

# INDIA, ASEAN AND CHINA

## SOME QUESTIONS

*This article examines India's relations with ASEAN vis-à-vis the organisation's interactions with China for a better understanding of India's position in regional politics and balance. Such an approach also helps in analysing the strengths and weaknesses of the Indian policy towards ASEAN. Rather than merely tracing New Delhi's dealings with ASEAN over the last 25 years, the present paper delineates significant steps and policies that have benefitted Indian interests in the engagement with the Southeast Asian organisation. Against this background, it also probes the China factor in India–ASEAN relations.*

P KRISHNA MOHAN REDDY

### INTRODUCTION

There are numerous works dealing with India–ASEAN (Association of Southeast Asian Nations) relations as well as India–Southeast Asia relations. There is a clear difference between the two as the former study a regional organisation while the latter analyse a region in a historical and cultural sense. Some works begin with a study of Southeast Asia and culminate in analysing India–ASEAN relations. As is well known, India's engagement with ASEAN began with the initiation of the Look East Policy (LEP) in 1991, which coincided with the New Economic (liberalisation) Policy of the then finance and future prime minister Manmohan Singh. Apart from its domestic

dimension LEP was launched with an international dimension as well, at the end of the Cold War in a drastically changing global setting. That is, India's relations with ASEAN and LEP are inseparable from the New Economic Policy and the collapse of the Soviet Union. The present paper does not merely study the linkages between ASEAN and LEP nor does it simply evaluate the China factor in India–ASEAN relations. Rather it formulates certain questions about the nature of LEP and ASEAN in the global scenario. In the process, it also addresses how ASEAN and China have approached the global setting.

#### INDIA'S LOOK EAST POLICY AND ASEAN

There is general agreement among scholars that the Look East Policy was essentially an economic policy designed to face the new and unprecedented challenges after the collapse of the Soviet Union in 1991. It marked a strategic shift in India's perspective on the world. In its pre-1991 foreign policy, before the fall of the Soviet Union, India made scant effort to foster close relationships with the governments of Southeast Asia. This was due to a number of reasons. First, owing to its colonial past, Indian ruling elite in the post-1947 era had an overwhelmingly pro-Western orientation. As these countries were significantly more developed than India's neighbours, they made for better trade partners. Moreover, physical access to Southeast

Asia was barred by the isolationist policies of Burma/Myanmar as well as East Pakistan/Bangladesh's refusal to provide transit facility through its territory. In the Cold War divide, India and the Southeast Asian countries were on opposing sides. The 1991 economic crisis and fall of the Soviet Union, a significant economic and strategic partner, prompted Indian leaders to re-evaluate their economic and foreign policies. As a result, New Delhi replaced its protectionist economic policy with a more liberal one, opening up to higher levels of trade and

**The 1991 economic crisis and fall of the Soviet Union, a significant economic and strategic partner, prompted Indian leaders to re-evaluate their economic and foreign policies. As a result, New Delhi replaced its protectionist economic policy with a more liberal one, opening up to higher levels of trade and striving to expand regional markets.**

striving to expand regional markets. (Jacob Goldberg, “India’s Look East Policy: India Looks East to Strengthen Economic and Strategic Relations”, *ThoughtCo*, 2017, online at <https://www.thoughtco.com>)

There are numerous studies on India–ASEAN relations. (Baladas Ghoshal (Ed), *India and Southeast Asia: Challenges and Opportunities*, New Delhi: Konark, 1996; Kripa Sridharan, *The ASEAN Region in India’s Foreign Policy*, Aldershot: Dartmouth, 1996; A Lakshmana Chetty (Ed), *India’s Relations with Southeast Asia: Problems and Prospects*, Centre for Studies on Indochina and South Pacific, Sri Venkateswara University, Tirupati, 1999; Frederic Grare and Amitabh Mattoo (Eds), *India and ASEAN: The Politics of India’s “Look East” Policy*, New Delhi: Manohar, 2001; Sanjay Ambatkar, *India and ASEAN in the 21<sup>st</sup> Century: Economic Linkages*, New Delhi: Anmol, 2002; K Raja Reddy (Ed), *India and ASEAN: Foreign Policy Dimensions for 21<sup>st</sup> Century*, New Delhi: New Century, 2005; PV Rao (Ed), *Indian and ASEAN: Partners at Summit*, New Delhi: Knowledge World, 2007; Vibhanshu Shekhar, *India and China’s Institutional Engagements with ASEAN: A Comparison*, Institute of Peace and Conflict Studies, 15 December 2008, online at <http://www.ipcs.org> and Harsh V Pant and Avantika Deb, *India–ASEAN Partnership at 25*, Observer Research Foundation Issue Brief 189, July 2017, online at <https://www.orfonline.org>) Some have focused on the China factor in the India–ASEAN relationship. Swaran Singh (“China Factor in India’s Ties with Southeast Asia” in Grare and Mattoo, *ibid*) argues that the evolution of the China factor, as one of the most critical determinants of India’s policy towards Southeast Asia, has been moulded by a complex set of Sino–Indian ties ranging from ancient links to national liberation movements, from colonial legacies to the border war of 1962, from the overall Cold War ideological divide in Southeast Asia to the overcast shadow of superpower confrontation and involvement in Southeast Asia and from India’s tilt towards the Soviet Union to the economic success and strategic location of Southeast Asian countries. M Prayaga (“India and China: Rendezvous with Southeast Asia” in G Jayachandra Reddy (Ed), *Dynamics of India and China Relations: Implications for New World Order*, UGC Centre for Southeast Asian and Pacific Studies, Sri Venkateswara University, Tirupati, 2016) traces India’s relations with Southeast Asia in a historical and cultural sense from ancient times to ASEAN and beyond, but does not profess an overwhelming China factor in the interaction between the two.

India’s institutional engagement with ASEAN covers two timeframes—the formative phase (1992–2001) and the summit phase (2002 onwards). Three institutional engagements may be identified through which both India and China have been proactively engaged with ASEAN—the ASEAN Regional Forum, the ASEAN+1 framework (summit level meetings between ASEAN+India and ASEAN+China) and the East Asia Summit. Despite their near simultaneous entry into ASEAN and India’s diplomatic edge because of the prevalent “China threat theory”, at the end of the first phase Beijing surged far ahead of New Delhi both in terms of the nature and level of institutional engagement. China began interacting with ASEAN not only under the ASEAN+3 (China, Japan and South Korea) framework but also set up ASEAN+1 summit level meetings in the

aftermath of the 1997 economic crisis. The two frameworks facilitated greater Chinese influence in ASEAN-centric cooperative deliberations.

The reasons for New Delhi's limited engagement with ASEAN were its own national outlook, domestic conditions and the strategic resources at its disposal. India's initial engagement with ASEAN was as an economically weak state, strategically insular power and a government overloaded with bureaucracy. As a result, it was not a confident player during the first phase of the engagement. Indian economic policies were largely protectionist and the country could not offer any viable option during the economic crisis that ASEAN faced in the late 1990s. The range of cooperation has shown significant progress during the second phase. However, India is yet to engage ASEAN as a major power with systemic ambitions. There is a greater degree of effort to deal bilaterally with the individual nations instead of in the framework of ASEAN. (Shekhar, *ibid*)

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A comparison of India–ASEAN and China–ASEAN relations over the years is imperative for a meaningful assessment of India–ASEAN–China relations as well as the China factor in the India–ASEAN relationship.

INDIA–ASEAN–CHINA

### *India–ASEAN*

Rather than a gradual evolution, the India–ASEAN engagement demonstrates intermittent shifts. Although LEP was initiated in 1991, the official engagement with ASEAN gained momentum only after 1992–93.

- India becomes Sectoral Dialogue Partner, 1992
- Meeting of ASEAN and India Senior Officials on the Establishment of Second Dialogue Relations between ASEAN–India, 1993
- Full Dialogue Partnership for India, December 1995
- 1<sup>st</sup> ASEAN–India Joint Cooperation Committee Meeting, 1996
- 4<sup>th</sup> Meeting of the ASEAN–India Joint Cooperation, 2002
- 1<sup>st</sup> ASEAN Economic Ministers and the Minister of India Consultation, Bandar Seri Begawan, Brunei Darussalam, 15 September 2002
- 1<sup>st</sup> ASEAN–India Summit, Phnom Penh, Cambodia, 5 November 2002
- 2<sup>nd</sup> ASEAN Economic Ministers–Minister of India Consultation, Phnom Penh, Cambodia, 3 September 2003
- Framework Agreement on Comprehensive Economic Cooperation between the Republic of India and the Association of Southeast Asian Nations, Bali, Indonesia, 8 October 2003
- 3<sup>rd</sup> ASEAN+India Summit, Vientiane, Laos, 30 November 2004
- ASEAN–India Partnership for Peace, Progress and Shared Prosperity, Vientiane, Laos, 30 November 2004
- 4<sup>th</sup> ASEAN–India Summit, Kuala Lumpur, Malaysia, 13 December 2005
- 6<sup>th</sup> ASEAN–India Summit, Singapore, 21 November 2007
- ASEAN–India Trade in Goods Agreement, Bangkok, Thailand, 13 August 2009
- 7<sup>th</sup> ASEAN–India Summit noted with satisfaction the steady progress of the implementation of the ASEAN–India Partnership for Peace, Progress and Shared Prosperity, October 2009
- ASEAN–India Trade in Goods Agreement entered into force, 1 January 2010
- 8<sup>th</sup> ASEAN–India Summit: ASEAN–India Plan of Action 2010–15 developed and adopted, Hanoi, Vietnam, October 2010
- ASEAN–India Business Council Meeting, 1<sup>st</sup> ASEAN–India Business Summit and ASEAN–India Business Fair and Conclave, New Delhi, India, 2–6 March 2011
- Delhi Dialogue V strengthens ASEAN–India Vision for Partnership and Prosperity, 21 February 2012
- ASEAN and India: A Partnership for Peace, Prosperity and Stability, 14 February 2012
- ASEAN–India Trade in Services and Investment Discussions, 31 August 2012
- 2<sup>nd</sup> ASEAN–India Business Fair held on the side-lines of the ASEAN–India

- Commemorative Summit, New Delhi, India, 18–20 December 2012
- 20 Years of ASEAN–India Dialogue Relations Celebrations, 21 December 2012
  - ASEAN–India Eminent Persons Group established to take stock of ASEAN–India relations over the past 20 years, 2012
  - 11<sup>th</sup> ASEAN–India Summit, Bandar Seri Begawan, Brunei Darussalam, 10 October 2013
  - ASEAN–India Trade in Services and Investment Agreement, 2014
  - Indian Diplomatic Mission to ASEAN established as an illustration of the intensification of the ASEAN–India Strategic Partnership, April 2015
  - 12<sup>th</sup> ASEAN Economic Ministers–India Consultation, 23 August 2015, Kuala Lumpur, Malaysia
  - 13<sup>th</sup> ASEAN–India Summit Chairman’s Statement, Kuala Lumpur, Malaysia, 21 November 2015
  - 14<sup>th</sup> ASEAN–India Summit, Vientiane, Laos, 8 September 2016

### *China–ASEAN*

China–ASEAN relations also exhibit certain intermittent shifts although the relationship rapidly became much stronger than India’s.

- ASEAN–China Dialogue Relations commenced at the 24<sup>th</sup> ASEAN Ministerial Meeting in Kuala Lumpur, Malaysia, July 1991
- Meeting to Explore the Establishment of the Consultative Relationship with the People’s Republic of China, Beijing, China, 13–14 September 1993
- China accorded full Dialogue Partner status at the 29<sup>th</sup> ASEAN Ministerial Meeting Jakarta, Indonesia, July 1996
- Framework Agreement on Comprehensive Economic Cooperation between ASEAN and the People’s Republic of China, Phnom Penh, Cambodia, 4 November 2002
- Plan of Action to Implement the Joint Declaration on ASEAN–China Strategic Partnership for Peace and Prosperity, Bali, Indonesia, 8 October 2003
- Protocol to Amend the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and the People’s Republic of China, Bali, Indonesia, 6 October 2003

- Memorandum of Understanding between the Governments of the Member Countries of ASEAN and the Government of the People's Republic of China on Cooperation in the Field of Non-traditional Security Issues, Bangkok, Thailand, 10 January 2004
- 8<sup>th</sup> ASEAN+China Summit, Vientiane, Laos, 29 November 2004
- Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and the People's Republic of China, Vientiane, Laos, 29 November 2004
- ASEAN–China Eminent Persons Group Report, 2005
- 9<sup>th</sup> ASEAN–China Summit, Kuala Lumpur, Malaysia, 12 December 2005
- ASEAN–China Commemorative Summit, “Towards an Enhanced ASEAN–China Strategic Partnership”, Nanning, China, 30 October 2006
- 6<sup>th</sup> Consultations between ASEAN Economic Ministers and the Minister of Commerce of the People's Republic of China, Makati City, Philippines, 25 August 2007
- ASEAN–China Port Development, Nanning, China, 28–29 October 2007
- 11<sup>th</sup> ASEAN–China Summit, Singapore, 20 November 2007
- ASEAN–China Free Trade Area realised on 1 January 2010 and took full effect on 1 January 2015
- 16<sup>th</sup> ASEAN–China Summit, Bandar Seri Begawan, Brunei Darussalam, 9 October 2013
- 18<sup>th</sup> ASEAN–China Summit, Kuala Lumpur, Malaysia, 21 November 2015
- Protocol to Amend the Framework Agreement on Comprehensive Economic Cooperation and Certain Agreements thereunder between ASEAN and the People's Republic of China (ASEAN–China Free Trade Area Upgrade Protocol), Kuala Lumpur, 21 November 2015
- 19<sup>th</sup> ASEAN–China Summit to Commemorate the 25<sup>th</sup> Anniversary of ASEAN–China Dialogue Relations

A comparative study of India–ASEAN and China–ASEAN relations reveals the following:

- India and China have engaged with ASEAN on parallel levels
- ASEAN has dealt with India and China alike as the phases of agreements indicate
- India Sectoral Dialogue Partner, 1992; ASEAN–China Dialogue Relations, 1991

- India Full Dialogue Partner, December 1995; China Full Dialogue Partner, 1996
- India's Framework Agreement on Comprehensive Economic Cooperation, 2003; China's Framework Agreement on Comprehensive Economic Cooperation, 2002
- ASEAN–India Partnership for Peace, Progress and Shared Prosperity, 2004; Plan of Action to Implement the Joint Declaration on ASEAN–China Strategic Partnership for Peace and Prosperity, 2003
- ASEAN–India Eminent Persons Group established to take stock of ASEAN–India relations over the past 20 years, 2012; Report of ASEAN–China Eminent Persons Group, 2005.
- ASEAN–India Trade in Goods Agreement entered into force on 1 January 2010; ASEAN–China Free Trade Area was realised on 1 January 2010 and took full effect on 1 January 2015
- 25 years of India–ASEAN relations, 2017; 25 years of China–ASEAN relations, 2016

By and large ASEAN's engagements with India and China have been similar as shown by the previously detailed phases of the comparison of the last 25 years. The phases may be clearly marked as 1991–92; 2002–04; 2010–15. The phases evidently reflect the Asian and global situations during those particular times. On closer examination, it appears that in 1991, China was not a factor in India–ASEAN relations. Interestingly, scholars started working on this aspect only in 2006. (Zhao Hong, "India's Changing Relations with ASEAN: From China's Perspective", *The Journal of East Asian Affairs*, vol20, no2, Fall/Winter 2006, pp141–70 and "India and China: Rivals or Partners in Southeast Asia", *Contemporary Southeast Asia*, vol29, no1, 2007, pp121–42; Debashis Chakraborty, *ASEAN's Economic Relations with India and China: Beyond the FTAs*, Institute of Peace and Conflict Studies, 15 December 2008, online at <http://www.ipcs.org> and Ananth Krishnan, "Beijing Diary: Can a Falling China mean India Shining", *Daily O*, 7 August 2015, online at <https://www.dailyo.in> and in *China–India Brief*, Centre on Asia and Globalisation, Lee Kuan Yew School of Public Policy, no56, 28 July–11 August 2015, online at <https://lkyspp.nus.edu.sg>)

#### THE SIGNIFICANCE OF ASEAN FOR INDIA AND CHINA

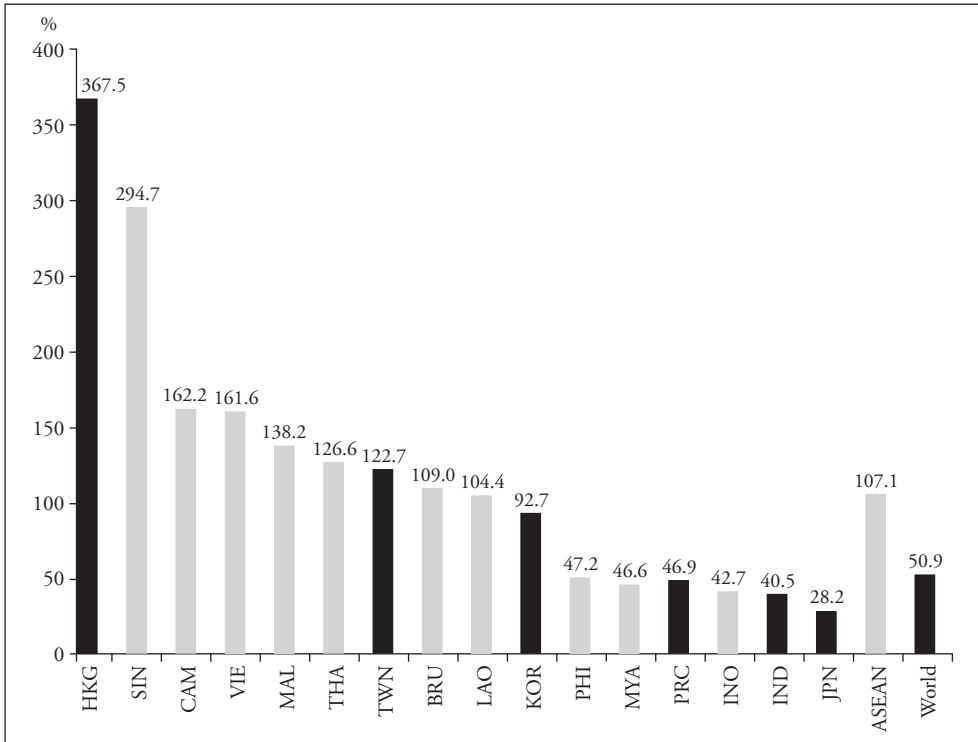
In so far as the strengths and weaknesses are concerned, in 2012 the combined gross domestic product (GDP) of ASEAN member countries was over \$2.3



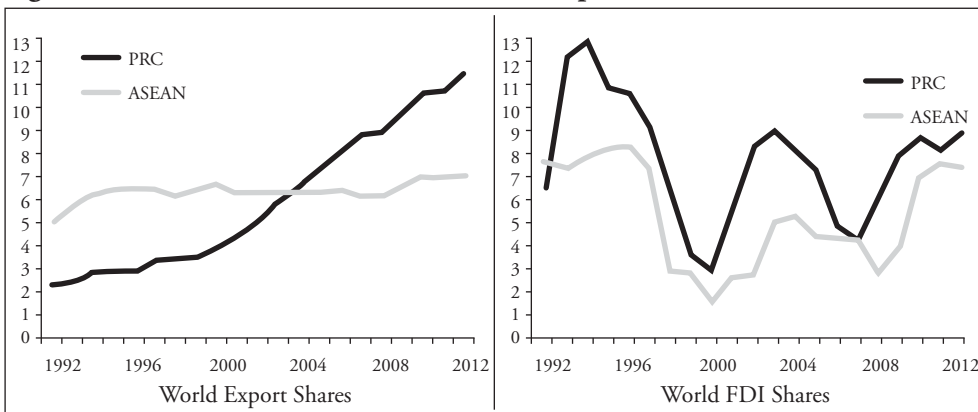
trillion or 3.2 per cent of the world's total, a share which only doubled from 1990. That is in 1990, the combined GDP of ASEAN member countries was roughly \$1.15 trillion or 1.6 per cent of world GDP. Therefore, the economic strength and potential of ASEAN seems exaggerated. In 2012, ASEAN's average per capita income at market prices was about \$3,800, between that of India (\$1,600) and China (\$6,100) or about one-third the global average, up from one-fifth in 1990. These too are not impressive figures. ASEAN has a relatively large and young population, with a growing middle class of over 100 million people. However compared to the 300 million plus middle class of India and China, ASEAN can hardly be considered a vast market. There is huge diversity in ASEAN both as a market and as an investor. In 2012, Singapore's per capita GDP at market prices was almost 60 times that of Myanmar. Development gaps within and across ASEAN economies are indeed remarkable, particularly between rural and urban areas. Disparities remain pronounced in governance systems and in the capacity to effectively implement the rule of law. Indicators of economic and social development, such as the human development index, the infrastructure efficiency index and the ease of doing business index, all show wide differences in the performance of individual economies.

Four ASEAN member economies (Indonesia, Malaysia, the Philippines and Thailand) achieved middle income status a few years ago, positioning themselves along a wide range of per capita GDP levels from \$2,500 in the Philippines to more than \$10,000 in Malaysia. Vietnam has recently entered the lower middle income status, with a per capita income above \$1,500, while Cambodia, Laos and Myanmar remain low income economies. All ASEAN economies rapidly internationalised in the past decades. Vietnam in particular had a dramatic increase in its degree of trade openness (total exports plus imports over GDP) from 24 per cent in 1985 to 160 per cent in 2012. During the same period, China's trade rose from 42 per cent to 47 per cent of GDP while India's more than doubled from 17 per cent of GDP to 40 per cent—both large shares given the size of the two economies. (Giovanni Capannelli, *The ASEAN Economy in the Regional Context: Opportunities, Challenges and Policy Options*, Asian Development Bank Working Paper Series on Regional Economic Integration 145, December 2014, pp10–3, online at <https://www.adb.org>) All the figures, graphs and tables shown in this article are taken from Capannelli (*ibid*)

**Figure 1: Trade Openness Ratio in 2012 – Total Exports plus Imports as a Ratio of GDP**



**Figure 2: ASEAN and PRC Shares in World's Exports and FDI (1992–2012)**



**Note:** ASEAN = Association of Southeast Asian Nations; FDI = foreign direct investment; PRC = People's Republic of China

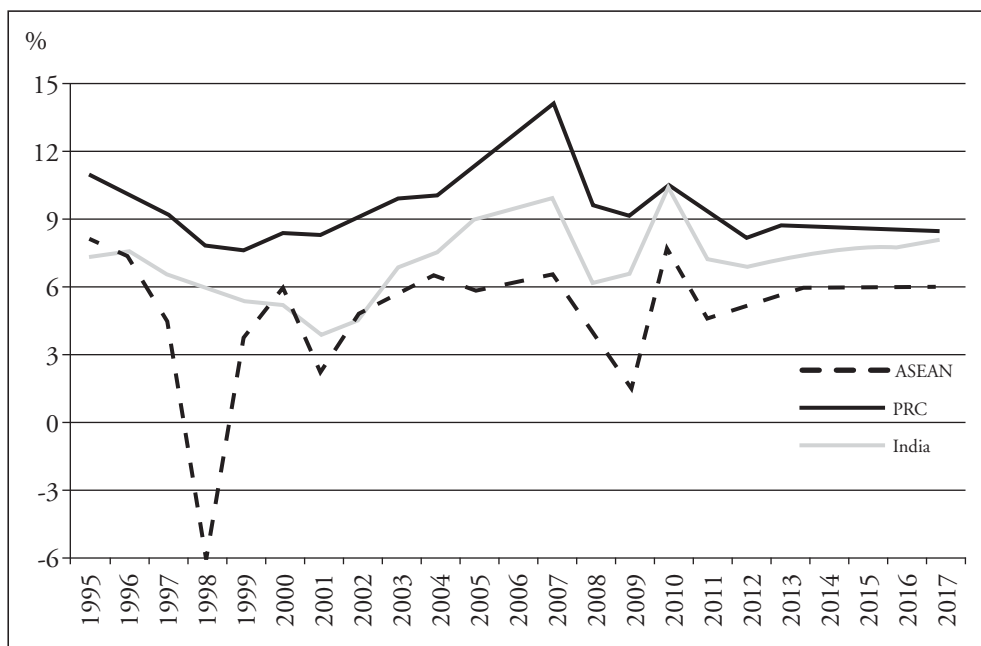
**Source:** *Direction of Trade Statistics*, International Monetary Fund, various years, online at <http://elibrary-data.imf.org>

From Figure 2 it is evident that from 1992 to 2012, while exports from ASEAN were consistent but did not register impressive growth, China's exports increased drastically.

While the relative importance of traditional markets such as the United States of America (US) and the European Union (EU) declined, the share of exports and imports with Asia only increased 10 per cent from 50 to 60 per cent of the total between 1991 and 2011.<sup>1</sup>

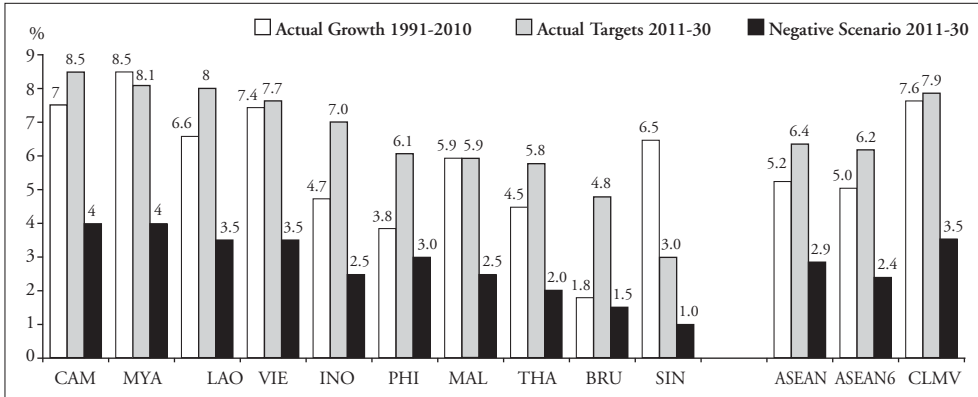
During the period 1995–2012 the cumulated foreign direct investment (FDI) inflows to ASEAN were US \$879 billion, of which about 75 per cent were received during the 2003–12 period. Approximately a fourth of such investment originated from the EU, one-tenth from the US and over a third from Asia. Singapore was the most popular recipient of FDI among ASEAN economies and received more than 48 per cent of FDI stocks.

**Figure 3: GDP Growth Rate Trends for ASEAN, PRC, India (1995–2017)**



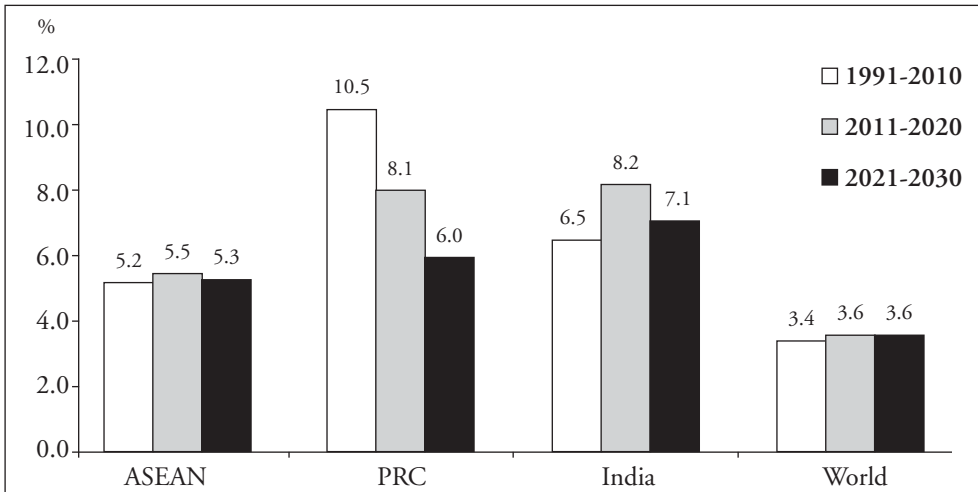
While it took about six years for ASEAN as a group to recover from the 1997–98 crisis and reach yearly average GDP growth rates of about six per cent, its economies only grew at around 1.5 per cent on average in 2009 then re-bounced to close to eight per cent in 2010, before stabilising again at a six per cent level. The GDP growth rates of China and India were more consistent.

**Figure 4: ASEAN Economies' Average Yearly GDP Growth to 2030: Aspiration Targets versus Negative Scenario**



**Note:** Aspiration targets are from the *ASEAN 2030* study. The negative scenario is based on simulations calculated for this study on the basis of projections prepared by the Asian Development Bank's Economics and Research Department  
**Source:** *ASEAN 2030: Toward a Borderless Economic Community*, Asian Development Bank Institute, 2014, online at <https://www.adb.org>  
 Data for 1991–2010 are from the *World Economic Outlook*, International Monetary Fund, April 2012, online at <http://www.imf.org>

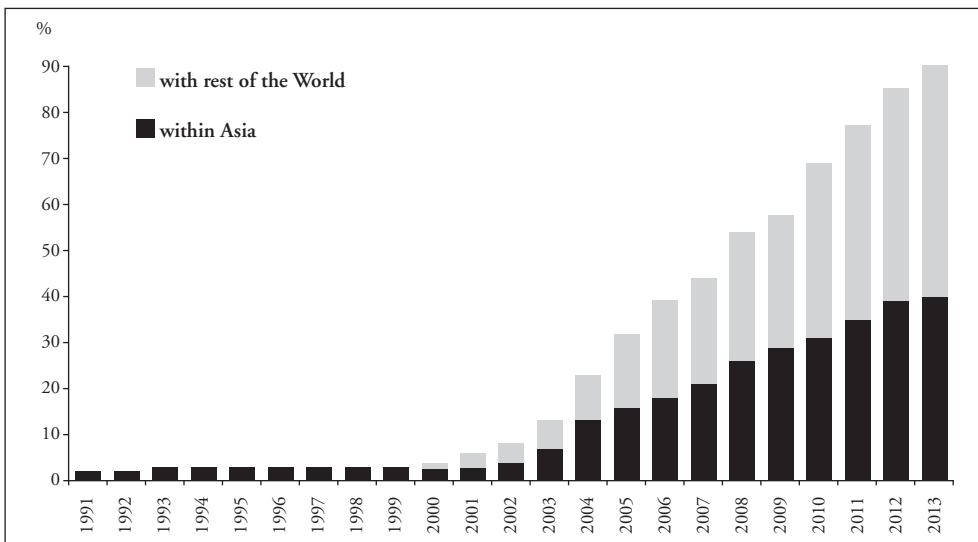
**Figure 5: GDP Growth of ASEAN, PRC, India and the World**



**Note:** ASEAN = Association of Southeast Asian Nations; GDP = Gross Domestic Product; PRC = People's Republic of China. Projections for the period 2011–2020 and 2021–2030 are provided by the Asian Development Bank's Economics and Research Department, January 2013  
**Source:** Data for 1991–2010 are from the *World Economic Outlook*, International Monetary Fund, April 2012, online at <http://www.imf.org>

The comparative graphs show the GDP growth of ASEAN as stagnant and not crossing six per cent.

**Figure 6: Exponential Growth of ASEAN Trade and Investment Agreements – Total number of agreements signed, under negotiation, or being proposed (1991–2013)**



**Source:** *Tracking Asian Integration: Free Trade Agreements*, Asia Regional Integration Centre, Asian Development Bank, online at <http://aric.adb.org>

The number of agreements was negligible until 2003 but picked up after 2007–2008.

The analysis from the above figures, graphs and tables raises significant questions about India–ASEAN–China relations. In the case of India, the very purpose of LEP in 1991 was to seek FDI, the fundamental principle of the liberalisation initiated in 1991. The question that arises against this background is whether ASEAN in 1991 was in a position to invest in India. Most ASEAN nations were poor barring Brunei, Malaysia and Singapore. The collapse of the Soviet Union and the end of Cold War forced India to restructure its foreign policy to face the new global scenario for investments and markets. However, if LEP was formulated with this propose, ASEAN could not meet the requirement. Instead India should have looked towards the European Union and North America. Interestingly, China initiated its engagement with ASEAN just a year before India, but did not announce a restructuring of its foreign policy to face

the new, post-Soviet world, nor did it formulate a Look to Southeast Asia policy. Against this background, the following questions need to be revisited.

1. Why did China initiate its engagement with ASEAN in 1990? It was not facing an economic crisis. Was China's restructuring of foreign policy also to face new challenges after the collapse of the Soviet Union? If so, then how?
2. How did India hope to face the post-1991 world through the New Economic Policy and LEP with the support of ASEAN which could hardly help it economically, in trade and investments, in those days?

In 1991, China did not appear to be a factor in India's formulation of LEP or its initiation of relations with ASEAN. However, there was little progress in the India–ASEAN relationship during the 1990s and soon after, the Southeast Asian region was impacted by the financial crisis. In fact, only after 2003 with the region's recovery were free trade agreements signed. From 1991 to 2001, India's domestic political situation hampered engagement with ASEAN. Although the Asian financial crisis of 1998 and Chinese assistance to ASEAN strongly indicated the former's influence, India's engagement with the organisation did not effectively take this clout into account. The issue is not

of whether ASEAN as an organisation treats India on par with China but whether India has altered or reshaped its policy towards ASEAN in tune with the latter's relationship with China. This realisation seems to have dawned only in the last decade. Another matter that needs to be probed is India's relationship with ASEAN as an organisation vis-à-vis New Delhi's bilateral relations with individual ASEAN nations.

The “China factor” was not an element in India–ASEAN relations at least not until 2003. India's engagement with the organisation and LEP began essentially as an economic policy in the face of the economic situation at home

**During the period 1995–2012 the cumulated foreign direct investment inflows to ASEAN were US \$879 billion, of which about 75 per cent were received during the 2003–12 period. Approximately a fourth of such investment originated from the EU, one-tenth from the US and over a third from Asia. Singapore was the most popular recipient of FDI among ASEAN economies and received more than 48 per cent of FDI stocks.**

at the end of the Cold War. It was not designed taking China into account. The China factor as such became complicated and tricky with the Dokhlam issue and with Beijing's growing footprint in the Indo-Pacific region. Amid the standoff between India and China along the Sikkim sector of the international border in summer 2017, the former Indian Foreign Secretary and current External Affairs Minister S Jaishankar had said that ties between New Delhi and Beijing have a direct implication on the relationship with the Southeast Asian nations. In his ST Lee Distinguished Lecture at the Lee Kuan Yew School of Public Policy, Singapore in July 2017 he said, "In this changing landscape, few would dispute that the evolving India-China relationship has a direct implication for ASEAN, for the larger Asia-Pacific and perhaps even globally". ("India-China ties have Direct Implication for ASEAN: Jaishankar", *Millennium Post*, 11 July 2017, online at <http://www.millenniumpost.in>) The Narendra Modi government has actively boosted its economic and strategic security ties with ASEAN nations under its upgraded Act East Policy. With China's growing aggressiveness in the Indo-Pacific, India has repeatedly asserted that the ten nation ASEAN bloc plays a central role in the security of the Asia-Pacific region. At the 15<sup>th</sup> ASEAN-India Foreign Ministers' Meeting in Manila, former Minister of State for External Affairs VK Singh had said, "From the Indian perspective, ASEAN occupies a central place in the security architecture of the Asia-Pacific region". ("India says ASEAN Crucial to Asia-Pacific Security", *The Hindustan Times*, 6 August 2017, online at <https://www.hindustantimes.com>)

## CONCLUSION

The year 1991 was a "game changer" for India both in its "inward" as well as its "outward" policies. The change in attitude did not evolve naturally on its own but rather was compelled by rapid changes that occurred domestically as a result of a pressing economic emergency and externally with the collapse of the Soviet Union, pushing India into an uncharted politico-economic world order. Consequently, India restructured its economic strategy and crafted the New Economic Policy, initiating liberalisation, followed by privatisation and globalisation. India also had to reshape its foreign policy in 1991 to face the challenges of the just begun post-Cold War world economy and foreign affairs. The Look East Policy initiated in 1991 was part of the restructuring of Indian foreign policy towards that end.

This study primarily focuses on India–ASEAN–China relations and analyses the given situation in 1991. If LEP was essentially an economic policy aimed at compensating the loss of the Soviet Union as a significant trade partner, as has been suggested by many, this analysis notes that ASEAN at the time was not in a position to help India. Interestingly, China too began its relations with ASEAN at the same time but did not announce a “restructuring” of foreign policy to face the new domestic and global challenges, nor did Beijing publicise a Look Southeast Asia Policy. Why did China initiate its engagement with ASEAN in 1990–91 and what did it expect from it in economic terms, considering the economic situation in the ASEAN region at the time? Soon thereafter ASEAN suffered an economic setback with the 1998 crisis. The engagement of India and China with ASEAN, in real, practical terms developed only after 2003–04. That is, in the 25 years of India–ASEAN and China–ASEAN relations almost half the period did not witness any remarkable progress. There has been greater impact after the free trade agreements were pushed through in 2010. Statistics demonstrate that even as a trade partner ASEAN has not helped either India or China much. Thus in economic terms ASEAN offers rather a gloomy picture. Therefore, the importance of ASEAN, the India–ASEAN relations, even the China–ASEAN relations seem exaggerated. As far as ASEAN is concerned, in the fifty plus years of its existence as a regional organisation, it gained vigour only after 2003–04. It took almost a decade for it to have its first meeting—it was initiated in 1967 and the first meeting was held in 1976. Even in the 1980s it did not receive much attention globally and its popularity started growing only in the 1990s. In fact, the inclusion of India and China as sectoral dialogue partners in the 1990s, strengthened ASEAN and its potential as a regional organisation has grown only in the last two decades. ❧

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*This article was presented as a paper, “India, ASEAN and China” at the international conference on India–ASEAN towards Greater Partnership, 4–5 December 2017, organised by the UGC Centre for Southeast Asian and Pacific Studies, Sri Venkateswara University, Tirupati, Andhra Pradesh, India. I wish to thank C Sheela Reddy, Indian Institute of Public Administration, New Delhi, for her critical remarks and help in editing the paper. I am also grateful to M Hema, Department of Virology, Sri Venkateswara University, for her help and encouragement.*