

**Third Annual Lecture of the Indian
Association of Foreign Affairs Correspondents**

**India and East Asia – Moving
from the Margins to the Centre**

Shyam Saran
India International Centre
New Delhi

February 14, 2015

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Convener of IAFAC, Shri Vijay Naik, distinguished guests, ladies and gentlemen.

This feels a bit like old times when as Foreign Secretary I had the privilege of interacting with so many of you on a regular basis. There are many familiar faces in the room and I must thank Shri Vijay Naik and IAFAC for inviting me to deliver the Association's Third Annual Lecture. This gives me a most welcome opportunity to reconnect with old friends and make new friends.

In what has become a world of interconnected "instants", there is an explosion of information, but not necessarily of wisdom. Both diplomacy and journalism benefit from a constant engagement which promotes a better understanding of the rapid and sometimes bewildering changes which have become the "new normal". Diplomacy is assisted by a more aware and educated public opinion and responsible journalism can help promote that. Journalism in turn would acquire weight if the right, and if I may add, a reflective context is provided by those who handle matters of state. It is my earnest hope that as India reaches for the stars, its journalists and its diplomats will never deflect from the pursuit of excellence and will always remember that truth is usually the most persuasive of arguments.

Although I no longer handle matters of state, perhaps my personal perspective on recent developments in our extended neighbourhood may be of some interest to you. I will try and provide an overall context to India's East Asia policy, explore the main trend lines and attempt an outlook for the future.

Throughout history there has been a certain ebb and flow in India's engagement with its adjacent regions. If one takes a longer term perspective, the periods of maximal engagement and outward influence have spread over three spatial zones. These are the eastern and western reaches respectively of the Indian Ocean and the Central Asian land mass to the north and the west. The peninsular character of India, the impact of the monsoon winds in enabling trade and travel to both east and west, to the Gulf and the east coast of Africa and to South East Asia and the Far East, gave India, over several centuries, a reach that was truly expansive. The caravan routes to Central Asia, across high mountains and extensive deserts, provided another significant transmission belt for interchange and engagement. It is for this reason that even today, one can find the echoes and colours of India embedded in these far flung domains, even as our own culture and way of life have been enriched by what we have borrowed, through the ages, from them. The British colonial period was the latest in the series of expansive phases in India's history and it is not at all unusual that the Curzonian concept of empire encompassed precisely these zones. The point I am making is this: as India's economic and security profile expands, it is likely to spread along these historically and culturally familiar geographical pathways, notwithstanding the many real political and psychological barriers that exist today. Among the major tasks for Indian diplomacy is precisely to chip away at these barriers, so that India can fully re-engage with its extended neighbourhood. For example, without a change in the dynamics of India-Pakistan relations, how does one run a credible Central Asian Strategy? And if we look at the three zones, it is apparent that it is through the maritime space that India will be able to re-connect with its neighbours to the east and to the west. The implication of this geographical reality is that India must reorient its resource allocations to enable it to emerge as the key maritime power in the region.

While our focus today is on East Asia, this is not to suggest that the western reaches of the Indian Ocean are less important. Our energy supplies come from the Gulf and its high income states are becoming major markets for our products; more than 6 million of our citizens live and work in this region and their welfare is our paramount concern. This region is also becoming a crucible for forces of fundamentalism and extremism, which are spreading towards our shores. But these trends will require a separate analysis. The dynamics of East Asia are different and they will be the object of our interaction today.

Since India launched its Look East policy in 1992, South-East and East Asia have acquired an increasing salience in the country's foreign policy calculations. In my presentation today, I treat East Asia as comprising South-East Asia, China and the Far-East, including Japan, RoK and Taiwan. In its wider connotation, one may include Australia and New Zealand.

India's political, security and economic engagement with the region has grown rapidly. There has been a reciprocal response from the countries of the region and this is evident in the large number of commercial as well as security cooperation agreements India has concluded with several of them. This is an acknowledgement of India's emergence as a major economic opportunity as also a potential security provider for countries in the region. India has a free trade agreement with ASEAN and Comprehensive Economic Partnership Agreements (CEPA) with Japan and RoK. It is a founder member of the East Asia Summit (EAS) and is a partner in the ongoing Regional Comprehensive Economic Partnership negotiations which groups together the 10 ASEAN countries, China, RoK, Japan, Australia, New Zealand and India.

India's political and security profile in the region has also become more salient and this has been acknowledged and even welcomed by most countries in the region. From a sectoral dialogue partner of ASEAN in the early nineteen nineties, India has progressively moved up the ladder to a full dialogue partner, a summit partner and, since 2012, a strategic partner. It has a Strategic and Cooperative Partnership with China, a Special Strategic and Global Partnership with Japan and has concluded a Framework for Security Cooperation with Australia. And most recently, during the visit of U.S. President Obama to India, a Joint Strategic Vision for the Asia-Pacific and Indian Ocean region was issued by the two countries. India is already a member of the ASEAN Regional Forum (ARF) and the ASEAN Defence Ministers' Meeting plus Eight (ADMM+8), which includes several summit partners of ASEAN.

Nevertheless, it must be acknowledged that despite this impressive expansion in India's all round engagement with East Asia, India figures less in the calculations of the countries of the region than they do in India's calculations. India is also less connected with region in terms of transport and communication links. Unless this asymmetry is addressed, one will not be able to claim that India has moved to the centre of East Asia.

East Asia is densely interconnected in an investment and trade network which links ASEAN, China, Japan and RoK with major markets of U.S. and Europe. These networks operate through value and supply chains that are enabled by modern infrastructure, efficient transport and shipping links, state of the art logistics and accompanying banking and financial facilities. India is still only marginally connected with this network and the proposed U.S. led Trans-Pacific Partnership (TPP) which will group together 13 Asian-Pacific countries in a so-called “gold standard” trading bloc, threatens to keep India at the margin of regional economic integration. The TPP, as currently constituted includes several ASEAN countries, Japan, Australia and New Zealand. Even though China is not as yet a participant, it has significant leverage for its future entry due to the sheer size of its economy and its trade and investment links with several TPP economies. India does not have similar leverage. India’s trade with ASEAN is currently \$ 77 billion (2013), while China’s is \$ 450 billion. India’s trade with the U.S. is \$ 100 billion (2013), while China’s is \$ 516 billion. And in case of Japan, against India’s total trade volume of \$ 16 billion, China’s figure is over \$ 300 billion.

It is a similar story with respect to investment. Therefore, India has a long way to go before it becomes a key player in shaping the economic architecture emerging in the region. This may change if India regains a high growth trajectory through second-generation reforms. It will also be necessary to put in place modern and effective transport links between India and its East Asia neighbourhood. While ambitious cross-border projects are on the agenda, such as the India-Myanmar-Thailand trilateral highway, implementation continues to be painfully slow. Even where cross-border links exist, the actual movement of goods and peoples is never smooth and easy.

As against the dense web of economic relationships which bind the countries of the region together, the security landscape in East Asia is fragile and fragmented. The region is home to a cluster of major powers. The U.S. and Japan are established military powers and bound in a long standing military alliance. There are a number of emerging powers, most notably China, but there are several others like Taiwan, RoK, Indonesia, Malaysia and even tiny Singapore which remain engaged in a competitive military build-up. Military spending by virtually all the states in the region

has been rising relentlessly over recent years, and it should come as no surprise that the emphasis has been in building maritime assets, air capabilities and missiles. The emerging strategic order in the region is, in the words of one analyst “profoundly maritime” and “geopolitically speaking, the maritime balance would appear to be the key to future stability in Asia”.

While the US retains overall military pre-eminence and continues to enjoy both naval and air dominance in East Asia, there is a growing perception that this dominance is being steadily eroded by the rapid expansion of Chinese military capabilities. Even if Chinese capabilities continue to expand, it may be some time before China could match US power in the region. Being conscious of this, China has been acquiring asymmetric capabilities aimed at neutralizing the superior firepower of US deployments in the region, in particular, in theatres of greatest strategic interest to it, that is, the Yellow Sea, the Taiwan Straits and the South China Sea. In this sense, the shift of the centre of gravity of economic power from the trans-Atlantic to Asia-Pacific, led mostly by China’s extraordinarily rapid and sustained growth, has not yet led to a parallel shift in the centre of gravity of military power to Asia. This is another asymmetry that is likely to continue and this will be a source of instability that one should be mindful of.

For India, it would be preferable to see China’s strategic focus remaining anchored in its adjacent seas. The preoccupation with the adjacent seas would mean a lesser likelihood of its naval penetration of the Indian Ocean. There should be no doubt about China’s intent to build a strong naval presence in the Indian Ocean. Chinese writings consider this an indispensable component of the country’s emergence as a great power. They also recognize that India does have a locational advantage in the Indian Ocean and deploys significant naval assets. While India itself is not seen as posing a threat to China, a US-India security link up could, in this view, become a significant constraint on China. China’s Indian Ocean strategy is spelt out in a remarkable 16 Chinese character recommendation:

“Select locations meticulously, make deployments discreetly, give priority to cooperative activities and penetrate gradually.”

If we consider recent Chinese moves in our neighbourhood, including port building, ship visits and launch of the Maritime Sea Route initiative, then the roll-out of the guideline quoted above, becomes apparent.

What about India's strategy? It is clear that India is now engaged in a countervailing strategy which brings together countries that have shared concerns over the rapid buildup and upgradation of Chinese military capabilities. This strategy includes closer security arrangements with US and other major regional powers such as Japan, ROK, Australia and ASEAN countries, in particular, Indonesia. This falls well short of Cold War style containment, but is aimed at constraining the ability of China to project its military power across a wider expanse of the East Asian and Indian Ocean region.

However, in parallel with this countervailing strategy, India has also proposed an alternative: the creation of a regional and multilateral security architecture in East Asia, which is based on mutual security assurances. Instead of each country pursuing its security interests unilaterally through a competitive arms build-up, which will only heighten the sense of insecurity and threat all round, it would be preferable to create an open, inclusive, transparent and balanced security architecture that provides mutual reassurance. Since all the countries in the region, including India and China, are heavily dependent upon the sea lines of communication (SLOC) for their economic prosperity and well-being, it should be possible to create an institutional framework which promotes mutual trust and confidence even while enabling cooperation in tackling maritime emergencies, piracy and disaster prevention and management.

There is one valuable asset which India has leveraged only marginally in pursuing closer relations with East Asian countries and that is the cultural affinity it enjoys with virtually all of them. This is the legacy of a history of long and sustained trade, religious and cultural ties but there is also a contemporary aspect: witness the popularity of Bollywood in the region. I wish to quote from the 2012 Report of the Asian-India Eminent Persons' Group, which I had the privilege to Co-Chair:

“The ASEAN Member States and India share a long and glorious history of friendly relations. They are both heirs to cross-roads culture situated as they are at the intersections of major land and sea routes. This enabled a dense and free flow of peoples, merchandise,

cultures and ideas among them. Over the centuries, each country drew inspiration from the genius of the others and contributed to the cultural enrichment and advancement of our entire region..... Our vision is to recreate, in a contemporary setting, the many linkages that have bound our countries together in the past.”

Though this observation was made specifically with respect to South East Asia, it applies equally to the whole of East Asia, as I have defined it. Active cultural diplomacy highlighting and drawing upon the deep-rooted cultural affinities which India enjoys with these countries and adding the contemporary dimension which alone will give them vitality, must be part and parcel of India’s East Asian out reach.

If I look to the future, to two or three decades from now, where would I wish to see India positioned in global landscape? I would like India, once again, to be at the centre of a vast neighbourhood stretching east towards Japan, west to Africa and north to Central Asia. This is our historical and cultural neighbourhood. We are at the cross-roads of the many connecting corridors that bound this space together in the past. These corridors are being revived and we must ensure that they do not by pass us. Geography favours us, but geopolitics is more than mere geography. First and foremost, we must transcend the political and psychological barriers that divide our sub-continental space so that, together with our immediate neighbours, we can reach out to the larger space beyond. After all the larger neighbourhood I speak about is as much the rich inheritance of Afghanistan, Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka and the Maldives as it is of India. In reaching out to its extended neighbourhood India will need to demonstrate that its sub-continental neighbours are not mere passage-ways to the realms lying east, west and north, but a band of travelers embarked on an shared and exciting journey that echoes their lumiscent past but also beckons to a glorious future.
