

India's Act East Policy: Re-energise and Make it 21st Century Relevant!

India has been Absent from any Serious, Sustainable Presence



by KAMAL MALHOTRA

India was very late in recognizing the strategic importance of Southeast Asia. It now needs to redouble its efforts, to make up for lost time. This will require India to re-energize and infuse its Act East Policy with a 21st century relevant internationalism, learning from the country's very successful internationalism of the 1950s and 1960s, under its first Prime Minister Pandit Jawaharlal Nehru, who was a true and pioneering internationalist. The re-energized policy should encompass economic, cultural, social, political and military aspects. In doing so, India should ensure that it does not end up competing with China in the East and Southeast Asian regions on Beijing's terms. We need to win the hearts and minds of the peoples of these two adjacent regions by co-creating and co-providing an alternative platform for a genuine, equal partnership with the peoples of Northeast and Southeast Asia, built and based on trust, a reciprocal and equal partnership and mutual respect.

My personal advocacy for India to have a Look and Act East policy date back to the early 1980s at a critical time in the Philippines when I found myself as one of only two Indians (and the only one who actually lived in the Philippines) actively participating in and contributing to the "Peoples Power" anti-Marcos movement which succeeded in overthrowing that autocratic dictator in the famous 1986 (Epifanio de los Santos Avenue (EDSA) Revolution).

Particularly striking about the Indian presence in the Philippines at that time was the almost complete absence of Indian diplomacy in the country at one of that Southeast Asian country's most important 20th century crossroads. Sadly, at that time, Indians in the Philippines were only visible to most Filipinos and Filipinas as petty money lenders

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who would travel the rural countryside in the province of Cavite near Manila and elsewhere, lending five Philippine pesos at the beginning of the week, only to collect six pesos by the weekend. This was considered by Filipinos and others to be a usurious rate of interest and was referred to as "5/6."

Early to mid-1980s advocacy with both the Indian Embassy in Manila and previous college classmates and friends, newly minted in the Indian Foreign Service, for India to have a comprehensive, forward-looking and politically and economically enlightened Philippines and broader Southeast Asian region focused foreign policy fell largely on deaf ears both then and even after the mid-1990s, when I returned to the region to live in Thailand.

Such a policy should have been a no-brainer immediately after India gained its independence, given our long historical, cultural and religious links symbolized by the many still visible Hindu and Buddhist temples and other monuments in several countries across the Southeast Asian region—Cambodia, (Angkor Wat) Indonesia (Borobudur, Bali), Myanmar (Shwedagon Pagoda), Thailand (Sri Maha Mariamman Temple, Bangkok) and even central Vietnam (the temples in My Son Sanctuary, Da Nang Museum of Cham Sculpture), to name only a few.

Indeed, Indian culture, religion, dance, music, and language permeated throughout Southeast Asia. The spread of Hinduism, Buddhism and the Tamil language in countries such as Cambodia, Thailand and Vietnam



can be partly traced back to the Chola Dynasty's cultural influence for nearly 1500 years (300 BC-AD 1279). The Chola Kings achieved this through an elaborate and sophisticated network of maritime trade that extended from India throughout Southeast Asia and even to China.

It is also well established that there are age-old kinship ties between the peoples of Northeast India and the hill tribes of Burma (now Myanmar), Thailand and Laos while Myanmar also still has a substantial Hindu population. The British took large numbers of plantation labourers from South India to Malaysia whose descendants account for a significant percentage of both the current Malaysian and Singaporean populations.

Given the rich history of cultural and religious exchanges, it is indeed disappointing that India did not prioritize a Southeast Asian foreign policy in its first four decades of independence. Its neglect, together with some statements in the past, both official and unofficial, have unfortunately led many Southeast Asians to regard Indians as condescending, arrogant and ignorant towards their region, its socio-economic achievements and its culture and traditions. Even though the latter have been historically influenced by Indian civilization and culture, Southeast Asia has evolved Hinduism in Bali quite distinctly and each country in the region remains culturally distinct. Most Indians, even those who travel to the region frequently, still fail to appreciate and respect this.

Moreover, while some Indians over the last two decades have begun to frequently travel to Southeast Asia for tourism or even business, they remain, for the large part, uninformed about or insensitive to both the region and the Association of Southeast Asian Nations (ASEANs) history as well as its significant, impressive socio-economic achievements since the independence of its constituent countries. There is also a feeling in Southeast Asia that Indians look down on their fledgling democracies as inferior to India's secular democratic traditions. This has been particularly ironic in the last decade when India's, no doubt longer standing, and more deep-rooted democracy and secularism, has been widely viewed as in crisis while some Southeast Asian countries have created positive democratic space or stabilized their now mature democracies.

Even worse, India, till the early 1990s at least, had not officially or publicly acknowledged Southeast Asia's considerable socio-economic and human development successes---areas in which, the region as well as most countries within the region, have done considerably better than India.

It is particularly telling that India's annual per capita Gross Domestic



Product (GDP) is lower than that of all ASEAN member countries. This ranged from Singapore's strikingly high USD 84,734 per annum to Laos' USD 2660-2712 per annum in 2023. Even Vietnam, which had a per capita GDP of only USD 200-300 per annum in 1984 after the devastating American War (what the world, other than Vietnam, calls the Vietnam War) had increased its per capita GDP 40 times to USD 3900 per annum in constant terms by 2023, compared to India's GDP per capita of only USD 2239 per annum in the same year. PR China's annual per capita GDP in 2023 which has a comparable population to India's, by contrast, was six times higher than India's, at USD 12,514.

India's ranking on the United Nations Development Programme's (UNDPs) Human Development Index slid to 134 out of 189 countries who were ranked comparatively in 2022 (the latest year for which this global UNDP Index is available). India's rank had, sadly, deteriorated from around 130 a few years previously, a rare feat since most countries show a consistent upward trajectory over time. This should be contrasted with Hongkong, China (SAR)

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which was ranked 4th in the world, Singapore which was ranked 9th, South Korea's 19th rank, Brunei's 55th, Malaysia's 63rd, Thailand's 66th, China's 75th, Vietnam's 107th, Indonesia's 112th and even the Philippines 113th ranks.

Within ASEAN, only Laos at 139th, Myanmar at 144th, Cambodia at 148th and Timor-Leste at 155th were ranked lower than India. All these countries are classified as Least Developed Countries by the United Nations. Most Indians appear to be ignorant of these facts. They should be shocked and embarrassed about their country's poor per capita income and human development global rankings, not celebrating that India's aggregate GDP is likely to become the third largest in the world before 2030. They should also compliment most ASEAN members on their impressive human development achievements.

India's Belated Look East and Act East Policies

India's Look East Policy, launched in 1991 by then Prime Minister PV Narasimha Rao, was enacted in 1992. It was pursued by subsequent administrations, especially the Atal Bihari Vajpayee government, but was initially limited only to Southeast Asia. It was a policy response to the shifting global landscape in the early 1990s, notably the dissolution of the Union of Soviet Socialist Republics (USSR) and the rise of China in both Northeast and Southeast Asia. Its overall objective was to develop political, economic and security cooperation with the countries of Southeast Asia, in an attempt, after the Cold War, to act as a counterweight to China in the Southeast Asian region. The policy was expanded later to add a strategic dimension in response to the rise of China.

India's Look East Policy has led to a significant strengthening of bilateral relations with many Southeast Asian countries. India also became a sectoral dialogue partner with ASEAN in 1992 and a full dialogue partner in 1995. It began participating in East Asia Summits from 2002, becoming a Strategic Partner in 2012. Nevertheless, it formally established a mission to ASEAN to deepen and strengthen its engagement with the regional association



only in 2015, less than a decade ago.

The policy included a series of initiatives to strengthen India's economic and strategic ties with Southeast Asia, focusing primarily on economic relations and trade with Southeast Asia. As a result, India-ASEAN trade increased from USD 2.4 billion in 1990 to USD 23 billion in 2005, climbing to USD 131.58 billion by 2022-23. Within this, however, India's trade deficit with ASEAN increased significantly in recent years. It was USD 7.5 billion in 2010 when the India-ASEAN Free Trade Agreement (FTA) came into effect but increased to USD 22.8 billion by 2019. It had grown significantly to around USD 36 billion by 2023-24.

In addition, India's trade deficit with China alone had significantly grown to USD 41.9 billion by June 2024. Indeed, India's imports from China have grown at a much faster pace than from the rest of the world. Goods imports surged from a mere USD 10.87 billion in 2005-06 to USD 61.71 billion in 2015-16. India's dependency on imports from China have grown so much that despite many restrictions on Chinese businesses following the Galwan clash in June 2020, imports from China have soared since then and have surpassed a record USD 100 billion in 2023-24.

In 2014, Prime Minister Modi announced the Act East Policy which represented an evolution of the Look East Policy, prioritizing the promotion of economic, strategic and cultural relations with Southeast Asia. It is based on the 4 'C's': Culture, Commerce, Connectivity and Capacity Building. Mr. Modi's acronym for India's vision for the region is SAGAR---Security and Growth for All. In August 2015, concrete initiatives and areas of cooperation were identified under three pillars: security, economic and socio-cultural.

The main difference between India's Look East and Act East Policies is that while the former focused on strengthening economic cooperation with ASEAN countries, the latter aims at an extended neighbourhood in the now renamed Indo-Pacific region. It also involves security cooperation, especially with East Asian countries.

How Have India's Look East and Act East Policies Fared?

India failed to capitalize on its historical, religious and cultural capital in Southeast Asia. On the contrary, its image remains one of condescension, arrogance, ignorance and, till recently, neglect towards the region. Having delayed its Look East Policy for more than four decades after its Independence and its broader Act East Policy till even later (2014), it should come as no surprise that the People's Republic of China had outmanoeuvred India economically, politically and militarily in the region by the early 1990s. This is despite the fact, that while there are large Chinese origin populations in Hongkong, Malaysia and Singapore, mainland China can only claim a fraction of the historical, religious or cultural legacies that India had and still has in the region. China's lead over India in the region was despite it having remained a closed economy for three decades between 1948 till 1978 in the aftermath of the Communist Revolution till its opening up again to the Northeast and Southeast Asian regions and to the world.

India was effectively, a non-starter, in terms of economic competition with China in the early 1990s, partly because it was going through its own economic and financial crisis at that time. Moreover, India has not become competitive with the region or China in either manufacturing or agriculture since then, reflected in its substantial and growing trade deficits with both ASEAN and China, over recent years and decades.

Most strikingly, India's recent unwillingness and inability to join the most important trade agreement in the region, the Regional Comprehensive Economic Partnership (RCEP), signed in Hanoi, Vietnam in November 2020, at the virtual ASEAN Summit during Vietnam's Presidency, was an admission of this lack of competitiveness with China in particular. India's reticence to join was because it perceived RCEP to be China led and because, despite India's repeated requests, RCEP did not prioritize services sectors in which India sees itself as having a competitive advantage.

RCEP is the first FTA amongst the largest economies in Asia: China, Indonesia, Japan and the Republic of (South) Korea. It also includes Australia and New Zealand. India is voluntarily missing, despite many requests for it to join. India's unwillingness to do so is widely considered to be as a serious mistake as well as one which is likely to cost it dearly in terms of economic influence in Southeast and Northeast Asia.

The 15 RCEP member countries, who include a mix of high-, mid-

dle- and low-income countries, accounted for about 30% of the world's population and 30% of global GDP (approximately USD 30 trillion) in November 2020, making it the largest trading bloc in world history. It was conceived at the ASEAN Bali Summit in 2021. Negotiations were formally launched at the 2012 Summit in Cambodia. India took part in the initial negotiations but later decided to opt-out. It was signed during the Vietnam ASEAN Presidency's virtual Hanoi Summit in November 2020 and became effective on 1 January 2022.

India has an open invitation to join the bloc at any time but has not done so yet. Other countries or separate customs territories in the region were permitted to accede to the pact from 1 July 2023.

RCEP, while it unfortunately ignores labour, human rights and environmental sustainability issues and many services sectors, is expected to eliminate about 90% of tariffs on imports amongst its members within 20 years of its coming into force and establish common rules for e-commerce, trade and intellectual property. It effectively pulls the centre of economic gravity back to Asia from the United States and Europe, with China poised to take the lead in writing the trade rules for the region, leaving the US, European Union and India behind in influencing the future economic and political trajectory of both the East and Southeast Asian regions.

On security matters, China's military influence and muscular engagement have significantly grown in the East and South China Seas region over recent years (with protracted and potentially increasing conflicts with both the Philippines and Vietnam in particular) as well as in mainland Southeast Asia (eg, Myanmar, Cambodia). Japan, the Republic of Korea and Taiwan (Republic of China) who have traditionally relied for their security guarantees on the United States are increasingly worried about their protector's distractions both at home, the Middle East and in other regions. These distractions have led to a reduction in the US' perceived attention to and presence in mainland Southeast East and the international waters of the East and South China Seas.

India's security or military presence in the Southeast region is barely felt, other than through its membership of the QUAD (the grouping of the United States, Japan, Australia and India), in which many regard India as the weakest link. This is both because of its reticence to openly confront China on security matters and its pre-occupation, both with its





own bilateral conflict with China on its northern and north-eastern borders and the much greater threat it views China as presenting to it in the Indian Ocean. Both these concerns are more immediate and strategic for India compared with the perceived security threat of China in either the international, Philippines and Vietnamese sovereign waters of the East and South China Seas and the Southeast Asian mainland. India is also largely paying lip service to Taiwan, on whose existential conflict with China, it has sadly been largely, if not totally silent. This is reminiscent of India's relative silence when China abrogated its agreement with Britain over Hongkong, despite a large Indian-origin population there. Myanmar is yet another Southeast Asian neighbouring country with which India has old and close historical, cultural and religious ties, but on whose dismal democracy and human rights situation it has been largely silent because it wants to compete with China there, even though it must be aware that it is not able to do so effectively in either the military, political or economic spheres of influence with Myanmar's ruling military junta.

The QUAD, in which India participates in addition to the United States, Japan and Australia, has largely remained a talk shop so far. Only time will tell if its recent September 2024 "Wilmington Declaration" in Delaware, USA will translate into effective and quick action and delivery on the ground. The declaration is essentially a vision statement, not a plan of action. It is wide ranging and covers regional conflicts including the Israel-Hamas war and the Russian invasion of Ukraine; maritime security with enhanced coast guard collaboration through the Pacific and Indian oceans; improved cooperation on humanitarian response missions; technology; clean energy; cyber security and

health. The measures agreed are supposed to serve as a counterweight to an increasingly assertive China in both the Northeast and Southeast Asian regions, but it is too early to judge whether the declaration will amount to anything significant in terms of deterrence on the ground.

Policy Suggestions for the Immediate Future

One of many critical questions which remain for India to answer in terms of its Act East Policy is: how do we make the right impact countering China and its deep economic, financial and military pockets in the Northeast and Southeast Asian regions?

There should first be a recognition of the fact that India cannot hope to compete with China in either economic or financial terms in East or Southeast Asia, especially given our absence from RCEP. We also cannot compete with China in terms of physical connectivity investments in the region, given both the scale and the relatively advanced stage of many of China's Belt and Road Initiative (BRI) investments in the region.

This does not mean that we should give up on either the economic, social and investment fronts. On the contrary, we can and should carve out a high priority strategic plan for Southeast Asia encompassing economic areas on which India has a global competitive advantage such as public health and pharmaceuticals, solar energy and digital and information technology for enhancing virtual connectivity. In terms of the first area, there are deep fears about recurring pandemics in Southeast Asia, heightened by both SARS two decades back and Covid-19 five years ago, both of which originated in mainland China. India, as the widely acknowledged generic pharma laboratory of the world, is uniquely placed to make this a critical area of its support and engage-

ment in both Northeast and Southeast Asia through its Act East Policy.

We also need to seriously reconsider joining RCEP before it is too late.

We should also prioritize receiving support from Taiwan, not just for semi-conductor manufacturing, including its allied and supporting ecosystem industries and service sectors, but to learn from their very successful, world class small and medium enterprise (SME) policy and experiences of many decades. India urgently needs to adapt, learn from and emulate Taiwan's global SME success story, especially given the devastation caused to many of India's SMEs because of the combined negative impact on them of its catastrophic demonetization, faulty Goods and Services Tax (GST) design and implementation and Covid-19 response policies, especially in the latter's March 2020 first phase.

In return for Taiwan's support in the critical and strategic semi-conductor chips and SME areas, India should show the courage to more openly and forcefully support Taiwan's aspirations at the United Nations and other international fora. In this context, especially in the post Covid-19 pandemic world, India should support Taiwan's quest to attain Observer status in the World Health Organization (WHO). This should be viewed as low-cost, low hanging fruit which will help India build the trust and respect, not just of Taiwan, but of other countries in Northeast and Southeast Asia, wary of China's recent aggressive moves in Taiwanese waters and in some of theirs (Philippines, Vietnam) as well.

On the political front, despite its escalating democracy and secularism deficits over the past decade, India remains a much more credible partner than China in Myanmar to back secular democratic forces in the country in their struggles for democracy, human rights, pluralism, and federalism, all key words in the Indian Constitution's Preamble. For this to happen, however, it must both take an official public position on the current lack of democracy in Myanmar and stop incorrectly scapegoating incursions from Myanmar into Manipur as the cause for the serious home-made crisis the Indian government has created and left to stew in that critical Northeast state of the country.

Cultural diplomacy should also remain a top priority, given India's close historical ties with Southeast Asia in this area, one that China cannot compete with easily. Efforts should build on the enormous goodwill already generated in countries such as Cambodia for the herculean successful Indo-French restoration efforts with respect to Angkor Wat. Similarly, more goodwill has been generated with the Vietnamese because of the more modest five-year effort to restore a group of temples at the UNESCO Heritage site of My Son Sanctuary in Quang Nam province of central Vietnam which was recently completed in December 2022.

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India, by itself, is clearly not able to play the leading security bulwark role in the Indo-Pacific region against China expected of it by the United States and other QUAD members. Nevertheless, it should maintain a stronger and consistent East and South China Seas (SCS) security focus by increasing its maritime security and defence support for Vietnam. Indeed, it should enlarge its geographic area of support in this area by including both the Philippines and Taiwan in a proactive manner. India should also play a lead role, together with other QUAD members, in creating an adapted and 21st century relevant NATO type collective security organisation in the Indo-Pacific as an effective military bulwark against an aggressive and expanding China.

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More broadly and importantly, India must re-energize and infuse its Act East Policy with a 21st century relevant internationalism, learning from the country's very successful internationalism of the 1950s and 1960s, under its

first Prime Minister Pandit Jawaharlal Nehru, who was a true and pioneering internationalist. The re-energized policy should encompass economic, cultural, social, political and military aspects. In doing so, India should be clear that it does not seek to compete with China in the East and Southeast Asian regions on Beijing's terms, but that it will win the hearts and minds of the peoples of these two adjacent and interconnected regions by co-creating and co-providing an alternative platform for a genuine, equal partnership with them, built and based on trust, a reciprocal and equal partnership and mutual respect. **DI**



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