

# The Strategic Promise of India's Act East Policy

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## Abstract

*The Act East Policy (AEP) was brought in by the Narendra Modi government as an evolution to the Look East Policy of the PV Narasimha Rao's government in 1991. The evolution was required due to change in strategic and economic environment in over two decades since the enunciation of the first policy. Through the AEP India must strengthen its relations and cooperation with other East Asian regional powers as well as Japan, South Korea and Australia. As China's military strength and presence in Asia grows and it starts to flex its muscles so should the efforts by India and other powers to create a military and strategic counterweight in response.*

*"For thousands of years, Indians have turned to the East. Not just to see the Sun rise, but also to pray for its light to spread over the entire world. The human-kind now looks to the Rising East, with the hope to see the promise that this 21st century beholds for the whole world, because the destiny of the world will be deeply influenced by the course of developments in [this] region."*

*- Prime Minister Narendra Modi at the Shangri la Dialogue, 01 Jun 2018*

## Introduction

The 'Look East' policy had emerged as an important foreign policy initiative of India in the post-Cold War period. It was launched in 1991 by the then PV Narasimha Rao government with the aim of developing political contacts, increasing economic integration and forging security cooperation with countries of Southeast Asia.<sup>1</sup> The policy marked a shift in India's perspective of the world, with the strategic and economic importance of

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Southeast Asia to India's national interests being recognised. This recognition was accelerated by the worsened relations with Pakistan from 1984 onwards, with the Pakistan fuelled Punjab and J and K insurgencies. The roadblock by Pakistan for access to the markets in Central Asia, as well as the oil and gas there, has ensured that economic relations with Central Asia will remain tenuous and hence stunted. The promise of economic dividends and linkages is ipso facto eastwards. The second phase of Look East, which began in 2003, was also provided impetus by China's growing power and influence in Southeast and East Asia. India extended the coverage of the Look East policy from Australia to East Asia, with the Association of Southeast Asian Nations (ASEAN) as its core.

### **ASEAN**

The establishment of ASEAN in 1967, as a regional grouping comprising Indonesia, Malaysia, Philippines, Singapore and Thailand, was motivated less by a sense of common identity than by a realisation that failure to prevent conflicts within the region would invite external intervention, which would in turn increase intra-regional tensions.<sup>2</sup> Although economic cooperation was foreseen, the evolution of ASEAN was driven by political and security concerns. On the security front, in the context of withdrawal of Vietnam from Cambodia and the end of the Cold War, a number of proposals culminated in formation of the Asian Regional Forum (ARF). This came into effect in 1994, with the aim of creating confidence building measures, pursuing preventive diplomacy, and aiding conflict resolution. In 2003, the member states agreed to create an Asian Security Community by 2020<sup>3</sup>, a goal now moved to 2025.<sup>4</sup> The security community was to consist of three pillars, namely the ASEAN Political Security Community (APSC), the ASEAN Economic Community (AEC) and the ASEAN Socio-Cultural Community (ASCC).<sup>5</sup> But for now these multilateral structures remain unrealised.

### **The Act East Policy (AEP)**

The policy had been brought in by the first National Democratic Alliance (NDA) government led by Prime Minister Narendra Modi in 2014. It was brought out in Mr Modi's trip to Myanmar in November 2014, when he attended his first India-ASEAN summit and the 18-nation East Asia Summit.<sup>6</sup> It infuses increased dynamism in the Look East policy whose promise to bring prosperity to India's

insurgency prone North-East region, as well as, be a catalyst to economic growth had not really taken off. The AEP is an effort to cultivate extensive economic and strategic relations with the nations of Southeast Asia in order to bolster India's standing as a regional power and a counterweight to the strategic influence of the People's Republic of China. The AEP focusses on the extended neighbourhood in the Asia Pacific Region (APR). With this policy, India's approach to Southeast Asia has seen a shift from one dominated by trade and development to one in which strategic considerations play an important complementary role. The policy, which in its previous "Look East" avatar was conceived as an economic initiative, has gained political and strategic dimensions including establishment of institutional mechanisms for dialogue and cooperation. It involved expanding Indian political and security relationships in East Asia and balancing Chinese dominance in the region. Under this impetus, India has signed free trade agreements with South Korea and Japan and her navy has conducted joint exercises with the Japanese, Australian and US navies. It is noteworthy that the first trip outside South Asia by Prime Minister Narendra Modi, after taking office in 2014, was to Japan. His later visits to Korea and Australia and a joint statement with the then United States (US) President Barack Obama on the common US and Indian strategic interests in Asia have showcased a balancing policy that India started conducting simultaneously with its efforts to expand its already substantial economic ties with China.

**ASEAN Related Groupings.** The East Asia Summit (EAS) and ARF are economic and security groupings centred upon ASEAN and related to the Indo Pacific Region (IPR), in which India is a member. This fits well into India's strategic outlook as the ways to further the AEP. The ARF is an important platform for security dialogue in the Indo Pacific. It provides a setting in which members can discuss current security issues and develop cooperative measures to enhance peace and security in the region. The ARF has five work streams: Counterterrorism and Transnational Crime; Information and Communications Technology (ICT) Security; Disaster Relief; Maritime Security; and Non-Proliferation and Disarmament.<sup>7</sup> However, with China being a member in both forums, as far as security issues are concerned it is a sort of dichotomy as the prime, but unstated, security threat

of most of the countries involved is China. Counter-terrorism cooperation can be used as a fig leaf to hide the apprehension about China, or great power rivalry in this region, only up to a point. The ASEAN countries, affected by belligerent Chinese posturing and policy in the South China Sea (SCS), want India inside the tent as a counterweight to China but also want to downplay their own rivalry with China.

**The India-China Equation.** The AEP must factor in the India-China equation. Trade wise the balance of payment between these two countries favours China, with China having a \$ 57.4 billion surplus in 2018.<sup>8</sup> The US-China tariff war is giving impetus to the signing of the Regional Comprehensive Economic Partnership (RCEP), which is a China initiative. India has apprehensions about it as lower tariffs on Chinese goods will increase the influx of cheaper Chinese imports. This may benefit the Indian consumers but will harm competing Indian industries. This has a long-term effect on India's policy of strategic autonomy whose important pillar is economic self-sufficiency. Till the India-China boundary dispute is resolved, India's security interests will naturally coalesce with those of the US, at least in its AEP dimension. Indian policies will be wary of facilitating the growing dominance of China in East Asia. However, China is both, a security challenge and an important economic partner for India.

### **The Weak Points of the ASEAN Construct**

ASEAN's weaknesses in managing China are becoming more evident with time. While its success in regional economic integration is undeniable, on more fractious political issues, ASEAN has been less effective. These divisions become deeper when it comes to China. So far, ASEAN has not been able to act in a united manner against China impinging upon the freedom of navigation in the SCS through artificial islands on what are miniscule shoals. Smaller ASEAN countries are still wary of inviting China's wrath by an open embrace of the Indo-Pacific concept. This is, paradoxically, a consequence of ASEAN's success in integrating economically with China, making it hard for these countries to break with it. Smaller and landlocked countries like Cambodia, or those away from the SCS, do not see their interests met by alienating China. ASEAN, therefore, is a divided house on the SCS issue.

New Delhi recognises this problem. It is probably this recognition that has led India to stress additional platforms like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) which includes Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan, and Nepal. However, so far BIMSTEC has not been able to meet all of India's expectations. One reason for this is that some members see it as an attempt to side-line the South Asian Association for Regional Cooperation (SAARC) because of the protracted nature of the India-Pakistan conflict over J and K. An effort by India to expand the scope of BIMSTEC by conducting its first-ever low-level military exercise saw two countries, Nepal and Thailand not participating. One way to make ASEAN less dependent on China is to provide greater infrastructure aid to needy ASEAN nations, who otherwise have no option but to turn to China. India's acting eastwards in this respect cannot be done alone; it must have an understanding with USA and Japan to chip away at this source of ASEAN's dependence on China.

### **The Way Forward**

Despite the declared nature of the AEP, the strengthened outreach is nowhere near its desired capacity. The capacity to extend regional connectivity through India's North East and infrastructure building has been insufficient. The Trilateral Highway with Myanmar and Thailand is a case in point: though Thailand has completed its part of the highway, India has yet to do so, on the Indian side of the border.<sup>9</sup> If India lags in developing its own connectivity with ASEAN, its pledges to help others in ASEAN with infrastructure are bound to sound hollow. India needs to give impetus to this. India clearly wants to help ASEAN stand up to China, however, ASEAN countries are still not confident that India can be an effective substitute for China. The ASEAN-India Plan of Action for the period 2016-20 had been adopted in August 2015, which identifies concrete initiatives and areas of cooperation along three pillars of political-security, economic and socio-cultural.<sup>10</sup>

There is no doubt that global wealth and power are shifting eastwards. The geo-politics in this region are essential to counterbalance our security concerns in the West and North. China's defence budget is 56 per cent larger than those of all 10 ASEAN economies, Japan and India combined.<sup>11</sup> It is axiomatic

that only multilateral security groupings, interests and alliances can maintain the balance of power. The USA will remain the predominant power in the IPR for many decades. Yet, unless there is war — and in a globalised, nuclearised security construct that should not happen — the USA is unlikely to halt the narrowing power differential between itself and China.

Despite Prime Minister Narendra Modi's AEP, India trails in sixth and eighth place for economic relationships and defence networks and is down two places in diplomatic influence in 2019 as brought out by the power index developed by the Lowy Institute, a prominent Australian think tank.<sup>12</sup> These are the very factors that permit a distant USA to exercise overriding influence in the IPR. However, what India lacks in influence, it can make up for in scale. India's economy is predicted to double in size and reach approximate parity with the United States by 2030.<sup>13</sup> India's working age population is expected to increase by 200 million by 2045, by which time China's is expected to decrease by approximately 158 million.<sup>14</sup> The consequent shifts in military and economic strength can lead to deterioration of security in the region. India, however, cannot meet its security challenges alone and needs to build up its bilateral and multilateral security alliances and relationships. From 02 to 14 April 2019, AUSINDEX, the major biennial bilateral navy-to-navy exchange between India and Australia, was the most complex to date, focussing on anti-submarine warfare exercises, air defence exercises, anti-surface warfare exercises including live-fire drills, replenishment at sea, and cross deck landings.<sup>15</sup> This exercise showcased a significant upswing in the India-Australia strategic relations and defence collaboration, which has previously been complicated due to Australia's exclusion from some exercises and the start-stop nature of the "Quad"— the Quadrilateral Security Dialogue, an informal strategic partnership between India, the United States, Japan and Australia.<sup>16</sup> India needs to manage, balance and expand such security partnerships if it is to reap benefits to its security along with its economics with its AEP.

### **Conclusion**

India's AEP must factor in fading US strategic predominance and the increasing 'Great Power' ambition of China. Presently, India has not achieved influence and power relative to both its size and potential to fill in this vacuum, which is in its security and economic



interest. “Act East” foreign policy, is likely to further boost engagement between India and the East Asian region. Prime Minister Modi's vision for the IPR outlined at the Shangri la Dialogue, brought out the security aspect and interest of India's AEP when he said, “We believe that our common prosperity and security require us to evolve, through dialogue, a common rule-based order for the region. And, it must equally apply to all individually as well as to the global commons. Such an order must believe in sovereignty and territorial integrity, as well as equality of all nations, irrespective of size and strength. These rules and norms should be based on the consent of all, not on the power of the few. This must be based on faith in dialogue, and not dependence on force. It also means that when nations make international commitments, they must uphold them. This is the foundation of India's faith in multilateralism and regionalism; and, of our principled commitment to rule of law.”<sup>17</sup>

Through the AEP India must strengthen its relations and cooperation with other East Asian regional powers, with ASEAN nations as well as Japan, South Korea, Australia and others. Like India, they too are concerned by the direction of the policies of the Great Powers towards other countries in Asia. As the region changes, it is better to be prepared than penitent because we did not heed the signs which portended the future. As China's military strength and presence in Asia grows and it starts to flex its muscles as it is doing in the SCS, so should the efforts by India and other powers to create a military and strategic counterweight in response. India will find no allies for this purpose in the West; they will be only in the East. This is the strategic promise of India's AEP.

### Endnotes

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<sup>2</sup> John Baylis, Steve Smith & Patrica Owens, *The Globalization of World Politics*, (Oxford, The Oxford University Press: 2011) p.436.

<sup>3</sup> Ibid.p.237.

<sup>4</sup> ASEAN Political Security Community, Accessed 24 August 2019 from <https://www.asean2019.go.th/en/abouts/>

<sup>5</sup> *ASEAN Political-Security Community Blueprint*, Jakarta ASEAN Security Community Secretariat, 2009, Accessed 14 August 2019 from <https://asean.org/wp-content/uploads/images/archive/5187-18.pdf>

<sup>6</sup> Manish Chand. Act East: India's ASEAN Journey, 10 November, 2014. *MEA, Public Diplomacy*. Accessed 24 August 2019 from <https://www.mea.gov.in/in-focus-article.htm?24216/Act+East+Indias+ASEAN+Journey>

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<sup>12</sup> Lowy Institute, Asia Power Index, Accessed 24 August 2019 from <https://power.loyyinstitute.org/>

<sup>13</sup> Ibid.

<sup>14</sup> Lowy Institute Podcast. The Octagon of Power- unlocking the Asian Power Index. Accessed 24 August 2019 from <https://soundcloud.com/user-369007633/the-octagon-of-power-unpacking-the-asia-power-index>

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