ASEAN-INDIA: Deepening Economic Partnership in Mekong Region

The Mekong countries comprising Cambodia, Lao People’s Democratic Republic (Lao PDR), Myanmar, Thailand and Vietnam grew rapidly during the last decade. With the exception of the years of global financial crises, magnitude of growth rates and duration are remarkable in Mekong history. Given a long historical and cultural link between India and Mekong countries, there are ample scopes for cooperation and so also potential gains. Regional economic integration has become a powerful tool to foster trade and link markets across borders, and to see as a complementary path to strengthen the globalisation process. India has taken steps on its passage towards economic integration, particularly with Southeast and East Asian countries. Ever since the adoption of Look East Policy (LEP) by India, the partnership with ASEAN countries in general and countries in Mekong region in particular has made significant progress. The growing partnership between India and ASEAN is also viewed in the context of growing importance of South-South cooperation.

This book analyses the India-Mekong cooperation in light of growing ASEAN-India Strategic Partnership. It addresses the prospects and challenges concerning the India-Mekong relations and provides a framework for deepening the economic partnership in Mekong region. The book will serve as a knowledge product for policymakers, academics, private sector experts and regional cooperation practitioners: and is a must-read for anyone interested in the regional economic cooperation between India and Mekong region.

Contributors

Amrita Batra
Chansamone Vongphaisith
Chayodom Sabhasri
Chorthip Utoktham
Dibyendu Maiti
K. J. Joseph
Leeber Leebouapao
Mia Milic
Nguyen Huy Hoang
Prabir De
Sorn Sok
Sithanbandith Insimenmay
Suthiphand Chirathivat
Tridib Chakraborti
Vu Nguyen Thanh
Vanthana Nolintha
Yann Duval
ASEAN-INDIA
DEEPENING ECONOMIC PARTNERSHIP IN MEKONG REGION

Editor
Prabir De

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Regional economic integration has become a powerful tool to foster trade and link markets across borders. India has made progress in integrating its economy, particularly with Southeast and East Asian countries. India’s partnership with ASEAN in general and countries in the Mekong region in particular, has made significant progress. Relations with ASEAN have undergone a significant change since India became a full Dialogue Partner of ASEAN in 1995. In 2012, India and ASEAN celebrated their Commemorative Summit in New Delhi to observe the two decades of their partnership. Acknowledging the benefits of closer economic linkages, Indian and ASEAN leaders recognised the need for deepening the trade and investment links between India and CLMV (Cambodia, Lao PDR, Myanmar and Vietnam) or Mekong countries.

Mekong countries are India’s eastern neighbours. At present, barring Vietnam, India’s trade with the other CLMV countries is yet to catch up with the rest of ASEAN. There is potential for further trade expansion in the coming years provided the countries develop an improved and enabling infrastructure for trade. There is no doubt that increased trade and investment relations with Mekong region would open the door to greater market access for India in Southeast and East Asian markets together with creating opportunities for development of India’s Northeastern Region. It would also help Mekong countries to get improved access to the Indian market and benefit from Indian technology and knowledge products. Once the connectivity projects, particularly the Trilateral Highway and its extension to CLV countries, are completed, they will further bring the Mekong countries closer to India. Facilitating such integration would be the key to success of the India-ASEAN Strategic Partnership. This book
provides a detailed set of recommendations to deepen regional integration between India and Mekong countries, and enhance economic linkages between them.

This book, edited by my senior colleague, Prabir De, is one of the outcomes of the RIS’ flagship project on South-South Cooperation. I am certain that this book will be a valuable reference for policymakers, academics and practitioners.

Shyam Saran
Economic relations between ASEAN and India have reached a new high with the formalisation of the Free Trade Agreement (FTA) in goods in 2010. These relations received further impetus after a decision was taken by the two partners to seal a deal in services and investment. Although the economic engagements between India and ASEAN have moved at a fair pace, the same between India and CLMV countries is yet to gain a momentum. There are plenty of challenges which need effective policy interventions in order to deepen the relations between India and Mekong countries, comprising Cambodia, Lao PDR, Myanmar, Thailand and Vietnam. Promoting a long-term cooperative partnership based on equality, shared ownership and mutual respect will enable both India and Mekong countries achieve long term national and regional development goals. To realise these objectives, the policy dialogue among think-tanks, media and business community from India and ASEAN assumes utmost importance. These deliberations would not only help in promoting awareness about the potentials of India-Mekong partnership, but would also help in exploring new vistas for strengthening regional cooperation.

RIS’ involvement in India-ASEAN issues goes a long way back. One of its flagship programmes was the ASEAN-India Eminent Persons’ Lecture Series, which was initiated in 1996 to facilitate people-to-people contact between India and ASEAN countries. Besides coordinating with ASEAN-India Network of Think-Tanks (AINTT), RIS is also actively involved in several other think-tank networks. These include Economic Research Institute for ASEAN and East Asia (ERIA), Asia-Pacific Research and Training Network on Trade (ARTNeT), coordinated by UNESCAP, and BIMSTEC Network of Policy Think-Tanks, among others.

RIS in collaboration with Institute of Foreign Policy Studies (IFPS), Calcutta University and the Swiss Agency for Development and Cooperation (SDC) organised an International Conference entitled ‘Mekong-
India Cooperation: Linking Markets, Fostering Trade’ in Kolkata on 23-24 June 2011. This conference particularly focused on challenges and prospects of economic integration between India and Mekong region. This book is an outcome of this International Conference. It presents a number of key issues that are relevant from the point of view of deepening the relations between India and Mekong countries. The book will serve as a key reference book for policymakers and research scholars.

Biswajit Dhar
Dr. Valérie Engammare  
Programme Manager, Analysis and Policy Division  
Swiss Agency for Development and Cooperation (SDC)  

Message

Today, whereas advanced economies face massive problems with sunk costs, debt overhang, and stranded assets, emerging economies seem to have far more scope for creativity, innovation, and developing new areas of competitive advantage. This is especially true for Asia, where regional economic interdependence is growing. Regional economic integration contributes to fostering convergence in the levels of development across the region and could hence be an important driver of shared prosperity for those engaged in the process. In this context, the sharing of perspectives and experiences between countries of the Mekong region and India – who has a proven track-record in promoting trade integration of small and medium-sized enterprises – is highly relevant for drawing maps of the future.

The conference ‘Linking Markets, Fostering Trade’, organised by Research and Information System for Developing Countries (RIS), in collaboration with the Institute of Foreign Policy Studies at Calcutta University, was a major event concluding the Ganga-Mekong Programme of the Swiss Agency for Development and Cooperation. The Programme has been carried out since 2006 with multi-institutional support. It was based on a task-bound mandate of working to advance sustainable development in the Mekong region by empowering partners and the private sector; connecting people, institutions and networks; striving for balanced opportunities in regional and world trade; and bringing to the fore various policy issues coming in the way of sustainable development for consideration of the policy makers and other stakeholders.

Taking a look back, most of these tasks seem to have been completed. The Programme has thus set important stones to build on, and thanks to the active commitment of organisations like RIS, Mekong-Ganga cooperation is likely to intensify in the years to come, making positive contributions to sustainable development in the Mekong region.

Valérie Engammare
The present volume deals with a subject that has become the centre of Asian integration. The reason is threefold. The first is that the Mekong countries, namely, Cambodia, Lao PDR, Myanmar, and Vietnam (also known as CLMV countries), have been growing relatively faster than the ASEAN6 countries, thereby showing huge investment potentials with access to abundant untapped resources. The second is its strategic location that connects world’s two emerging markets, namely, China and India. The third is the availability of industrial space at a relatively lower price, which the Mekong region has plenty, at least today. However, the rising development gap between the Mekong countries and ASEAN6 countries at this point in time is a matter of great concern. The divergence within ASEAN is far greater than any other economic bloc such as the European Union. Countries in Southeast Asia, therefore, look for India’s greater role in narrowing the development gap through deeper economic engagements. India, the third largest economy by purchasing-power party, has established itself as a powerful engine for global economic growth. Mekong countries, therefore, stand to gain with India on a variety of levels. This book analyses and presents the opportunities that deeper cooperation between ASEAN and India can offer in the Mekong region.

Although lower than the potential, India has been doing relatively well in building a stronger relationship with Southeast Asian nations ever since the country has adopted the Look East Policy (LEP). While efforts at the government levels have been playing a pivotal role in strengthening relations with ASEAN6 countries, renewed and cohesive efforts are needed to deepen India’s relations with countries located in the Mekong region. India’s deeper cooperation with ASEAN would positively influence the future course of Mekong-India relations. This may be a good time for India to establish a strong economic partnership with the Mekong countries. While this will reinforce India’s security, it would also remove economic isolation of India’s North East Region (NER).

With ASEAN and India showing keenness to deepen and widen their economic partnership, there is need to dwell on a range of issues,
including trade in services, investment and connectivity, and development cooperation, which can help realise the objective of strategic partnership. To discuss the challenges and prospects of economic integration between India and the Mekong region, the Research and Information System for Developing Countries (RIS) in collaboration with Institute of Foreign Policy Studies (IFPS), Calcutta University, organised an International Conference ‘Mekong-India Cooperation: Linking Markets, Fostering Trade’ in Kolkata on 23-24 June 2011. This book is a direct outcome of this conference.

The subject of this book will be of special interests to regional cooperation and integration specialists, government officials, foreign investors, researchers and the students. The volume would certainly help them in formulating strategies, business decisions and advancing knowledge in this field.

Finally, I would like to thank all the contributors, authors and partners for the enthusiasm, hard work and support that made this volume possible. For encouragement in editing this volume, I am especially grateful to Ambassador Shyam Saran, Dr. Biswajit Dhar, Professor Jayanta Kumar Ray, Mr. Micheal Gressot, Dr. Sailendra Narain, Professor Ajitava Raychaudhuri, Dr. Yann Duval, Professor Suthiphand Chirathivat, Professor Patricia Oberoi, Professor I. N. Mukherji, Dr. Ramgopal Agarwala, Dr. Valérie Engammare and Dr. Mia Mikic, and to the Research and Information System for Developing Countries (RIS). I am grateful to them all.

Prabir De

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Research and Information System for Developing Countries (RIS) has been supporting the process of regional economic integration in Asia with its studies and research. Besides its pioneering contribution to the process of economic integration in South Asia and on broader regional cooperation in Asia, RIS has been supporting the ASEAN-India economic partnership with special emphasis on India-Mekong cooperation. This book **ASEAN-India: Deepening Economic Partnership in Mekong Region** is part of a flagship project, ‘Building Capacity through South-South Cooperation: Case of Mekong-India Cooperation’, undertaken by RIS and supported by the Swiss Agency for Development and Cooperation (SDC). Most of the papers in this volume were commissioned by RIS under this project.

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Calcutta University, Kolkata; Dr. Sailendra Narain, Chairman, Centre for SME Growth and Development Finance (CESMED), Mumbai; Dr. K Rangarajan, Professor and Head, Indian Institute of Foreign Trade (IIFT) Kolkata; Dr. Siddhartha Roy, Economic Adviser, Tata Group, Mumbai; Dr. Vo Van Sen, President, University of Social Sciences and Humanities, Ho Chi Minh City; Mr. Le Hung Quoc, President, Ho Chi Minh City Union of Friendship Organisations (HUFO), Ho Chi Minh City; Mr. Trinh Minh Anh, Deputy Director General, National Committee for International Economic Cooperation (NCIEC), Hanoi; Dr. Leebert Lebouapao, Director-General, National Economic Research Institute (NERI), Vientiane; and Ambassador Krishnan Srinivasan, Former Foreign Secretary of India. Ms. Anu Bisht and Mr. Tish Malhotra of RIS managed the administration of this International Conference. We are grateful to Dr. Mia Mikic and Dr. Yann Duval for attending this International Conference despite their busy schedule and also generously contributing papers in this volume.

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Papers of this book were peer reviewed by Dr. Bibek Ray Chaudhury, Associate Professor, Indian Institute of Foreign Trade (IIFT) Kolkata; Dr. Partha Pratim Pal, Associate Professor, Indian Institute of Management (IIM) Kolkata; Dr. Saikat Sinha Roy, Associate Professor, Jadavpur University, Kolkata; Mr. Sanjay Pulipaka, Fellow, Maulana Abul Kalam Azad Institute of Asian Studies (MAKAIAS), Kolkata (now with Indian Council for Research on International Economic Relations (ICRIER), New Delhi); Dr. Shantanu Chakrabarti, Associate Professor, Institute of Foreign Policy Studies (IFPS), Calcutta University, Kolkata; Dr. Lipi Ghosh, Professor, Department of South and Southeast Asian Studies, Calcutta University, Kolkata; Dr. Kingshuk Chatterjee, Associate Professor, Institute of Foreign Policy Studies (IFPS), Calcutta University, Kolkata (now with Shiv Nadar University, Noida); Mr. Suparno Maitra, Head (Eastern Region), National Association of Software and Services Companies (NASSCOM), Kolkata; and Mr. Rajneesh Kumar Gaur, Scientist, Department of Biotechnology,
Government of India, New Delhi. Papers were refined further based on the comments received from aforesaid reviewers.

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**List of Contributors**

**Amita Batra**, Professor, School of International Studies, Jawaharlal Nehru University, New Delhi.

**Chansamone Vongphaisith**, Researcher, National Economic Research Institute (NERI), Vientiane.

**Chayodom Sabhasri**, Professor, Faculty of Economics, Chulalongkorn University, Bangkok.

**Chorthip Utoktham**, Researcher, Trade and Investment Division, United Nations Economics and Social Commission for Asia and the Pacific (UNESCAP), Bangkok.

**Dibyendu Maiti**, Associate Professor, School of Economics, The University of the South Pacific, Fiji.

**K. J. Joseph**, Professor, Centre for Development Studies (CDS), Thiruvananthapuram.

**Leeber Leebouapao**, Director General, National Economic Research Institute (NERI), Vientiane.

**Mia Mikic**, Chief, Trade Policy Section, Trade and Investment Division, United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), Bangkok.

**Nguyen Huy Hoang**, Deputy Director, Institute for Southeast Asian Studies, Hanoi.

**Prabir De**, Professor, Research and Information System for Developing Countries (RIS), New Delhi.

**Sorin Sok**, Research Fellow, Cambodian Institute for Cooperation and Peace (CICP), Phnom Penh.

**Sthanbandith Insisienmay**, Director, National Economic Research Institute (NERI), Vientiane.

**Suthiphand Chirathivat**, Director, Chula Global Network, Chulalongkorn University, Bangkok.
Tridib Chakraborti, Professor, Department of International Relations, Jadavpur University, Kolkata.

Vu Nguyen Thanh, Associate Professor and Deputy Head, Center for Industrial Microbiology at Food Industry Research Institute, Hanoi.

Vanthana Nolintha, Deputy Director, Macroeconomic Research Division, National Economic Research Institute (NERI), Vientiane.

Yann Duval, Chief, Trade Facilitation Section, Trade and Investment Division, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), Bangkok.
The Mekong countries comprising Cambodia, Lao People’s Democratic Republic (Lao PDR), Myanmar, Thailand and Vietnam grew rapidly during the last decade. With the exception of the years of global financial crisis, magnitude of growth rates and duration are remarkable in Mekong history. Given a long historical and cultural link between India and Mekong countries, there are ample scope for cooperation and so also potential gains. Regional economic integration has become a powerful tool to foster trade and link markets across borders, and is seen as a complementary path to strengthen the globalisation process. India has taken steps on its passage towards economic integration, particularly with South-east and East Asian countries. Ever since the adoption of Look East Policy (LEP) by India, the partnership with ASEAN countries in general and countries in Mekong region in particular has made significant progress. The growing partnership between India and ASEAN is also viewed in the context of growing importance of South-South cooperation. The challenge is to translate recent gains into lasting progress through successful regional cooperation.

This book analyses the India-Mekong cooperation in light of growing ASEAN-India Strategic Partnership. It addresses the prospects and challenges concerning the India-Mekong relations and provides a framework for deepening the economic partnership in Mekong region. The book will serve as a knowledge product for policymakers, academics, private sector experts and regional cooperation practitioners: and is a must-read for anyone interested in the regional economic cooperation between India and Mekong region.