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PROGRESS & PROSPERITY
MESSAGE

Sanjay Singh
Secretary (East)
Ministry of External Affairs
Government of India

To mark the significant milestone of the 20th anniversary of the ASEAN-India Dialogue partnership and the 10th anniversary of ASEAN-India Summit-level partnership, India shall be hosting the ASEAN-India Commemorative Summit in New Delhi on December 20-21, 2012. India's relationship with ASEAN continues to remain the foundation of our Look East Policy. Following the steady growth over the last 20 years, ASEAN-India engagement has expanded across multiple sectors and is mutually beneficial. The partnership also contributes to the growing importance of Asia in global affairs and to peace and shared prosperity in our region.

We are privileged to welcome the ASEAN Delegations for the ASEAN-India Commemorative Summit, which is a culmination of a series of events that ASEAN and India have organized through this year to mark this important milestone.

I take this opportunity to commend the Diplomatist magazine for taking the initiative to launch a special ASEAN India Souvenir issue in the Commemorative Year. I wish them well in this endeavour.

Sanjay Singh
India and Malaysia sign an MoU to cooperate in the field of renewable energy. Dr. Farooq Abdullah, the Union Minister for New and Renewable Energy and Peter Chin Fah Kui, the minister of Energy, Green Technology and Water from Malaysia.

India-ASEAN Economic Cooperation in Energy & Transport Linkages

By Dr Ram Upendra Das

The India-ASEAN economic partnership as an essential part of India’s Look East Policy has been in limelight for its Free Trade Agreement in trade in goods and the ongoing negotiations in the realms of trade in services and investment agreements. These are surely the pillars of the overall architecture of economic engagements between India and the ASEAN. However, there are other various areas of potential cooperation that are equally important and are often missed out from the mainstream discourse on economic engagements between India and ASEAN. The energy and transport linkages are such two areas, among others.

It may be recalled that the India-ASEAN economic engagements in a formal way began with Sectoral Dialogue Partnership which comprised trade, joint ventures, tourism, science & technology and human resource development, as an outcome of the 4th ASEAN Summit in 1992. Quite clearly, energy and transport linkages were not identified as separate sectors for possible cooperation at that time, even when some areas were identified for joint ventures in the railways, albeit only in a peripheral manner. This is contrary to the basic theoretical tenets of Economic Geography a’la Paul Krugman. This is also in defiance with the practical and empirical considerations of adopting an ‘integrated’ view of trade-investment-energy-transport inter-linkages.

The Importance of India-ASEAN Cooperation in Energy

With the shift in the centre of economic gravity to Asia, of which India-ASEAN economic relations are an important component, the overall sustainability of development trajectory in the region will largely depend on assured and clean energy supplies in a cost-effective manner. This could include efficient utilisation of available natural energy resources, within the region, calibrated through newer technological orientation, which factors in important concerns for the environment. Joint energy exploration and equity sharing by oil companies and cooperation for importing energy products from outside the region will require more concerted cooperation between India and ASEAN within the broad ambit of strengthening energy linkages. Already the East Asia Summit 2012 has recognised energy security as an important area for cooperation. Energy efficiency and conservation, bio-fuels and energy market integration ultimately leading to low carbon growth was discussed during the summit.

India and ASEAN made some significant strides in energy cooperation. The largest domestic coal logistic company, the KC Thapar group is expected to buy large-sized coal mine in Indonesia.
In a major development, ONGC’s overseas arm ONGC Videsh and PetroVietnam in Vietnam have also tried to strengthen their long partnership by more recently signing an agreement to jointly explore, both upstream and downstream opportunities, not only in India and Vietnam but also in other countries.

Renewable Energy

The cooperation between India and ASEAN also extend to the areas of renewable energy. As captured in the Chairman’s Statement on the 10th ASEAN-India Summit in Phnom Penh, Cambodia held in November 2012 during the Indian Prime Minister Manmohan Singh’s visit. The importance of cooperation in this sector reflected in the outcome of the first ASEAN-India Ministerial Meeting on cooperation in renewable energy which was held in New Delhi in November 2012. It may be reiterated that renewal energy makes a positive impact on energy supplies and if one goes by the latest Global Renewal
Energy Status Report (2012), the share of renewable energy in global energy consumption has increased to 16.7 percent. The Indian New and Renewable Energy Minister Farooq Abdullah therefore, envisions to have access to clean, reliable and affordable energy in the ASEAN-India region since both India and ASEAN have several commonalities in their quest for targeting renewable energy. This is not surprising since India is among the top five countries in the world in terms of installed capacity in renewable energy with around 26 GW installed capacity accounting for about 12.5 percent of the total installed power generation capacity in India. Potential for cooperation between India and ASEAN thus, are enormous in several areas of solar, wind, biomass, hydro-technologies etc. However, there is a lot which needs to be done in terms of enhancing renewable energy applications and curbing of green house gas emissions. This will require setting in place not only a policy and regulatory framework between India and ASEAN for this purpose but also require a speedier action on various dimensions of cooperation such as financing, R&D, technology transfer, capacity building, and institutional cooperation, among others.

India-ASEAN Cooperation in Transport Sector

One need not say much about the importance of transport connectivity between India and ASEAN to facilitate movement of goods and people. Transport connectivity has the potential to facilitate movement of goods but also movement of people and these together help harness the inter-linkages that exist across trade in goods, trade in services, investment, technology, and human resources. Transport linkages between India and ASEAN are immensely important in the multi-model sense. These include roads, railways, civil aviation, and shipping. Each of these has further sub-dimensions for cooperation such as the missing road links, quality of roads, maritime, and aviation infrastructure etc. It is a common knowledge that India and ASEAN transport and logistics connectivity is not to the desired levels. An example is a lack of air connectivity between India and Indonesia, when the latter is one of the most promising countries in the region with which enormous economic potential for cooperation exist vis-a-vis India. These deficiencies will surely constrain the realisation of full potential of the proposed comprehensive economic partnership between India and ASEAN in terms of their welfare gains implications.

But the optimism spreads. Just as on earlier occasions, the recent ASEAN summit in Cambodia (2012) quite rightly emphasises on transport connectivity. The Chairman’s Statement on the 10th ASEAN-India Summit, 2012 calls for an early construction of the new India-Myanmar-Laos-Vietnam-Cambodia highway and for the extension of India-Myanmar-Thailand trilateral highway to Laos and Cambodia. It also emphasises the need for intensifying the Mekong-Ganga cooperation through transportation linkages. Furthermore, the importance of ASEAN-India car rally as a run-up to the ASEAN-India Commemorative Summit in December 2012 in New Delhi brings the issue of seamless road connectivity to the fore.

However, the 10th ASEAN-India Summit falls short of the scope and the pace at which transport linkages between India and ASEAN need to be scaled up. One of the ways in which India-ASEAN transport linkages could be put on a fast track is by literally hastening the operational aspects of the plans for transport sector that may come about through the India-CLMV Quick Impact Project Revolving Fund to harness developmental outcomes especially in the CLMV region, with the broader aim of narrowing the development gaps.

Conclusion

The preceding details raise two important analytical points. Firstly, that India-ASEAN comprehensive partnership which includes trade in goods, trade in services and investment need to be situated in the broader context of India-ASEAN economic integration by including crucial sectors like energy and transport in a more direct way, a shortcoming which has remained since the time India was made the sectoral dialogue partner of ASEAN in 1992. Secondly, the current efforts to augment energy and transport linkages are important but fall miserably short of what is desired to improve the overall connectivity between the two sides. Most importantly, this is a pointer to the fact that the existing academic studies on the subject have not been able to adequately bring to the fore the exact modalities, extent of economic gains, scope and speed of India-ASEAN integration in energy and transport sectors. It will be worthwhile to ponder over this and the lack of adequate policy initiatives implemented on the ground in a speedier manner. The progress in these areas is both low and slow when benchmarked with the requirements of the comprehensive economic partnership and other cultural and historical considerations between India and ASEAN.


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