



**S. RAJARATNAM SCHOOL
OF INTERNATIONAL STUDIES**
A Graduate School of Nanyang Technological University

RSIS COMMENTARIES

RSIS Commentaries are intended to provide timely and, where appropriate, policy relevant background and analysis of contemporary developments. The views of the authors are their own and do not represent the official position of the S.Rajaratnam School of International Studies, NTU. These commentaries may be reproduced electronically or in print with prior permission from RSIS. Due recognition must be given to the author or authors and RSIS. Please email: RSISPublication@ntu.edu.sg or call (+65) 6790 6982 to speak to the Editor RSIS Commentaries, Yang Razali Kassim.

No. 077/2013 dated 26 April 2013

India and Southeast Asia: Building LEP momentum

By Mahesh Shankar

Synopsis

The changing strategic context in Southeast Asia has rapidly elevated India to a highly sought after partner in the region. New Delhi must take care, however, that domestic dynamics do not squander its rising stock.

Commentary

INDIA'S LOOK EAST Policy (LEP) appeared to be in danger of collapsing in the 1990s, when simply put, countries in Southeast Asia did not seem to care enough. They were either busy riding, along with China, the 'tiger' of rapid economic growth and prosperity, or contending with the effects of the disastrous financial meltdown in 1997-98. By the early 2000s, however, the situation had begun to improve progressively, with the establishment of a summit level dialogue between India and ASEAN in 2002, and then India's membership of the East Asia Summit (EAS) in 2005. Even then, at least some ASEAN members continued to remain sceptical of, or indifferent to, the utility and role of India in their region.

India's Rising Stock

Reassuringly for New Delhi, ASEAN perspectives of India have changed for the better in recent times. There is a growing sense in Southeast Asia about India's importance to the region, and a concomitant desire for New Delhi to play a greater role. This is evidenced in repeated calls from leaders in ASEAN for India to become a more active diplomatic and military player in their region; increasing urgency towards the conclusion of agreements on free trade in goods, investment and services; and growing emphasis on infrastructural connectivity between India and Southeast Asia. The agreement of ASEAN states to upgrade ties with India to a 'strategic partnership' in December 2012 of course gave concrete expression to these trends.

It is hardly surprising that ASEAN states would view India so favourably, especially in the context of recent Chinese assertiveness. Key to this is the geographical proximity of India to Southeast Asia. In the economic realm, this proximity - including the possibility of multiple channels of connectivity - offers ASEAN countries a massive Indian domestic market as a natural remedy to the 'asymmetric interdependence' that now characterises their economic ties with China. This is an 'asymmetric interdependence,' of course, that Beijing has shown a willingness to exploit in recent times as a leverage in dealing with maritime disagreements in the South China Sea.

Crucially, for multiple reasons, this proximity also allows India to be seen - and to 'sell' itself - as a natural and

indispensable security partner in the region. For one, proximity fosters recognition in the region that the security problems and concerns the ASEAN countries are likely to face in the coming years will be shared by India as well. This applies most obviously to challenges related to Chinese territorial ambitions and assertiveness, but also to other maritime and environment related security concerns.

Relatedly, proximity means that India is less prone to the kind of credibility problems which now accompany American policy and commitments in Southeast Asia. ASEAN leaders are less likely to view India as having the same kind of leeway which they fear affords the US an 'exit' option, due to domestic political, personality, and/or fiscal constraints. This dynamic makes India appear a potentially more credible or reliable partner in the region.

Finally, the very fact that India is strong enough to influence the regional security architecture, without being potent enough to dominate it, is appealing to ASEAN sensibilities. In contrast to the US, and China, both of which can individually, or in concert, overwhelm and undermine regional structures, India poses no such challenges to the idea of ASEAN centrality to the management of their region.

Challenges to Indian credibility

These strong, positive portents notwithstanding, one of the major challenges to Indian credibility - and having ASEAN states continue to take India seriously - would appear to lie not in the realm of Indian capabilities, but rather in Indian state capacity.

Transforming India from a still peripheral – even in economic terms, where India-ASEAN trade is a fraction of China-ASEAN trade – to a meaningful actor will require, in part, strategic thinking, as well as massive efforts on the ground from New Delhi. The big question, however, is whether the Indian state, constrained by coalition politics, a labouring bureaucracy, and crippled by rampant inefficiencies and corruption, truly has the capacity to act in a concerted manner in pushing its LEP towards fruition in Southeast Asia? In ASEAN states, it is likely to be this factor, more than anything else, which might temper the sense of credibility that India otherwise carries as a strategic partner in their region.

From New Delhi's perspective therefore, it is crucial that any such impressions are swiftly addressed and corrected, lest Indian credibility in Southeast Asia is lost at the altar of state (in)capacity. This will require, of course, greater clarity from India – without necessarily putting forth an overly ambitious agenda or commitment - about where strategic thinking in New Delhi currently stands. Some of this is no doubt happening through multiple consultative mechanisms that now exist between both sides.

More importantly, however, the Indian administration will need to more urgently demonstrate that despite its domestic constraints, it can act effectively and efficiently in fulfilling commitments already made. The most obvious arenas in which to begin doing so are the economic and infrastructural ones, where Indian efficiency can heighten credibility without putting New Delhi in a strategic tight spot vis-à-vis China.

In particular, India could do its part towards the timely implementation of already planned connectivity projects, such as the trilateral highway connecting India with Myanmar and Thailand, the Mekong-India Economic Corridor (MIEC), the Kaladan Multimodal Transport Project, and an open skies agreement with the ASEAN countries. At this infrastructural connectivity level, India's record of implementation has been far from exemplary, especially in comparison to that of China. Ensuring that this is no longer the case, will go a long way in demonstrating Indian commitment to its LEP, and reassuring Southeast Asian states that the potential they attribute to India is truly deliverable.

Mahesh Shankar is a Visiting Fellow with the South Asia Programme at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University.