The three pillars, as stated by Ambassador Wadhwa, are the political, economic, and “soft” aspects.

In light of Japan's ongoing elections, the speaker mentioned that the relations between India and Japan are mature enough to withstand any change in political power. During his visit to Japan, Prime Minister Narendra Modi discussed new elements on the strategic front, such as cooperation in the fields of defence and security (an example of this being the Annual Naval Exercises), and transfer of technologies.

Japan has been extending bilateral loans and granting assistance to India since 1958. Japan is the largest bilateral donor to India. Japanese Official Development Assistance (ODA) supports India's efforts for accelerated economic development, particularly in areas like transport, power, and environment. In 1958, India was the first recipient of ODA worth \$40 billion. Japan's continuous assistance in the form of long term investments in mega infrastructural projects in

India such as the Delhi-Mumbai Industrial Corridor, with an investment equivalent to \$100 billion has strengthened the bilateral ties; the Chennai-Bangalore Industrial Corridor is another example.

Economic relations between India and Japan have vast potential for growth, given the existing complementarities between the Asian economies. The historical India-Japan Comprehensive Economic Partnership Agreement was signed in August 2011. However the India-Japan bilateral trade slid down from \$18.51 billion in the year 2012-13 to \$16.31 billion (11.89% lower). This fall in total trade is a result of the decrease in Japanese exports by 23.53%. On the other hand, exports from India have increased by 4.36% in 2013-14. India has received a lot of support from Japan in the areas of finance and technology. In the Tokyo Declaration, Prime Minister Shinzo Abe announced the India-Japan Investment Promotion Partnership, which covered the following points:

- a) A target was set of doubling Japan's foreign direct investment and the number of Japanese companies that would be launched in India within five years. The two Prime Ministers also decided to work towards further expanding bilateral trade relations.
- b) Prime Minister Abe expressed his intention to realize 3.5 trillion yen of public and private investment and financing from Japan, including Overseas Development Assistance (ODA) to India in the next five years to finance appropriate public and private projects of mutual interest, including areas of next generation infrastructure, connectivity, transport systems, Smart Cities, rejuvenation of Ganga and other rivers, manufacturing, clean energy, skill development, water security, food processing and agro industry, agricultural cold chain, and rural development. In this context, Prime Minister Abe pledged ODA

loan of 50 billion yen to India Infrastructure Finance Company Limited (IIFCL) for a public-private partnership infrastructure project in India.

- c) The two Prime Ministers welcomed the public-private initiatives between the countries to set up Electronic Industrial Parks in India. In continuation of this, Prime Minister Narendra Modi has set up "Japan Plus" desk at the Prime Minister's Office.

The friendship between India and Japan is based on historical, cultural, and civilizational ties. The diplomatic ties can benefit infinitely from the rich resources that fall in the category of "soft power".

Mr. Katsuo Matsumoto

Deputy Director-General, South Asia Department,
Japan International Cooperation Agency (JICA)



Mr. Katsuo Matsumoto focused on JICA's contribution to economic corridors, the Mekong area, and to the maritime ASEAN economic corridor. A number of studies have been conducted to improve the connectivity and efficiency of existing connectivity links. Over the years, these studies have yielded good results in terms of higher economic performance. The speaker mentioned, as illustrations, some trends across the world that prove that global power has now shifted to East Asia. In this regard, he also talked about the importance of emerging economies such as India.

He also talked about various modernization projects such as East West corridor flow, which connects Thailand, Laos PDR, and Vietnam. The presentation covered some of the cross-border projects that have been undertaken to modernize customs system, leading to improved trade functioning across countries.

Mr. Matsumoto pointed out that a series of "good push" have led to higher and faster economic cooperation and integration. He pointed out four such "push" factors, which are as follows:

- Agreements have been signed between Japan and India on issues related to economic cooperation, which have benefited from the recent visit of Indian Prime Minister Narendra Modi to Japan and his support for this initiative. JICA has done a lot of work in this area, such as providing results for surveys, which indicate that good connectivity is possible in the Eastern region. The corridor connecting Nepal to Bangladesh and Bhutan to Bangladesh are some such projects. In the discussion on India, ten projects have been identified that can lead to higher connectivity.
- New administration in Myanmar is the second push factor. Given this movement, Mr. Matsumoto stated that Japan has changed its

economic policy. Several schemes have been prioritised for different projects. The fulfilment of basic needs of the people is one such project. JICA is currently working on a master plan for Myanmar, the Thilawa SEZ being one of the many projects. JICA is also contributing towards the Yangon-Mandalay Railway Project. This, as suggested by Mr. Matsumoto, could lead to a possible trilateral highway. He also said that JICA is concentrating on road transport sector, as well as various maritime projects.

- The third push factor, according to Mr. Matsumoto, is the result of the SAARC Summit last November, where the SAARC motor vehicles agreement and railway agreement were described as positive influences for economic integration. The recommendations from the Summit on ways to improve the situation with respect to connectivity have been favourable as well. He also claimed that in light of the understanding that regional cooperation is the ultimate objective, Japan has provided Official Development Assistance (ODA) to the Indo-Pacific region. He cited the example of Bangladesh. Prime Minister Abe announced the Bay of Bengal Industrial Growth belt (BIG-B) to be of utmost strategic importance. He stated that in order to achieve the targets, it is very important to have power and energy.
- The fourth and final push, according to Mr. Matsumoto, is the free flow of cross border projects, which are the "common asset of the region". To bring this about, improved coordination between South and Southeast Asian region is vital.

Mr. Matsumoto concluded by stating that integrated efforts by South and Southeast Asia have led to considerable regional growth, and that Japan would like to be a collaborator in the future.

Mr. Ichiro Abe

Director and Industry Researcher,
Japan External Trade Organization (JETRO)



Mr. Ichiro Abe began his presentation by highlighting the important role that India plays in the overall context of Japan's trade. He also stated that there are four offices of Japan External Trade Organization (JETRO) in India; these offices mainly focus on export and plan to expand to include investment activities in the future. He mainly focused on the promotion of regional economic integration, in relation to the regional supply chain network and FDI. The Look East Policy is primarily based on the shift of economic power from West to East and on the rise of four economies: Japan, China, India, and South Korea. Japan's growth path accelerated during the 1970s; this was followed by the growth of the ASEAN countries (the rise of the Asian tigers), China's liberalisation policies, and India's economic reforms.

Thus, we conclude that in order to make the "Make in India" campaign work, India should take up supply chain oriented trade policies. It is fair to expect that this will eventually lead to the expansion of production in supply chain network of Asia, thereby making the continent a manufacturing and exporting hub. The key factor that explains India's potential to become a manufacturing hub is the "presence of a lot of supporting industries". Along with this are some miscellaneous factors: procurement from local companies; abundant young labour force; and strategic location, which has access to the markets of Middle East, Africa (account for 30% of India's exports), and East Asia.

Rapid expansion of middle and upper class consumer market and reforms are also expected to generate strong domestic demand. However, there are some obstacles in India, such as complex regulations and lack of "ease of doing business." Solutions to these problems are to be found in de-licensing and de-regulation, introduction of the Goods and Services Tax (GST), investment in building infrastructural facilities that would enable manufacturing (for instance, building industrial corridors and clusters, and smart cities), innovation, and promotion of skill development. Another crucial element is opening up areas like defence, construction, and railways for foreign direct investment. The speaker offered the example of China, which has managed to attract a lot of FDI in its exports. The share of foreign companies in China's exports has varied from a low of 40.7% to a high of 58.2%, over the period spanning 1996 to 2013. India has to participate in the rapidly growing network of cross-border supply chain of parts and components, which would engage India with other countries.

Another noteworthy factor is the development of infrastructural connectivity. If mega infrastructural projects like the Delhi-Mumbai Industrial corridor (with eight new industrial townships), Chennai-Bangalore Industrial Corridor, or the Mekong India Economic corridor succeed, India has the potential to become a low cost manufacturing hub.

Mr. Abe elaborated the point that there is great potential for increasing bilateral exports between India and Japan. Japanese companies like Suzuki, Honda, and Nissan have made India an exporting base from where they export to Western countries. At present, Thailand has emerged as a major automobile hub and China a major electronic hub. Given the dynamism that characterizes Asian markets, it is no surprise that many automotive industries are shifting from Thailand to Cambodia, Laos, and Vietnam. Similarly, the electronics industry in China is gradually shifting towards Vietnam and Philippines; in the near future, both sectors are expected to move to Myanmar. India is also getting increasingly attractive for investment because of its price competitiveness (especially in cast and wrought iron products, which can be exported to the East Asian market). Though India's wage level is the same as ASEAN's, operational productivity makes India more competitive. The automotive industry price in India is 30% cheaper than the ASEAN countries because of the localization of products and procurement of materials.

In this context, the speaker elaborated on the Regional Comprehensive Economic Partnership (RCEP), which is a proposed Free Trade Agreement between the ten member states of ASEAN and India, China, Japan, Australia, New Zealand, and South Korea. These countries must look West, that is, look towards India for its strategic geographical position and price competitiveness as an investment destination. Thus, in order to reap the benefits of RCEP, India has to actively participate in the cross border supply chain network. Further, India has to promote trade in services as India has a comparative advantage in various services like healthcare, tourism, IT, and software.

Since India is a developing country, one of the challenges that exist in the area of trade and investment from Japan is the missing market for high-end goods. Another important point here is that India and China being two different countries cannot adopt the same export-led strategy for growth. This strategy has already been utilized by China; therefore, India has to augment its procurements and increase exports.

Ambassador Prakash Shah

Former Ambassador of India to Japan



Ambassador Shah was India's ambassador to Japan in the 1990s. He highlighted the fact that during the first decade after India's independence, when diplomatic ties were established between India and Japan, relations between the two countries were upbeat. These were marked by the visits of Japanese Prime Minister Nobusuke Kishi to India in 1957 and Prime Minister Jawaharlal Nehru's return visit to Tokyo in the same year. The momentum of cordial bilateral ties, however, did not match the expectations in the decades following the 1960s. Since then, it has taken India many years to realize the potential of the relationship between India and Japan. Prime Minister Jawaharlal Nehru had rightly emphasized the significance of warm and cordial relations with neighbouring countries in order to preserve stability and security. After all these years, the ideal is being carried forward by Prime Minister Narendra Modi. His first visit to Japan is indicative of the fact that the government has decided that it's time to "Act East" and this intent extends to areas beyond financial investments. India, Japan, and China are the three pillars of Asia; therefore, it's very important for them to maintain a strategic relationship to ensure political and economic security. However, India has also delayed establishing a relationship with

the ASEAN countries because of the change in Government during the 80s, in spite of the presence of huge potential for the private sector with respect to trade and investment.

Due to the lack of an enabling environment, many Japanese companies fight shy of investing in India. They stay guarded in their view of Indian markets, however, they should not miss out on the vast opportunities that the Indian market offers. India's vibrant democracy is advantageous in conducting business. Ambassador Shah cited the example of Sony to substantiate his argument. Sony was given "special preference" of 100% ownership. However, a local joint venture partnership is more profitable than a complete ownership in a country like India, where persist frequent problems related to infrastructure, such as power, electricity, raw materials, and procurement of permits. The bilateral relations between India and Japan have always been cordial and seamless. He also emphasized the issue of connectivity, particularly enhancing the air route connectivity, which will increase trade and investment between the two countries and the other partners. Connectivity can contribute to the evolution from the "look east" policy to a more mature "act east" policy.

Road and Maritime Connectivity: Vital Elements for Economic Growth

Moderator: Amb. Skand Tayal

Speakers:

Dr. Rajat Nag

Distinguished Fellow, National Council of Applied Economic Research (NCAER) and Former Managing Director General - Asian Development Bank

Mr. Sumith Nakandala

Secretary General, Bay of Bengal Initiative for Multi Sectoral Technical and Economic Cooperation (BIMSTEC)

Amb. Munshi Faiz

Chairman, Bangladesh Institute of International and Strategic Studies (BISS)



Ambassador Skand Rajan Tayal was the moderator for this track. Ambassador Tayal began by elaborating on the main theme of the conference: “Look East–Act East Policy: A Bridge to the Asian Neighbourhood”. He pointed out the underlying message in the title—the use of the word “Asian”, and not “ASEAN”. The significance of the choice of words lies in the consideration that Bangladesh is also an important part of the geo-political alignment in the region. Bangladesh, Ambassador Tayal said, has an indispensable role to play in India’s “Look East– Act East Policy” implementation.

The Look East policy (LEP) was initiated by the Government of India in the early 1990s. Later, in 2014, the Government decided to emphasize the implementation aspect by adding “Acting East”. This decision was probably made in light of the realisation that although many plans and policies have been formulated, their execution has been less than satisfactory. Now is an opportune time to both “look” and “act” East as India’s relations with Myanmar and Bangladesh are good and are projected to improve from here on.

The speaker subsequently discussed the many factors that contribute to building positive relations between India and the neighbouring countries. He stated that amongst these factors, connectivity features at the very top. It results in a “win-win” situation for all entities. From the Indian perspective, connectivity is important for improving ties with all the neighbouring nations, as well for improving links with the North Eastern region.

Elaborating on the connectivity issues, he mentioned that it has several dimensions to

it. There exists good political connectivity between India and her Eastern neighbours, as well as with the BIMSTEC region. Yet, people-to-people connectivity is not quite mature. There is potential for greater improvement and this can be achieved through many vehicles: tourism, education, media, and communication.

Ambassador Tayal noted that generation of employment is of utmost importance amongst member nations of BIMSTEC, and that in its absence, it is doubtful if India’s Act East Policy can achieve success. Further, there needs to be greater institutional connectivity with respect to law enforcement; accessible inter-country borders and inter-state boundaries; acceptable permits for trade and transit; acceptance of driving licenses and identity proofs on both sides of the border; and transparent and comprehensible custom rules.

It is important to point out that the “Look East Policy” is incomplete without “physical connectivity”. In this respect, India’s long-term vision must be to consolidate the Eastern and North Eastern region of India, Bangladesh, and Myanmar. Myanmar serves as the land bridge between India and South Asian and South East Asian nations. Therefore, connectivity with Myanmar will enhance India’s linkage to the North East region (NER) through the Mekong region. Moreover, the NER and Myanmar are surrounded by China, Bangladesh, and the ASEAN region, which form the core segment of India’s LEP. Guided by the long-term goal of enhancing physical connectivity, several projects have been undertaken to create rail-road linkages within the NER and between the NER and Thailand through Myanmar.

Dr. Rajat M. Nag

Distinguished Fellow,
National Council of Applied Economic Research
(NCAER)



Dr. Rajat M. Nag began the presentation by outlining the description of the 'Asian century,' which, according to him, is plausible but not pre-ordained. Asia, in recent times, has become the centre of gravity of the world economic powers. Dr. Nag described this as the re-emergence of Asia to regain the power that it enjoyed a few hundred years ago. Japan's emergence as a global power in the 1950s and 1960s, followed by the rise of the Asian Tiger nations in the 1960s and 1970s, marked the beginning of Asia's economic prominence. China joined in later, with a blistering growth rate of 10% for almost three decades. India came in next, with the implementation of the economic reforms in 1991. Asia is beginning to perform well on many fronts related to developmental economics. In the 1970s, one in two Asians was poor. This figure improved to one in three in the 1990s, and to one in five in 2010. The Asians today are richer, healthier, live longer, and are more educated as compared to the previous generations. He pointed out that this growth is just one side of the coin; there also exist disturbing disparities across many dimensions. About two-thirds of the world's poor live in Asia; almost 700 million people do not have access to clean drinking water; and nearly 1.8 billion people are deprived of sanitation facilities. Unless these gaps are filled, the "Asian Century" would not be realized.

The recommendations that are part of the "Look East - Act East" policy are very important and deserve focused deliberations. In the discussion on India's relations with Myanmar, it is important to note that India's physical connectivity with Myanmar is limited and in need of prioritizing in the coming years. The bond between India and Myanmar is "rooted in shared historical, ethnic, cultural, and religious ties". India shares a border with Myanmar that is over 1600 kilometres long, and a maritime boundary that creates geographical proximity between the two countries. Add to this the fact that approximately 2.5 million Indians live in Myanmar. Yet,

India-Myanmar relations have been less than completely cordial. When Myanmar was taken over by military government in 1962, India's assistance in the restoration of democratic rule in Myanmar was received with mixed sentiments. Myanmar's diplomatic isolation has created an opportunity for China to get closer to it. China has been the most important supplier of military aid and equipment to Myanmar. Since 1989, China has provided Myanmar with jet fighters, naval vessels, armoured vehicles, and defence training. Through these means, China has gained access to Myanmar's ports and the tactics helped in creating a strategic influence in the Bay of Bengal. India is yet to awaken to the fruitful outcomes of close diplomatic relation with Myanmar.

The presentation also covered the importance of larger regional collaboration. Collaboration, struggle, and conflict are part of the gamut of relations among adjoining states. Conflict comprises the challenge to resolve variances among neighbours through intimidating and mutually damaging means. Competition engrosses countries in the quest for resources or benefits through non-violent means and in ways structured by global law, geopolitical agreements, or accepted standards. Cooperation means working together as associates in maximizing common or shared benefits. Competition may provide motivations for improved presentation through a "race to the top" (e.g., Competing for foreign direct investment), or it may involve costly replication of investments and loss of possessions, leading to a "race to the bottom" (e.g., Competing selective and alteration-tax enticements for foreign investors).

According to Dr. Nag, collaboration is the most anticipated approach for a countries progress, provided it is not attained at the expense of a third parties. He provides several reasons as to why regional co-operation is indispensable in the current times.

- In order to withstand region-wide economic growth, Asian countries will need to gradually depend on internal (domestic and regional) demand and guarantee open integrated markets with neighbouring countries and the rest of the world. This will necessitate the conception of a unified market for goods, services, and finance to permit the free flow of trade and investment across the region, with low obstacles to entry for the rest of the region and the world. In this respect, he talked about the concept of “open regionalism”, that is, regional and national co-operation should be inclusive to meet both regional and national economic targets. Increased co-operation amongst East and South East nations does not indicate remaining closed to the rest of the world.
- Regional cooperation can pace the poorer countries to climb up the value chain and maximize their growth potential.
- Regional cooperation has the potential to be an important bond between the interactions of individual Asian countries and the rest of the world. Asia will need to come to a consensus on a range of global issues, which can only be attained through regional negotiation and collaboration.

He also suggested that economic co-operation between two nations, provides a win-win situation. However, it does not necessarily imply that both nations would benefit to an identical extent. Furthermore, countries need to cooperate in their own self-interest and not as an act of altruism or neighbourly love. In other words, “Cooperation pays, conflict does not”.

- Regional cooperation will result in better ability to counter global challenges and to earn noteworthy collaborations and positive spill overs, such as hi-tech expansion, energy security, and disaster awareness. Regional integration and cooperation permit the formation of larger markets, specialization in production, cross-border investments, scale economies in public infrastructure service provision, and reverberation of successful innovations and development interventions by sharing of knowledge and experience across borders.
- The skilled and joint organization of numerous regional commons will become progressively significant for Asia’s long-term solidity and fortune. The administration of the regional commons will comprise disseminating and extenuating internal political and social hazards linked with drugs and terrorism; avoiding struggles among the mega-economies and nuclear states; and maintaining social and political stability in the region, especially to sustain the economic and security concerns of delicate states.

Fourthly, he opined that both hardware and software connectivity are necessary conditions for development, even though not entirely sufficient. Discussing the plans for the Asian Highway (AH) Network, the speaker suggested that there are several missing links, particularly in the NER and in Myanmar. In some regions, these road links require enhancement, and in others, they require construction of new roads. But the important point is that the links exist. In the future, AH would be a network of 141,271 kilometres of standardized highways—including 155 cross-border roads—that will crisscross 32 Asian countries, which would help to improve economic linkages among them.

He talked about the routes that play critical roles in enhancing connectivity between Myanmar and Northeast India:

- **Moreh/Tamu route (India-Myanmar-Thailand Trilateral Highway):** The central gate for border trade between India and Myanmar is between Moreh in Manipur and Tamu in Sagaing Region of Myanmar. The route has overlaps with AH1 and AH2. On the Indian side, the 109km section from Moreh to Imphal, the capital city of Manipur State, goes through Palel. The section from Palel to Moreh (60 km) is single-lane and typically undulating. Although the surface is paved, significant sections between Palel and Moreh are in a neglected state and must be renovated. On the Myanmar side, a 150 km road from Tamu to Kalemmyo and a 10 km road from Kyigone to Kalemmyo was constructed by the Border Road Organization of India in 2001, and named as “Friendship Highway”. So far, this is the only effective cross-border road link along the 1,643 km India-Myanmar border. The road from Tamu to Kalemmyo is in a good condition, as a result of conservation work done by the

Myanmar government in 2008. However, beyond the “Friendship Highway” at Kalewa, linking roads to the most important cities of Monywa, Mandalay, and Bagan are in a bad state. Recently, India has enthusiastically dedicated resources to the advancement of this highway further to Monywa.

- Zolkawtar/Rhee route: The route from Zolkawtar in Mizoram State of India and Rhee in Chin State of Myanmar has great potential to help expand border trade between India and Myanmar. This route could potentially be the shortest land route joining Myanmar and Kolkata through Northeast India and Bangladesh if the section from Aizawl to Agartala is upgraded and transit trade through Bangladesh is implemented.
- Nampong/Pangsu route, known as Stilwell Road: The Stilwell Road (1,736 km) was built during World War II but has been in a state of neglect ever since. Starting from Ledo in India’s Assam state, it goes through upper Myanmar to reach Myitkyina before spiraling eastward into the People’s Republic of China’s where it ends in the Yunnan province. The road between India and Myanmar is not yet open for authorized border trade.

Dr. Nag also talked about the TAR (Trans Asian Railway) network which will comprise 117,500 km of railways across 28 countries. It will link to the pan-European rail network at various locations, and will have connections to major ports in Asia and Europe, and thereby providing landlocked countries with enhanced access to ports and harbours.

The speaker then shifted his focus to the subject of maritime connectivity, which needs the attention of policy makers. The new Indian Government has propounded Project Mausam, which would establish maritime connectivity with India’s Eastern neighbours. The connectivity between Kolkata and Sittwe ports in India and Myanmar, respectively, forms an important part of this project. This route would make travelling to the NER cheaper. The propositions made by China to re-establish the Chinese Silk Route and the Chinese Maritime Silk Route have to be considered for greater cooperation from both sides. Dr. Nag touched upon the idea of enhanced digital and energy connectivity for greater

regional co-operation between the nations. Digital connectivity refers to cheaper telephone calls and greater data mobility between the countries. With respect to energy connectivity, the speaker emphasized the significance of energy sharing between India and Bangladesh. Between Baharampur in India and Bheramara in Bangladesh, a proposal of 500 MW of power transmission has been undertaken.

Fifth, he talked about the experience of the Greater Mekong Sub-region (GMS). The GMS follows the ASEAN model of consensus wherein any two countries can undertake a project without the consensus of the other nations. And this is what has led to significant increase in the number of roads, railways, and sea connectivity in the GMS. Dr. Nag also talked about the importance of connectivity in regional value chains--value chains are the future of South Asia. There are some preconditions though; for example, South Asian countries should have adequate infrastructure for export-oriented industries. South Asian countries should aim to remove obstacles with respect to differentiated tariffs and Non Tariff Barriers. Value added services such as single permit, domestic branding, mutual recognition of degrees, etc. are needed to encourage regional value chains in South Asia. Enhanced connectivity, would encourage proliferation of regional value chains that could potentially pool together competitiveness of each of these economies at various stages of production. This would require greater flow of financial capital and intra-regional investments. Dr. Nag also talked about the concept of Public Private Partnerships (PPPs), which will further help the development of physical infrastructure for connectivity. The important issue is the need for a stronger political will and also a collaborative approach between India, China, and Japan.

While concluding remarks, Dr. Nag dismissed pessimism with regard to the growing rivalry and competition between India and China in South and South East Asia. The 40 years of progress offers enough justification to be optimistic about defeating all odds. Quoting Tagore, he stated that there are benefits to be reaped from greater cooperation and open regionalism.

Mr. Sumith Nakandala

Secretary General, Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC)



Mr. Nakandala opened his speech by giving a brief about BIMSTEC, which was established in 1997; while its secretariat was set up as recently as August 2014. BIMSTEC has been actively involved outside the political arena with the Asian Development Bank (ADB) and UNESCAP, Bangkok. He put forth the view that without connectivity, regional integration is not possible. In this respect, he mentioned the 166 national projects on roads, maritime, railways and air connectivity. Out of these, 65 projects have been streamlined by BIMSTEC for connecting South and South East Asia. These 65 projects would involve US \$20 billion. Mr. Nakandala indicated that availability of funds is not likely to be a problem. He also talked about the importance of greater political will between countries to enhance connectivity.

Talking about the Asian Railway Network and the Asia Pacific Highway, Mr. Nakandala elaborated on the role that UNESCAP and BIMSTEC are playing in the facilitation of relations between India and the ASEAN countries. A significant achievement by BIMSTEC is the Transgrid Connectivity Agreement, to be signed in Kathmandu in the near future. The BIMSTEC Free Trade Area Agreement (FTAA) is also attempting to address issues of energy, trade, physical connectivity, and soft connectivity, which connect people, trade, custom unions, and

much more. The BIMSTEC is also attempting to enforce the FTAA by 2015. To him, the difficult elements are mega-trading economic integrations, such as the Trans Pacific Partnership (TPP) and the Regional Comprehensive Economic Partnership (RCEP). In Asia, there are as many as 150 regional trading agreements that have been signed till date. However, some exist only on paper, whereas others have not been effectively implemented. This has led to what is termed as 'Spaghetti Regionalism' or 'Noodle Bowl Regionalism'. In order to avoid this problem, careful market integration is required in the South Asia Pacific region and BIMSTEC could play an important role to remedy this situation especially in the Central Asian Region.

The second concern that Mr. Nakandala talked about was the increased emphasis on the Global Value Chains (GVCs), which must be subordinated to 'Regional Value Chains'. There should be creation of markets within, rather than outside regions. He made clear that BIMSTEC will always work as a solid component of regionalism. He called for regional cooperation, regional integration, "quota free-duty free" markets, and agreements on investment and merchandise.

He concluded his speech by stating that given the diversity in the region, political commitment is required and once it is achieved, it should be translated into action without further delay.

Ambassador Munshi Faiz Ahmad

Chairman,
Bangladesh Institute of International and Strategic
Studies (BISS)



Ambassador Ahmad began by stating that India's Look East Policy does not necessarily imply that India has to look away from her Northern, Western or Southern neighbours. The Look East Policy only emphasizes the significance of seeking cooperation with the South East and East Asian countries and Australia. The substantial contributions of the regional and sub-regional institutions, such as, ASEAN, ASEAN plus Six, SAARC, BCIM-EC, BIMSTEC, APTA, FTAAP, TPP, ACD, etc., must be put in the forefront for enhancing India's LEP.

Ambassador Ahmad also spoke about the relevance of Bangladesh in India's Look East Policy. India and Bangladesh share deep-rooted historical, cultural, ethnic, and linguistic ties, which are further enriched by the ideals of democracy and pluralism. India had extended help to her Eastern neighbour during the Bangladesh Liberation War in 1971. Both these countries are also strategic partners in countering terrorism and are the largest trading partners in South Asia. Geographically, Bangladesh marks the topmost boundary of the Bay of Bengal and shares maritime resolutions with India and Myanmar.

Bangladesh's strategic location necessitates India to pass through Bangladesh over land to reach Myanmar and to other South East and East Asian nations. Also, Bangladesh could be an appropriate link to make connectivity overland between North East India and the rest of India easier and cheaper. As a result, Bangladesh's contribution in establishing connectivity is of paramount importance to India. Incorporation of Bangladesh into the ambit India's LEP would, in turn, benefit India as well.

Connectivity is considered to be one of the main drivers of development. The purview connectivity, in present times, encompasses Government to Government (G to G), Business to Business (B to B) connectivity, physical, institutional, information, and communication technology (ICT), and civil societies' connectivity. However, people-to-people connectivity is

believed to be the most important. It refers to greater cooperation between people across borders and boundaries.

Ambassador Ahmad mentioned the prerequisites for greater connectivity, which begins with planning and includes determining the basics of connectivity projects, followed by political agreements between governments, addressing the technical aspects, and ensuring smooth end-use of the projects. He listed some of the existing initiatives with regard to overland connectivity, including the Trans Asian Highway and Railway projects, SAARC's agreement on movement of motor vehicles and rail services, initiatives by BIMSTEC and BCIM for connectivity, Bangladesh-India Transit and Transshipment Agreement, and the ASEAN-India Transit Transport Agreement.

He also put forth the significance of connectivity through rivers. Both India and Bangladesh are criss-crossed with rivers; therefore, riverine connectivity could play a vital role in India's LEP. India and Bangladesh must also try to improve energy connectivity. This necessitates focus on expansion of the power grid project, which is already in place. The littoral states, including Bangladesh and India, could use the waters and coastlines of the Bay of Bengal to enhance connectivity in a more comprehensive way. Further, India and Bangladesh must put in place comprehensive arrangements for coastal shipping. In addition to transport connectivity in the maritime domain, there is huge potential for establishing maritime resource connectivity in the form of joint fishing, exploration and exploitation of marine resources, and other minerals. Last, the significance of joint security arrangements and sharing of information was discussed.

In his concluding remarks, Mr. Ahmad brought forth the example of European nations. Despite being "sworn enemies," these nations have opened up to each other after the Second World War and reaped the benefits of economic integration.

Security and Defence Within the Framework Of The Look East Policy

Introductory address by:

Padma Bhushan Dr. S. B. Mujumdar

Founder and Chancellor,
Symbiosis International University

Key note address by:

Mr. Kiren Rijiju

Hon'ble Minister of State for Home Affairs

Special address by Hon'ble Vice Minister of Foreign Affairs, Vietnam, **Mr. Ha Kim Ngoc** (delivered by the Ambassador of Vietnam to India)

Moderator: Amb. A. N. Ram

Speakers:

Mr. Anil Wadhwa

Secretary (East), Ministry of External Affairs, Government of India

Vice Admiral Anup Singh (Retd.)

Former Flag Officer Commanding-in-Chief, Eastern Naval Command

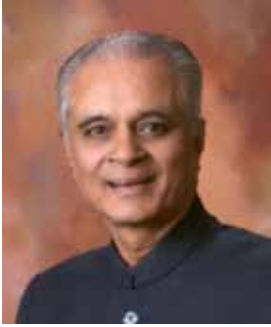
Group Captain Ajey Lele

Research Fellow, Institute for Defence Studies and Analyses (IDSA)

Mr. Mohammad Jasim Uddin

Research Fellow, Bangladesh Institute of International and Strategic Studies (BISS)





Introductory address:
Padma Bhushan Dr. S. B. Mujumdar

Track III of the conference, titled Security and Defence within the Framework of the Look East Policy, was the first track on the second day of the conference. The track began with Dr. S. B. Mujumdar, founder and Chancellor of Symbiosis International University, welcoming the Guest of Honour, Mr. Kiren Rijju, Hon'ble Minister of State for Home Affairs, Government of India, and the Vietnamese Ambassador to India. He also welcomed the moderator for the track, Ambassador A. N. Ram and other guest speakers: Mr. Anil Wadhwa, Secretary (East), Ministry of External Affairs, Government of India; Vice-Admiral (Retd.) Anup Singh; Group Captain Ajey Lele, - Research Fellow, IDSA; and Mr. Mohammad Jasim Uddin, Research Fellow, BIIS.

Dr. Mujumdar began his welcome address by sharing his thoughts on Ishanya Cultural Centre, Pune. He enlightened the dignitaries on the dais and the audience about how Symbiosis was founded on the vision of Rabindranath Tagore's Vishwa Bharati and Sane Guruji's Antar Bharati. The former signifies the integration of India with the world, while the latter signifies the unification of people

within India. Although Symbiosis International University has already attracted a large number of international students, Dr. Mujumdar was of the opinion that the University is yet to fully realize the second principle. There are nearly five thousand students from the North-eastern region of India in Pune; nonetheless, they continue to feel excluded from the mainstream Indian society.

This being the case, the Ishanya Cultural Centre was established to remedy the situation. The Centre organized a cultural event, as part of which folk music and dance presentations were staged. Ishanya Chitra, a film festival, was one of the many initiatives that were taken up by the Centre. More events are being planned to showcase the cultural richness, diversity, and talent from the North-eastern states of India. Dr. Mujumdar lauded the recent initiative by Prime Minister Mr. Narendra Modi to offer ten thousand scholarships to students from North-eastern India. He concluded by expressing his hope that there would be more cultural and educational exchanges between students from Pune and the rest of Maharashtra and their counterparts from the northeastern part of India.

Keynote address :

Mr. Kiren Rijiju

Honourable Minister of State for Home Affairs,
Government of India



The Hon'ble Minister of State for Home Affairs, Mr. Kiren Rijiju, having travelled across 154 countries, strongly believes in the notion that the world is a small village. Before moving to the discussions on India's Look East Policy, Mr. Rijiju said that it is important to understand the need for the formulation of such a policy. The South-east Asian region has not received sufficient concerted deliberations by the policy makers in the Indian government, and this past neglect may be one of the reasons for the formulation of India's Look East Policy in 1991. The time has now come to not only "look" east but also "act" east. An important point to bear in mind is that "looking east" does not suggest excluding the West. We live in a global society; therefore, we must be active participants in global interactions. We must also work towards becoming more integrated and united on the global arena through the Look East - Act East policy. This is particularly necessary in light of the consideration that the South East Asian region has resurged in prominence in global affairs.

According to Mr. Rijiju, the North-eastern states of India have a crucial role to play in India's Look East Policy because they connect India with the South-east Asian region. Not only do the Northeastern Indian states have socio-cultural and historical ties with this region, but they have geographical linkages as well. After all, the South East Asian region begins with North East India after all. Despite these advantages, India has been unable to bridge the two regions.

Mr. Rijiju said that a country does not begin from its capital but from its borders. According to him, residents of the North East Indian states feel a certain disconnect from the national capital as they feel that matters related to New Delhi do not have a direct bearing on their daily lives. What influences and concerns them more is what happens on their borders for the reason that 98 percent of the boundaries of the North Eastern states are also international borders. It is possible that the reason for the government's neglect of the problems of the North East is the failure of the people from that region to articulate their problems properly. Nonetheless, a sense that they have become prisoners of their own frontiers persists.

The borders of a nation can be both boon or bane, but that depends on the government's perception. Mr. Rijiju said, "The problem can be as long as the boundary and the advantage can be as long as the boundary". It is unfortunate that India has not realised the full potential of its borders.

Given the troubled past between the two countries, it is understandable that India is unable to optimally utilise its borders with China. However, India's less-than-satisfactory relations with Tibet are not entirely justifiable because India has long engaged in border trade with Tibet which is evident from the strong Tibetan cultural influence in Sikkim, Uttaranchal, and the Leh-Ladakh region. In an unwelcome turn, this border trade stopped in 1962 with the beginning of

Chinese aggression. To this day, movement across the McMahon Line is considered illegal by both China and India. However, there is no reason to not utilise the borders of the North Eastern states for promoting better relations with Bangladesh and other South East Asian nations. According to Mr. Rijju, development of the border regions will not only lead to development of the North Eastern states but also the nation as a whole. It will also strengthen the defence structure of the nation, and, thereby, meet strategic and security concerns of the nation.

People residing in the border states of the North East are extremely patriotic, a legacy of the Indian independent struggle in the region, especially the activities under the leadership of Subhash Chandra Bose. In spite of this historical association, when these citizens of India come to New Delhi, they feel that the centre is indifferent to them. People from other parts of the country do not easily accept people from North-East as part of mainstream Indian society. Mr. Rijju believes that this sentiment should not be a cause of despair because India is vast and diverse; therefore, it is not easy for people to accept and understand other cultures within the country.

Mr. Rijju believes that India's Look East - Act East Policy should begin with the North East because the region is the bridge to the South-East Asian region. It emerges that connectivity from North East to the South East Asian Region is yet to happen. A person from Moreh in Manipur can only visit Mandalay in Myanmar by air via Kolkata. Connectivity between the North Eastern states of India and South East Asia is an area in need of urgent policy action.

Furthermore, India has not recognised the potential of the Indian diaspora in the neighbouring nations of Bhutan, Nepal, and Myanmar. There is a misperception that the Indian diaspora in the West is more valuable than the diaspora in the East. Many people do not realize that the Indian diaspora in the East is much larger than that in the West. A lot of people in Thailand consider India to be the spiritual and cultural guru of the world. India is yet to capitalize on these rich socio-cultural and historical strengths. It is projected that the South East Asia, will only grow in prominence. But if India fails to integrate with this region, then it will no longer be part of the regional development. A reason behind India's close border policy is that many strategists and defence experts are afraid that opening the borders will put India's security in jeopardy. He stated that he considered this to be a misjudged position. The North East is capable of great strides in trade and development and India cannot afford to neglect the region.

People from the North East, for their part, must take steps to become self-reliant. Furthermore, minor problems related to law and order should not be blown out of proportion and generalized as ethnic discrimination as this has the potential to generate separatist sentiments. Mr. Rijju opined that current legislative provisions are sufficient to resolve whatever issues that people from North East face; the country does not need race related laws, as is mistakenly claimed by some people. He concluded his address by adding that the key to a nation's future is its youth and the Symbiosis International University is doing a wonderful job by educating the nation's young people.

Special address:

Mr. Ha Kim Ngoc

Honourable Vice Minister of Foreign Affairs, Vietnam

(delivered by the Ambassador of Vietnam to India, H.E. Mr. Ton Sinh Thanh)



The Vice Minister of Foreign Affairs, Vietnam, Mr. Ha Kim Ngoc's speech was delivered to the audience by H.E. Mr. Ton Sinh Thanh, Ambassador of Vietnam to India.

The minister was of the opinion that the conference is being conducted at a very important time, when the Asia Pacific region is witnessing a great change. Many powerful nations are readjusting their strategies to gain influence in this region. The change in the balance of power has given rise to changing security concerns for India and other nations in the South East Asia.

India's two decade old 'Look East Policy' has helped solidify India's position within the South East Asian region as a leading economic and political power in the wider Asia-Pacific region. India's growing role in shaping the strategic security structure, along with its efforts at economic integration, is a testament to this. In the last few years, India has established strategic partnerships with all the member countries of ASEAN, and has made its presence felt in the East Asia Summit (EAS) and the ASEAN Defence Minister's Meet.

The address underscored Vietnam's support for and appreciation of India's stand on the South China Sea dispute. India's call for peace and

stability in the region is echoed by Vietnam. India supports freedom of navigation in the disputed waters, in accordance with the international Law of Seas treaty, which has been ratified by most countries, including China. The address emphasized the deep friendship that exists between India and Vietnam by describing India as a 'true friend' of Vietnam.

The two countries are cooperating in the fields of security, defence, energy, cultural exchange, and economic trade. One of the on-going projects between the two countries is the establishment of a direct flight between India and Vietnam. Shared cooperation within the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and Mekong-Ganga Cooperation (MGC) also signals the strengthening of ties between the two countries. India has always affirmed Vietnam as an important component of its 'Look East Policy,' and, in turn, Vietnam is "willing to play a central role in Indo-ASEAN relations".

The address also expressed Vietnam's hope for continued Indian efforts in resolving the dispute in the South and East China seas, and India's help in formulating the 'Code of Conduct' for marine navigation in the region. The address concluded with the reiteration of the important role played by India in fostering peace in the Asia-Pacific region.

Ambassador A. N. Ram, who was the moderator for this track, began by detailing the broader issues that would later be discussed during the session. The Asia Pacific region includes a vast expanse of land and water bodies, including the disputed South and East China seas. Terrorism, maritime security issues (such as piracy), climate change, disaster management, energy supply, and water disputes are some of the many concerns that arise with regard to this region. Ambassador Ram made particular reference to the Indo-Pacific region (within the larger Asia-Pacific region), and stated that this region is seeking equilibrium in the face of changing geo-political and strategic realities.

Among the changes taking place in the present multi-polar world are the following: rise of China and its growing assertiveness, the collective power of ASEAN, and the growing role of India and Australia in the region. Ambassador Ram also touched upon the destabilizing effect of traditional threats such as maritime boundary disputes and piracy, as well as the rise of non-traditional threats such as the Islamic State (IS), which jeopardise the peace and stability of the region. According to Ambassador Ram, the session would seek to elaborate on these maritime security concerns and highlight India's growing role in the region with reference to its 'Look East Policy'.

Mr. Anil Wadhwa

Secretary East, Ministry of External Affairs,
Government of India



The first speaker for the track, Mr. Wadhwa, began his address by emphasizing the “fundamental and ever-growing importance” of the subject of security and defence (in the Asia-Pacific region) in India’s “strategic paradigm”. He pointed out that most of the changing realities of this century, including the growth of a multi-polar world and the rise of China (and its role in countering American dominance), revolves around the Asia-Pacific region, thus reaffirming the importance of this region within the international system. The emergence of new power players in the region, and the changing equation between nations has impacted the regional equilibrium. The ‘Pivot to Asia’ policy that the United States has adopted in the last few years is also a reflection of these changing power relations, especially, the underlying objective of countering Chinese dominance. In light of this changing environment, there is an urgent need for the “security architecture” of the region to evolve in order to deal with issues of maritime disputes and security. The history of conflict, particularly that of South East and East Asian regions and the rapid military modernization in China and Japan are factors that only intensify the need to frame a new regional security architecture.

The events taking place in the South East Asian region are of immense importance to India because of India’s deep linkages with ASEAN member countries and other nations in the Far East, which have multiplied since India first introduced its ‘Look East Policy’. Mr. Wadhwa further claimed that “there are no irritants in India’s relations with ASEAN member countries”. The earlier emphasis on economic cooperation is gradually being replaced with a growing

emphasis on security and political cooperation in the India- ASEAN relationship. While economic cooperation and mutual benefits remain foremost priorities for India and countries of the ASEAN, India realizes the need for a stable environment. With this in mind, India has committed itself to assisting ASEAN and other East Asian nations in the field of defence and security. India’s engagement with the East Asia Summit and the Defence Ministers Meet at ASEAN, as well as ASEAN’s maritime security division, are representative of this commitment. These summits have provided India with the platform to put forth its views on issues of maritime security, international terrorism, disaster management, disease control, and other important issues. They have also helped India gain prominence in the wider Asia-Pacific region, particularly in South East Asia.

Currently, India is pursuing bilateral diplomacy and confidence building measures with nations of South-east and East Asia, as well as multilateral diplomacy through organizations like ASEAN. India has also increased its engagement with Japan, and has expanded the economic bilateral relationship to a strategic defence partnership. India’s Prime Minister Mr. Narendra Modi recently visited Tokyo and signed a defence agreement with Japan. The United States and Australia are emerging as important strategic partners for India in the region. India also continues to expand its defence ties with ASEAN member countries, including Vietnam, Singapore, Indonesia, and South Korea. Mr. Wadhwa suggested that there is a need for improved coordination between India’s foreign and defence policies in order for India to successfully safeguard its strategic interests in the region.

Vice-Admiral (Retd.) Anup Singh

Former Commander in Chief, Eastern Naval Command



The title of Vice-Admiral (Retd.) Anup Singh's presentation was 'Geo-politics in the Indo-Pacific Region: Turmoil in the South-China Sea'. He began his address by stressing the importance of the geo-politics of the Indo-Pacific region in terms of security and defence within the framework of India's Look East Policy. The term 'Indo-Pacific' first gained prominence at the Indian Institute for Defence Analysis in 2006. In 2007, the Prime Minister of Japan, Mr. Shinzo Abe, used this term and defined it as the 'indispensable connectivity' between India and the Pacific region. The term Indo-Pacific region includes both the Indian and the Pacific Ocean but not the entire bloc. It mainly consists of the Western Pacific Region and part of the Indian Ocean around the equator along the east coast of Africa. Before moving ahead, the speaker said that it is important to understand the meaning of the term 'geo-politics'. Geo-Politics, in simple words, means the effect of geography on international politics and relations between nations. The physical size, location, climate, topography, demography, advancements in technology, and natural resources are all factors that affect relations between nations. A nation cannot change its geography and, as a result, cannot choose its neighbours. Therefore, geo-politics is crucial for a nation's development.

The two events that have shaped the politics of the contemporary world are the fall of the Berlin Wall and the terror attacks of 9/11. They account for a complete shift in the nature of interplay

between powers, and have had an enormous impact on the defence and security of the Indo-Pacific region. The Balance of Power theorem as seen in the Cold War era kept the world safe from non-traditional challenges that the world faces today.

In terms of geography, the Pacific Ocean is the largest which covers an area of 155.6 million square kilometres, while the Indian Ocean is the smallest, with an area of 68.8 million square kilometres. However, unlike the Pacific Ocean, the Indian Ocean has a roof over its northern edge. This turns out to be a disadvantage because it does not allow free access to the Indian Ocean. The only entry and exit points are choke points, such as straits, which allow small passages at sea for ships. It is extremely important to understand the character of these choke points because any nation that wants to economically engage from the Atlantic Ocean to the Pacific Ocean has to transit via the Indian Ocean; and these choke points in the Indian Ocean are increasingly becoming points of vulnerability. In the Indo-Pacific region, South-China Sea has become extremely important after the Cold War in terms of its economic activity, mercantile trade, maritime, and territorial disputes. Oil and gas worth billions of dollars travel through the Indo-Pacific region, out of which almost three trillion dollar worth of goods transit through the North Indian Ocean. The Vice-Admiral emphasised the importance of the role Indonesia

plays in connecting the Indian Ocean to the Pacific Ocean. Without Indonesia's agreement with the 1982 Law of Sea, trade or any transit trade between these oceans would have had to be routed through Australia, which would have resulted in twice the expenditure in fuel and time. Therefore, the increase in non-traditional threats, such as trafficking of weapons, maritime terrorism, piracy and robbery, after the end of the Cold War, threatens the peace and stability of this region. Besides these non-traditional threats, this region also witnesses 80 percent of the world's natural disasters.

When the centre of gravity of power shifted from the Western Hemisphere to the Eastern Hemisphere, it went towards South and Southeast Asia. Today, this shift in power is prominently visible in the South-China Sea because its ports are considered to be the busiest ports of the world. In the whole world, eight of the top twenty container terminals are Chinese. More than 11 million barrels of oil transit every day through the South-China Sea. Moreover, about 5.3 trillion dollars' worth of global goods travel through this region daily, out of which, 400 billion dollars' worth of cargo belongs to India. Therefore, the importance of the South-China Sea is very difficult to ignore and the impact of maritime security lies herein.

China, too, realises the importance of the South China Sea. Early in May 2014, China brought in one billion dollars' worth of deep-sea oil processing platform inside Vietnam's Exclusive Economic Zone. This action is illegal because this is in international waters. China considers one of their old trading routes, the 9 dash zone to be its own. It claims this route because apart from the

vibrant trade activity in this region, the South-China Sea is also richly endowed with natural resources, especially in oil, gas, and food. It is the most promising area for harvesting fish, which is part of the staple diet. China uses fish both for internal consumption as well as for export purposes. This region is also important for its strategic line of communication. China's main aim is to satisfy its demand for natural resources. Unfortunately, this demand is in conflict with the interests of many nations in the region. It also takes away their freedom to navigate freely across the South-China Sea. The 9 dash line is over 2000 years old. The laws of international sea trade have changed drastically in the past few years. All nations need to abide by these laws in order to maintain peace and security in the region. If even one nation ignores these laws, it creates an atmosphere of enhanced tension and turmoil in the region in the backdrop of both natural and non-traditional threats. In this day and age, sea-borne trade is the engine of the economies of the world. Therefore, it is vital that nations co-operate with each other for a brighter future.

Group Captain Ajey Lele

Research Fellow, Institute for Defence Studies and Analysis (IDSA)



According to Group Captain Ajey Lele, India's Look East Policy, which was initiated in the 1990s, envisaged multifaceted bonds with the South East Asian region. Driven purely by economic incentives initially, it has resulted in a disconnect (asymmetry) between neighbouring nations. Therefore, cooperation in terms of security is imperative in the region, in order for peace to prevail.

Historically, India has facilitated exchange of ideas and culture by acting as a bridge between East and West Asia. The end of the Cold War era witnessed a realignment of equations amongst states that was commensurate to the changed world order. India's strategic outlook at the time was economic expansion under liberalisation, which necessitated internal stability and regional security.

Disasters due to natural phenomena/human errors imperil human lives, infrastructure, sea-borne trade and the environment. The security perceptions and challenges at present extend beyond geographical borders of India and South East Asia. By way of illustration, the tsunami disaster of 2004 threatened the region's stability. India, a credible naval power, took responsibility for disaster management. It is also important to note that convergence in terms of maritime security has the potential to translate into purposeful security cooperation. In 1998, neighbouring nations were apprehensive of India's nuclear tests. However, owing to successful Indian diplomacy, such apprehensions have been negated.

According to Group Captain Ajey Lele, mercantile shipping/sea-lines bear vital economic stakes for any nation's development. These need to be secured against piracy and the imminent threat of maritime terrorism. Many of the maritime crimes (piracy and contraband/human smuggling) nourish separatist movements. It is, therefore, necessary to check them through area-sanitisation and intelligence. Surveillance is also required to secure natural resources (and related assets/infrastructure) within the maritime zones.

National security doctrines are formulated on the feedback response mechanism of the international system. Nation states opt to overcome security challenges across the spectrum of conflicts independently. India's Look East

Policy does not classically embody a strategic partnership since joint military exercises are not stressed. Instead, as the corollary to the process of cooperation, India aims to realise geo-strategic objectives for regional stability.

India's economic priorities influence foreign policy, though its strategic partnerships are formed on the basis of issues such as energy, climate change, high-technology, nuclear, space, and defence. The core areas for strategic partnership are, of course, high technology, nuclear, space, and defence.

India has entered into a bilateral cooperative arrangements nearly a decade after the initiation of its Look East Policy. The ASEAN Defence Ministers Meeting (ADMM) represents a web of such bonds. It is a multilateral setup that responds to security threats in the Asia-Pacific through peace missions. In 2014, the ADMM met in Myanmar to deliberate on initiating a Defence Industry in the sub region.

Good order at sea is vital to the region's interest, in terms of both living and non-living ocean resources. Maritime security threats are transnational, and, therefore, aircrafts have been deployed to gather information on exploration and exploitation activities. Joint exercises amongst navies have fostered interaction amongst South East Asian nations as well as provided opportunity for the experience and resources. Additionally, India may look towards South Korea for tactical and technological support in the defence market.

Space exploration presents utility for defence and civil purposes. India's successful space missions to the moon and Mars are representative of the large number of options and opportunities. Countries such as Philippines, Thailand, and Indonesia are keen to implement military training and weapons supply in the region. India also hopes to launch a SAARC satellite to map resources. Policy changes could allow defence trade in the region, which would benefit the economy.

India's capacity should be viewed in respect of a collective effort to restore regional power balance. Group Captain Lele concluded by emphasizing that strategic partnerships are long-term investments and their benefits can only be reaped in the future.

Mr. Mohammad Jasim Uddin

Research Fellow,

Bangladesh Institute of International and Strategic Studies (BISS)



Mr. Uddin highlighted the different phases of India's Look East Policy and also pointed out the important role that Bangladesh can play in India's Look East Policy. He noted that India's Look East Policy has evolved over the last two decades. While the first phase primarily focused on establishing economic ties with Southeast and East Asian nations, the second phase, which began in 2003, expanded India's engagement with South East Asia to include both economic and security cooperation.

The policy entered its third phase in 2012—"LEP 3.0," in the speaker's words. This phase marked a shift in India's Look East Policy, with greater emphasis being given to forging security and defence links with South East and East Asian nations. One of the contributing factors to this shift is India's quest for peace and stability in the South China Sea, which is a major sea route, which facilitates a large proportion of global economic trade. The resource-rich sea will also prove important for India in the future, in light of India's growing energy needs. Strategic cooperation on issues of terrorism, piracy, and disaster management also forms a vital part of India's renewed engagement with the East.

According to Mr. Uddin, India's LEP 3.0 is designed to establish India securely in the region, without having India to get directly involved

in the ongoing maritime disputes of South East and East Asia. The recent entry of ONGC into the South China Sea, in order to assist Vietnamese oil procuring operations on waters claimed by Vietnam is an example of this. Mr. Uddin also hinted that the strategic and defence partnerships that India is entering into with Japan and Australia are partnerships that are likely to counter a dominant China.

While stating "India's two-decade-old LEP is gaining new currency due to the global shift to the Asia-Pacific region," Mr. Uddin cautioned that in the past, there have been gaps and rhetoric in the India-ASEAN relationship, which should be avoided in the future. India must act proactively in securing a strategic and economic foothold in the vital Asia-Pacific region. Mr. Uddin concluded by stressing the important role that Bangladesh can play in India's Look East Policy. Geographically, Bangladesh acts as a bridge to South East and East Asia, and, therefore, India cannot ignore Bangladesh while implementing its Look East Policy. The growing strategic cooperation between Bangladesh and India in BIMSTEC, BCIM, and the continued cooperation within SAARC, demonstrate the significance of Indo-Bangladesh cooperation within the larger framework of India's Look East Policy.

Concluding Remarks by Ambassador A. N. Ram



Ambassador A. N. Ram thanked the Honourable Home Minister of State for Home Affairs, Mr. Kiren Rijiju and the other guest speakers for their detailed presentations on the subject of security and defence within the framework of India's Look East Policy. According to Ambassador Ram, the session made it evident that the Indian Prime Minister Mr. Narendra Modi's recent visit to the South-East Asian nations and some of the Far East nations reflect the importance that the Indian government now accords to the South-East Asian region, ASEAN, China, and Japan, in the larger context of Look East-Act East Policy. India's Look East-Act East Policy strives to implement new initiatives with time-bound results on the basis of neutrality of interests and integration of the South-East Asian region. It is also evident that the Indian government is looking to deepen its ties with this region. India should aim at becoming a valued partner to these nations in a manner that is mutually beneficial to both.

The first two decades of India's Look East Policy proved to be the building blocks; during this period, the country mainly concentrated on trade and economics. After strengthening the economic ties on bilateral and multilateral platforms, India's Look East - Act East Policy is now in a phase where the Indian government needs to go beyond the traditional areas of focus. Now, the emphasis must be extended to strategic, political, scientific, technological, and cultural connectivity, with priority given to people-to-people connectivity. Defence and security have always been a priority on all forums of discussion and will likely continue to gain focus in future engagements with the Asia-Pacific. Indeed, defence and security are the backbone of many agreements that India has entered in to with the ASEAN, Japan, Australia, China, South-Korea, and other South-East Asian countries. Dialogue forums play an equally vital role in maintaining

stability in the region. Some instances of dialogue forms are: the ASEAN Regional forum, ASEAN Defence Ministers Meeting, and Maritime Security Consultations. India must use these forums for strategic convergence beyond trade and commerce to encompass other fields; this is particularly significant in light of the fact that goals of organisations such as ASEAN are now beginning to fall in to alignment with the goals of India. All these forums must contribute to the integration of the region so that the integrated structure becomes a shield to counter the negative effects of external influences.

The Asia-Pacific region can be said to be in a state of transition. The common challenges related to terrorism, maritime security, transnational crimes, fundamentalism, drugs and weapons trafficking, and weapons of mass destruction are in need of urgent corrective action. In particular, challenges posed by climate change, energy flows, rising poverty, natural disasters, human rights violations, and absence of genuine democracy necessitate swift policy deliberations at regional and bilateral levels. With the evolving geopolitical architecture, India can no longer remain apathetic. As has been mentioned before, India stands to benefit immensely from its image of a non-expansionist, tolerant, and peaceful nation. At the same time, it has an important role to play in balancing and stabilising the region owing to its rapid development and military advancements. In conclusion, the region's peace, security, stability, and development are interlinked concepts and can only be achieved through strategic partnership and cooperation amongst nations. The growing strategic security and economic order must reflect equity, transparency, equal opportunity, and security for all nations. All of this is in accordance with India's Look East-Act East Policy.

Education and Culture – Vectors of Sustainable Human Development

Video Message:

Mr. Prakash Javadekar

Hon'ble Minister of Environment, Forests and Climate Change,
Govt. of India

Moderator: Dr. Dileep Padgaonkar

Consulting Editor Times of India
R. K. Laxman Chair Professor
Symbiosis International University

Speakers:

Dr. Anantha Duraiappah

Director,
Mahatma Gandhi Institute of Education for Peace and Sustainable Development- UNESCO

Ms. Pallavi Aiyar

Journalist and Author

Prof. Kriengsak Chareonwongsak

Distinguished Thai Scholar

Mr. Satish C. Mehta

Director General, Indian Council for Cultural Relations (ICCR)



Video address by **Mr. Prakash Javadekar**

Honourable Minister of Environment, Forests and Climate Change, Govt. of India



Mr. Javadekar addressed the audience through a video message. He expressed his appreciation of Symbiosis' initiative of organising the International Relations Conference at an opportune moment, when the Central Government has accorded high priority to the "Look East – Act East" policy. He began by saying that countries in Asia share common aspirations and that cooperation is the key to achieving those shared goals.

On a more philosophical note, the Minister said that human beings need education to realise their aspirations. Indeed, education is a leveller—it is the key that opens up opportunities equitably to all individuals. Thus, education must be at the heart of all human endeavours.

He spoke at length about the role of culture and education in enhancing human development and increasing co-operation between neighbouring countries. The speaker was of the opinion that

development is a multi-dimensional concept, and that not all these dimensions are quantifiable. To reduce the abstract notion of development to a few quantified parameters is absurd and self-defeating. Aspects such as culture contribute to the enrichment of life, even if they cannot be placed on a scale and assigned a number. He was appreciative of the construct of Gross National Happiness, "a measure of national progress" in Bhutan, which is a more comprehensive idea with respect to development goals.

The speaker concluded by stating that the key goal must be "holistic human development," an all-inclusive phenomenon. Such a concept brings culture and education to the centre stage of discussion on development. He added that youth must be encouraged to consider culture and education as crucial elements of development.

Dr. Dileep Padgaonkar, well known journalist and author, was the moderator for the session. He shared his views on a number of themes related to the inter-twined subjects of education and culture.

He opined that the picture that depicts the world, as it is in present times, could be painted in two different strokes. The first stroke would be that of cultural inter-mingling that is facilitated by technology. The other is a result of the enhanced awareness of other entities that comes from this intermingling. The awareness could go two ways: it could bring greater understanding and cooperation, or it could lead to narrow-mindedness and parochialism; some examples of the latter are extremist nationalism, bigotry, and rise in radicalism.

Dr. Padgaonkar also mentioned the rise of Asian influence in the nineteenth and twentieth centuries in the context of the discussion on inter-cultural cross-exchanges. He pointed out that the predominance of Asia was partially a result of Japan's triumph over Russia in the First World War, and partially due to the increasing influence of leaders such as Mahatma Gandhi, Ho Chi Minh, and Mao Tse Tung.

He concluded by observing that the re-emergence of Asia's influence in the present times makes a compelling case for the Asian countries to come together on a common platform and join hands. He quoted Okakura Kakuzo, a Japanese scholar: "Arab chivalry, Persian poetry, Chinese ethics, and Indian thought all speak of a single Asiatic peace, in which there grew up a common life, bearing in different regions different characteristics blossoms, but nowhere capable of a hard and dividing-line."

Dr. Anantha Duraiappah

Director, Mahatma Gandhi Institute of Education
for Peace and Sustainable Development- UNESCO



Dr. Duraiappah emphasised the need for educational opportunities to promote sustainable human development. The fourth Sustainable Development Goal (SDG), in particular, highlights the significance of the contributions of inclusive and equitable education to promote opportunities for all. Similarly, the sixteenth goal of SDGs places emphasis on the importance of peaceful and inclusive sustainable human development and justice for all.

The speaker stated that access to opportunities in education reaps triple dividends. First, it increases the productive potential of the economy. It is widely maintained that as much as half of a country's wealth is human capital. Education is a key variable to measure a country's wealth, which in turn is a principal component for its progress. He further pointed out that India allocates only three to four per cent of its union budget to education, the majority of the remainder is earmarked for infrastructure development. It is also important to note that education works to increase awareness of broader societal linkages and interdependencies between countries, thereby fostering the spirit of global citizenship. Last, but not the least, the positive externality that results from education helps to contribute to peace and sustainable human development.

Dr. Duraiappah pointed out that India's approach to sustainable development is hegemonic, outdated and cost ineffective in nature. In order to remedy this, it is recommended that the country should adopt an approach that is founded on the ideals of peace and sustainability. This will allow India to emerge as a leader, which in future will play the role of a knowledge broker, innovator and facilitator. Such models have been successfully adopted and implemented in Canada

and the Scandinavian countries. The concept of global citizenship acknowledges and encourages cultural diversity among nations. To promote this idea, it is vital that theoretical models of peace and democratic processes, and the practice of science and technology be incorporated in to the educational system. The former forms the heart of education while the latter forms the stem.

Following the results of a SWOT analysis (Strength, Weakness, Opportunities and Threat) for India, Dr. Duraiappah listed India's strengths in the areas of language (popularity of English), cultural diversity, advancements in Information and Communication Technology (ICT), democracy, historical heritage, and a skilled and educated labour force. India's weaknesses lie in high transaction costs, poor public relations, lack of world-class institutions, and low academic and technological creativity. Amongst the opportunities are high demand for goods, cultural linkages, pro- globalization policies, and a well-developed ICT sector. Competition from neighbouring countries like Singapore and Malaysia and educational lock down (as education is guarded in most countries), are some of the threats that India faces today.

In conclusion, Dr. Duraiappah suggested that India needs a national vision and a strategy that will lead the nation to sustainable development. It is also important that quantifiable indicators are monitored and tracked which in turn will strengthen the system and work towards strengthening ties with South East Asian countries. This path towards a new paradigm should not be based on a hegemonic approach; a "soft power" approach with education as its cornerstone should be adopted.

Ms. Pallavi Aiyar

Journalist and Author



Asians must develop their own perspective with regard to international matters. Reliance on observation and analysis of global issues through Western “lens” has been the tradition. It is the legacy of colonialism that has influenced Asians, particularly Indians to base their thinking on Western cultural references.

Having lived for over a decade in Indonesia, China, and other countries has helped Ms. Aiyar understand the cultural linkages between Asian countries. It is to be noted in particular that social value systems and family ties are strong across Asian countries. The popularity of Bollywood movies and music in South East Asia, and the Shaolin temple in China, which was built by Indian Buddhist monks, all point to a shared culture. In Indonesia, Ms. Aiyar discovered that there exists a mix of Chinese and Indian culture. It is unfortunate that colonialism and post-colonial autarky caused these ties to be disrupted. Indians uphold the idea of “unity in diversity”. The Indian nation, unlike European nations, affirms and promotes plurality in culture and religion. This belief system is mirrored in Indonesia, which is the fourth most populous country, and boasts 719 languages, 360 ethnicities, and 5 official religions.

Ms. Pallavi Aiyar elaborated on two common themes: religious and linguistic diversity. The preamble to Indonesia’s Constitution makes reference to divinity of god, without any mention of a specific god. The Constitution protects religious freedom and practice. Religion plays a major role in both India and Indonesia, and cannot be ignored as both countries are modern pluralistic nations. Similarly, the choice of national language in both countries required much deliberation. In India, the plurality of language is acknowledged, even if Hindi and English are considered official languages. Although Bahasa Indonesia is spoken by only 20 percent of the total population as a first language, it was chosen as the official language over Javanese which is spoken by almost 70 percent of the people in Indonesia. By adopting this policy, clashes were avoided.

If Bollywood and cricket unify India, Bahasa Indonesia unifies the island nation of Indonesia. In conclusion Ms. Aiyar stated that the commonalities between India and Indonesia could make for a promising partnership.

Professor Kriengsak Chareonwongsak

Distinguished Thai Scholar



Professor Kriengsak began his speech by pointing out that while India looks East, Thailand looks West to India for educational, cultural, and political ties. Lauding India's "Look East - Act East Policy" (LEAP), he said that the priority of the policy should be to "think East" and this priority area must include educational ties. The common denominator in India and East Asian countries is their collective approach, which helps to bridge gaps and bring all the entities together to work towards peace. In contrast, the approach adopted by Western countries is one of individualism. This difference is paramount in categorising countries of East and West.

The speaker emphasized the importance of connectivity in bringing countries together, and in ensuring sustainable development and economic welfare. He also underlined the importance of social, political, and economic cohesion. It is to be noted that sustainable human development has been defined by the Earth Charter in terms of respect for each other, ecological integrity, social and economic justice, democracy, peace and non-violence.

Education plays a very important role in human development. This can be achieved through various measures. First, integrate sustainable human development into education systems and link formal, non-formal and informal forms of learning. Second, build capacity to respond to issues that challenge sustainable development. In this regard, he pointed out that integrating

self-centric education, life-centric education, and society-centric education are necessary for achieving global citizenship. Third, identify countries that have been capable of responding to certain sustainable development issues effectively and, subsequently put in place a system to share information. Additionally, proper mapping and distribution of resources is essential. Fourth, institutions, universities, and entrepreneurs should develop partnerships to increase the flow of information and technology. Fifth, innovation must be encouraged amongst countries as it will help bridge gaps. The three forms of innovation—ideas, implementation, and impact could help to achieve progress with regard to sustainable human development. Sixth, every country should have a sustainable development policy to achieve peace and cooperation. Finally, policies, by themselves, cannot effect change in the absence of an active civil society. To ensure active participation of civil society, there needs to be a "positive sum game," where everyone reaps certain benefits and no one suffers a loss. The way forward is to have a combination of hard and soft powers across countries. This includes security (hard-hard power), connectivity and infrastructure (hard-soft power), educational and cultural ties (soft-soft power), and trade and investment (soft-hard power). While educational-cultural integration is not easy to articulate, it is the most powerful way of bringing countries together and bridging gaps.

Mr. Satish C. Mehta

Director General, Indian Council for Cultural Relations (ICCR)



Mr. Satish C. Mehta began his presentation by emphasising the importance of understanding and peace among countries. He added that while there have been historical and political disputes between countries what is required today is an understanding of other cultures. Countries should cultivate an environment of collectivism, which follows the concept of “we” not “us and them”.

The religions of Buddhism and Hinduism have contributed enormously to create connections between India and South-East Asian countries. It is believed that around seven million Koreans share similarities in their genetic pool with Indians. To study these past commonalities, has conducted many studies.

In order to strengthen India's ties with the East, the Government of India has taken on several initiatives. These include the setting up of cultural centres in ten countries, establishment of thirteen chairs of Indian Studies, and organisation of Indian cultural events in East Asian countries. The resurrection of Nalanda University, which was recently inaugurated by the Foreign Minister of India, is also a step forward. The ICCR has also initiated 270 scholarship schemes for the students of South East Asian countries.

Northeast Region of India within the Framework of the LEP

Video Message:

General V. K. Singh

Hon'ble Minister of State for External Affairs, Govt. of India

Moderator: Amb. Navrekha Sharma

Speakers

Mr. Madan Prasad Bezbaruah

Member, North Eastern Council

Mr. H. K. Dua

Member of Parliament, former editor of 'The Indian Express'

Major Gen. Vetsop Namgyel

Hon'ble Ambassador of Bhutan to India

Mr. Sabyasachi Dutta

Director, Asian Confluence



Video message by
General V. K. Singh

Honourable Minister of State for External Affairs, Govt. of India



General V. K. Singh stressed on the importance of achieving cooperation and connectivity with the eastern neighbours through the “Look East - Act East” policy. He also emphasized that the “Look East” Policy cannot be implemented effectively without sufficient engagement with the people of the North Eastern region.

The minister made mention of the Kaladan Multi-modal Transit Transport Project, which was launched as part of the Look East Policy. The project aims to connect the eastern Indian seaport of Kolkata with the Sittwe seaport in Myanmar; it will also link Sittwe seaport to Lashio in Myanmar via Kaladan river boat route

and Lashio on to Mizoram in India by road transport. The progress of the project has been slow in the past, but the new government has expressed its intention of providing the project with all the necessary resources so that it can be implemented rapidly.

The speaker also discussed the trilateral highway, which will link India with Myanmar, and then further with parts of South East Asia. He expressed that the above-mentioned projects are well-considered initiatives to promote productive engagement with the eastern neighbours.

Ambassador Navrekha Sharma was the moderator for the track. She began by expressing her praise for the Central Government's efforts to put the North East at the centre of India's "Look East - Act East" Policy . She also chronicled the progression of the policy. The Indian Government, led by former Prime Minister Mr. A. B. Vajpayee in 2003, expressly put the North East region of India at the heart of the Look East Policy (LEP). Yet, it is noteworthy that many important aspects were missing from the policy; for example, Bangladesh was not accorded a position of significance.

She listed three focus areas that need to be addressed for a successful implementation of any foreign policy: security and defence, trade and investment, and people-to-people relations. The present government, in its implementation of "Act East" policy, is primarily focused on the third aspect, "people-to-people" relations. It is hoped that the policy will be implemented effectively and that it will contribute to strengthening India's relations with its eastern neighbours. The volume of India's trade with countries to its east has increased from \$4.5 billion to \$95 billion over the last 23 years. Investment in this realm has also progressively increased over the years. It is recommended that the regulatory structure of the public policy on trade and investment be formulated in a manner that favours all the stakeholders.

The commonalities between the North Eastern region of India and South East Asian countries

are multi-dimensional: socio-cultural patterns, anthropological-ethnic background, and religious practices to name some. In earlier times, before political boundaries were drawn by colonial powers, much of the South Asian region was relatively better integrated in terms of trade, finance, and ecosystem-sharing. The North East region in India is blessed with natural resources, such as oil and gas, and tea, and this has contributed to the region's flourishing trade system and its general prosperity.

A number of recent developments in the North East region of India are notable. The level of education has certainly risen in the region, as has the demand for professionals from this part of the country. Some of these growth patterns are a result of the establishment of the Ministry of Development of North Eastern Region in 2001. The Ministry is entrusted with the responsibility of ensuring security and welfare of the eight North Eastern states.

There is a compelling need to assign more autonomy and self-governance to the North Eastern Council. The key recommendations would be to make the region more self-sufficient with respect to security concerns, commercial activities, and maintenance of border peace. Ambassador Sharma concluded the presentation by reiterating that the North Eastern region of India is rich in both natural and human resources. The government must invest more efforts so that this region is more secure as well as better integrated with the rest of country.

Mr. Madan Prasad Bezbaruah

Member, North Eastern Council



Mr. Bezbaruah was the head of the Bezbaruah Committee, which was set up in February 2014 to address issues that confront the people of North Eastern region.

The speaker began the presentation by stating that the link to Southeast Asia starts from Northeast India and the following three key reasons (the three “Cs”) account for this: culture, commerce, and connectivity. Mr. Bezbaruah pointed out that the North Eastern region of India bears many similarities with South East Asian countries and that this can go a long way in the realization of opportunities for partnerships.

It is a common misperception that the North East region of India is inaccessible, under-developed, and unsafe from the point of view of security. None of these are entirely baseless though. The North Eastern region is topographically complex, has been susceptible to insurgencies, is sensitive from the viewpoint of security owing to international border-sharing, and has its unique cultural systems. Conversely, the people of the region carry with in them a sense of alienation and insecurity, which, too, is not unjustified.

The speaker pointed out that socio- political and defence aspects are integral part of any country’s development process. In the discussion on the North Eastern region of India, it is time that the debate is revised so that the issues of security and development are not discussed as being mutually-

exclusive, in the sense of being “one or the other”, but as issues that are co-related. Strong diplomatic relations with countries that share borders with the North Eastern states will result in both enhanced security and development.

At present, the people in the North Eastern states harbour some discontentment in respect of being marginalized and having to “fight the battle” of guarding the borders single-handedly. There is also a sense that the North Eastern states are discriminated against by the Central government in resource-sharing and in terms of prioritizing. The speaker illustrated his statements with examples of grievances related to the issues of the Guwahati Refinery, expansion of broad gauge line from Bongaigaon, and construction of a bridge over the Brahmaputra.

Among the people of the region is a continuing dissatisfaction related to disparities in development. The North East region, fertile and rich in natural resources, imports food grain from other states in India and neighbouring countries. Similarly, the region purchases fish worth over Rs. 3,000 crore from Andhra Pradesh alone, even though it is not lacking in access to water bodies.

The state governments struggle to create income in the region in spite of the fact that it boasts of impressive resources. It has forest cover of around 52 percent, one-fifth of the country’s petroleum potential, 63000 MW hydropower

potential, and 34 percent of the country's water resources. It is also evident that this region is a primary tea and petroleum producing area, but the multiplier effect of tea and petroleum has not resulted in corresponding development, employment, or increase in income-generation. Further, tourism has boundless capacity for growth in the region, but the opportunities remain unexplored.

The speaker also spoke of the Vision 2020 initiative of the Indian Government, which aims at the achievement of 13% annual growth rate of GSDP . It emerges that in order to accomplish higher development in the region, the public sector must invest more. This is much required to ensure self-sufficiency in basic areas such as availability of food. Mr. Bezbaruah listed some of the key projects that are being undertaken as part of the Vision 2020 plan: Kaladan Multimodal project, India-Myanmar rail linkages, and the trilateral highway project between India, Thailand, and Myanmar. He discussed the challenges related to trade relations, with special reference to the low India-Myanmar trade volume and trade relations between India and ASEAN countries—the trade volume in this case is expected to reach \$100 billion in 2015, but the participation of the North Eastern region accounts for a measly 0.01 percent.

The speaker said that there are many supply bottlenecks, the “export basket” is not diversified, and trade infrastructure deficits persist as a result of poor facilities in custom station and high transaction costs. Mr. Bezbaruah mentioned some recommendations to enhance trade in the North Eastern region. He was of the opinion that the trade in the North Eastern region can be increased by improving the “Silk Route” (the Asian Highway), which is 14, 000 km long but in poor shape. If the “Silk Route” could be improved, then South East Asia would have the potential to emerge as the largest outbound market. He also suggested that India should invest in “Buddha tourism,” a concept from Thailand, which has the potential to yield rich dividends in terms of cultural exchanges to India, Myanmar, and Bangladesh.

The speaker also talked about the lack of connectivity in the North Eastern region. In this context, it is advisable that the city of Imphal be developed and promoted as a sub-hub and the city of Guwahati as a hub. Further, there must be backward linkages to Bhutan and Nepal. These measures will likely result in seamless integration of neighboring countries with the North Eastern region. Similarly, some old links must be restored for the purposes of tourism and trade, such as Brahmaputra waterways.

Mr. H. K. Dua

Member of Parliament, President of Editors Guild



Mr. H. K. Dua, Member of Parliament (Rajya Sabha), is a senior journalist. He has served as an editor for over fifteen years in four leading national dailies: the Hindustan Times, the Indian Express, the Tribune, and the Times of India.

Mr. H. K. Dua began his speech by elaborating on the extent to which the people of the North Eastern region feel alienated from the rest of the country. He shared that he plans to hold future Editors Guild meeting in the North Eastern region of India so that the members are able to gain a broader understanding of the situations and issues that prevail in this region. He emphasized that unless there is ample inter-personal exchange between the people of the North Eastern region and the rest of India, meaningful integration will remain a distant idea. It is a sad truth that New Delhi, which is the seat of the central government, is not sufficiently engaged with the people of the North East. If this apathy is allowed to continue, then it could

have disastrous outcomes in the future. Thus, a real change in mindset is the most needed transformation in the discussion on better integration of the North Eastern region with the country. He said that he believes that the North Eastern region has suffered considerable neglect for the last 67 years. Many projects have been initiated, but not all of them have been implemented satisfactorily. He added that Bangladesh and Myanmar must be placed at the centre of discussions on developmental plans for the North East. It is important that disputes with neighbouring countries are resolved in a timely fashion; In this context he discussed the conflict with Bangladesh over the Teesta River.

Mr. H. K. Dua concluded by stating that regional cooperation, with special focus on people-to-people connectivity and inclusive growth, is required for the integration of the North Eastern region in the country as well as for achieving cordial relations with neighbouring countries.

H. E. Major Gen. Vetsop Namgyel

Ambassador of Bhutan to India



H.E. Major Gen. Vetsop Namgyel discussed the “Look East” policy from the perspective of Bhutan’s relations with India. Bhutan has always had cordial relations with India. India encouraged Bhutan to emerge out of its self-imposed isolation and offered generous technical assistance when Bhutan began planned development projects in 1961. India also helped Bhutan to join the United Nations in 1971 and set up its diplomatic mission in New York. India offered Bhutan assistance across several areas of socioeconomic development. It would not be unreasonable to claim that India is by far the largest development partner of Bhutan. The cultural bond between Bhutan and India is strong. The Bhutanese people see India as the home of Lord Buddha and Guru Padmasambhava and this goes a long way in fostering cultural affinity between people.

Geographical proximity between the two countries has also contributed to political and economic collaborations. Bhutan is located on the South Eastern corner of the Himalayas; therefore, the country’s international trade interactions, especially with Bangladesh and Nepal, are accessed and routed through West Bengal in India. As much as 80% of Bhutan’s international trade takes place with India. Thus, Bhutan has keen interest in enhancing and consolidating diplomatic ties with India.

The Bhutanese and Indian people mirror the two countries’ friendship at the diplomatic level.

Bhutan shares borders with Sikkim, Assam, and Arunachal Pradesh. Bhutan and the North Eastern states have very similar ecological systems as well. The two also have close collaborations in many projects related to hydro power, tourism, horticulture, floriculture, and farming. With a population of 600 million and GDP of 2.55 trillion, the South East Asian region is a very dynamic region. India’s North Eastern states are strategically placed as the gateway to South East Asia through Myanmar, an ASEAN member country. Therefore, it is no surprise that Bhutan is appreciative of India’s “Look East” policy and is hopeful of its successful outcomes.

Bringing the issue of connectivity in to focus, the speaker said that the North Eastern region must be developed in terms of railways and road network, so that the North East will serve as a bridge to South East Asia. Listing some of the projects in this regard, he mentioned the proposed “Asian Highway” and the trilateral highway between India, Myanmar, and Thailand. The speaker also mentioned the rich and diverse forest areas and other resources that added to biodiversity. The North Eastern states have preserved 60 percent of their forest cover. All of these add to the region’s potential for a thriving tourism industry. The speaker reiterated that Bhutan stands to gain from the “Look East – Act East” policy and wishes the Indian Government every success with it.

Mr. Sabyasachi Dutta

Director, Asian Confluence



Mr. Sabyasachi Dutta added an interesting twist to the discussion on the subject by identifying three broad “spaces” with which to analyse the developmental issues in the North East: the political space, the economic space, and the emotional space. He suggested that as a country we should bind these forces to arrive at a fourth space, an “intelligent” space.

Mr. Dutta added that “geography is king” and that one does not choose ones neighbours. One must look in all directions and not just towards east. Assam and Arunachal Pradesh must look north towards Bhutan and Nepal; the North East must look west towards the rest of India, and so on. Historically, the North East has never been secluded. In fact, the North East stretched from Burma to the Strait of Malacca in the 1860s and was known as “farther India”; it was the centre of Asia. The region of North East is truly a confluence of races, genes, cultures, and religions. This confluence of cultures must be affirmed and celebrated. A number of development issues, such as education, could benefit from this coming

together. The issue of identity necessitates revision in a globalized world.

There is a need to “rebrand” the North Eastern part of India. It is encouraging to note that many “movements” are on to restore greater integration and prominence to the region. Nagaland and Myanmar have hosted many cultural events that are an evidence of this movement. Shillong, Mr. Sabyasachi’s hometown, is being promoted as the “Education Capital” of the North East. Similarly, Sikkim is being hailed as India’s “brand ambassador” in terms of zero plastic consumption, organic produce, and eco-friendly industries. A number of laboratories have also been set up to study the innovative methods of entrepreneurial activity in this area. Google has also set up some enterprises in the region.

Mr. Dutta concluded by commending Dr. Majumdar’s initiative of launching the Ishanya Centre. He said that the North East must serve as a role model for balancing development with environment preservation.



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