



## ASEAN rising

India and Southeast Asia need to move beyond summitry to deeper integration

As leaders of the 10 countries of the Association of Southeast Asian Nations gathered in New Delhi this week, India's ties with ASEAN got a dose of both symbolism and substance. The ASEAN-India Commemorative Summit, followed by their attendance at the Republic Day parade as joint chief guests, underlined the new consensus on the need for Southeast Asia and India to boost cooperation. First, as the demand for goods in Western economies comes down, the region needs to look deeper within to grow markets and increase trade. Second, continuing tensions between the “great powers” – between the U.S. and Russia, or the U.S. and China – are forcing the unaligned countries of ASEAN and India to forge a common understanding. China's moves in particular, both its naval forays in the Indo-Pacific and its Belt and Road Initiative connectivity project, have the potential to change equations in the region. Third, as Singapore's Prime Minister and the Chairman of ASEAN, Lee Hsien Loong, reminded the world in an editorial, and Prime Minister Narendra Modi said in his speech at the summit, India's cultural and trade ties with Southeast Asia go back 2,000 years – and with Southeast Asia having come out of the overhang of Cold War divisions, India and ASEAN have a unique opportunity to reap the potential of their geographic proximity. The Delhi Declaration they signed articulated their urgent concerns as ASEAN and India called for measures to deepen security, economic and socio-cultural cooperation, and connectivity. These include joint mechanisms for maritime transport, trade and a “code of conduct” for the South China Sea.

But it must not be forgotten that when ASEAN-India leaders last gathered together in New Delhi in 2012 to mark the 20th anniversary of the dialogue partnership, they had made a similar commitment to trade and maritime security, and several promises are yet to be realised. With trade with ASEAN at \$76 billion, India ranks lower than not just the U.S. and China, but also South Korea, Japan and Australia. The Regional Comprehensive Economic Partnership negotiations launched in 2012 have been held up, largely because of Indian concerns over unfettered access to Chinese goods and ASEAN resistance to movement of Indian services and labour. The other big unfulfilled promise is on connectivity, between ASEAN countries and India, as well as India's connectivity through its Northeast to Myanmar and beyond. Work on the extension of the India-Myanmar-Thailand Trilateral Highway, the Kaladan multimodal highway, and Tamu-Kalay rail link to Myanmar has lagged behind deadlines. Border trade posts and infrastructure in the Northeast need much improvement to attract investment in the region. India and the ASEAN countries have much to gain from each other – but heavy-lifting is required to integrate India into the ASEAN equation. Else, shared history and culture and political leaderships in sync may only yield rousing summitry.

## The oil risk

India needs to expedite steps that can help minimise the impact of higher oil prices

As international oil prices head higher, India will have to brace itself for the economic risks of expensive energy. Brent crude oil futures were trading at about \$70 a barrel on Friday, marking a four-year high and a price increase of close to 6% since the start of the year. The rise in international prices has been particularly sharp given that oil had been selling at below \$45 in June. This is a rally of about 55% in a matter of just months. Oil price dynamics have often been explained by changes in the supply outlook influenced by the decisions of major oil producers. Oil trading at \$70 should offer some respite to traditional oil producers like the OPEC members, which have suffered the onslaught of U.S. shale producers. According to the IMF, last year, for instance, Saudi Arabia would break even on its budget with oil at \$70. The recent spurt in oil prices, however, seems to be more the result of a weakening of the U.S. dollar than anything else. The dollar has been gradually weakening against major global currencies since the beginning of last year. But the trend was given a new push following comments by U.S. Treasury Secretary Steven Mnuchin in favour of a weak-dollar policy. At Davos this week, Mr. Mnuchin noted that a weaker dollar would be good for American trade. However, given that the U.S. is right in the middle of a monetary tightening cycle, it is unlikely that the dollar will continue to boost oil prices, unless the Federal Reserve slows the projected pace of interest rate increases.

Consumers in India are already beginning to feel the pinch as petrol and diesel prices have hit multi-year highs. The retail selling price of both petrol and diesel in Delhi, for instance, has risen by close to ₹3 a litre since the beginning of 2018. The rise in domestic fuel prices is on expected lines given the policy of dynamic daily pricing of petrol and diesel adopted by the Centre. But as rising oil prices put pressure on domestic consumers, the government will have to desist from resorting to subsidies to ease the pain. It should work towards rationalising taxes on petrol and diesel to bring down retail prices. This will help consumers without imposing an undue burden on the oil marketing companies. An even bigger risk posed by higher oil prices is to the government's fiscal management. With the fiscal windfall from low oil prices likely to end for now, the government should think for the long term and make crucial tweaks to its hydrocarbon exploration and licensing policy to expedite oil discovery and production. Simultaneously, it must take a leaf from China's book and actively support Indian energy firms' bids for overseas oil-fields. Self-reliance is ultimately the best hedge.

# Natural partners in the Asian century

There is a need for a fresh perspective in India's China policy



SUBRAMANIAN SWAMY

As we complete two decades of the 21st century, a paradigm change in the global power structure is taking shape. Technology and size are causing this change. The physical size of a nation did not matter during the 19th and most of the 20th centuries. Britain, Germany, France and Japan leveraged their Industrial Revolution advantage on technology for armaments to become world powers despite their relatively small size. Europe thus became the global centre till the late 1950s. Now, potential power is shifting to the two large nations of the Asian mainland, China and India, which are nuclear weapons states and with fast-growing economies. Together they represent 60% of the Asian mainland.

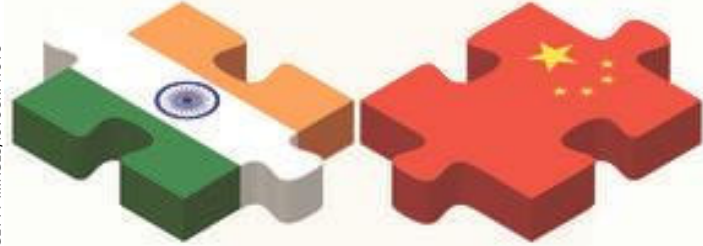
### Continental shift

Asia already accounts for almost half of the world's population, half of the world's container traffic, one-third of its bulk cargo and 40% of the world's off-shore oil reserves. It is home to several fast-growing new economies with GDP growth rates above 7% per year, i.e. a doubling of the GDP every 10 years.

Asian defence spending (\$439 billion) is also much more than Europe's (\$386 billion). In a few years half of the world's naval fleet and combat aircraft with extended range missiles, supported by highly sophisticated communications networks, will soon be seen roaming in the Indo-Pacific region.

Also, since the late 1990s, China and India have been rapidly emerging as influential power hubs. Being two of the three most populous and largest GDP nations, India and China, both culturally akin, are socially structured on family values and associated social attitudes.

Potentially both are poised to



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fill the role of global powers. To achieve that potential, both require hardware, software and the clear mindset for exercising this power. As of now, China is ahead of India in reaching that level. We are concerned here with the question whether India can reach it.

India's China policy thus needs a re-structuring based on a fresh perspective that is relevant for the 21st century. This is because the global power matrix has undergone a paradigm change, from an exclusively Atlantic shores-based concerns to emerging Indo-Pacific ocean strategic issues. Thus India-China relations matter as never before.

The diminishing influence of Western powers in the region, and as of now the acknowledged rising power of China are the new global reality. In terms of hardware capability and mindset, India is at present only a regional power. Because of its present mindset, it is obsessed with the problem of Pakistan-trained terrorists entering Indian territory rather than asserting higher priority on global issues, and thus it is complicit in international attempts to hyphenate the two regional-minded nations, India with Pakistan.

This is the Indian myopia, because India has the capacity and the opportunity to rise as a “responsible and influential global power”. As a collateral effect, this will easily fix Pakistan and its terrorist propensity.

### Looking beyond Pakistan

Since 1971, Pakistan has already broken into two, and there are still fissiparous internal pressures. India therefore needs a new mindset: to look beyond Pakistan. Moreover, it depends on whether India's intellectual outlook matures enough to find acceptable

accommodation with China for a partnership in Asian peace.

The U.S. has become a much friendlier nation for India, especially because the Soviet Union unravelled, and India's economy is growing fast to become an open, competitive market economy, the third largest in PPP terms. But the U.S. also is hesitant to put boots on the ground to fight terrorist establishments. Hence India can help the U.S. fill that growing void in return for the sophisticated military hardware that it lacks.

The world already is dazzled by India's prowess in information technology, the capability to produce pharmaceuticals at low cost, and the high quality of its trained manpower capable of innovation. But India does not exert this soft power advantage on the world scene commensurate with this potential or its size in Asia.

We are still on the international stage in a “petitioner” mode on vital national and international security issues – an unfortunate hangover from Nehru's diplomacy of the 1950s. Unless we take ourselves seriously, stop craving foreign certificates and acquire commensurate military hardware by reaching spaces vacated by the U.S., others will not acknowledge our global status and comply accordingly.

### A strategic bond

My prescription is thus short: the key for India today is to bond strategically with China. But this requires dealing bilaterally on huge pending issues. After my recent visit to China, I believe there is an unfortunate trust deficit that requires frank, hard-nosed bilateral discussion at a high political level and not between bureaucrats. China recognises India's potential and respects the same.

# The ASEAN embrace

India can act as a vital bridge between South and East Asia



SYED MUNIR KHASRU

Prime Minister Narendra Modi used India's Republic Day to host heads of state/government of the 10 members of the Association of Southeast Asian Nations (ASEAN). As India's ‘Look East Policy’, matures into an ‘Act East Policy’, a strong relationship with ASEAN is no longer a policy option; rather it is an economic and strategic necessity.

### Economy, trade, investment

While India-ASEAN trade value stood at \$76.53 billion in 2014-15, China-ASEAN trade value reached \$452.2 billion in 2016, almost six times than that of India. Similarly, Indian investments continue to remain marginal in the ASEAN region – it was around \$224 million in 2015-2016 while Chinese investment over the same period tallied over \$3 billion. However, Indian investments in ASEAN are

likely to grow as there has been increased liberalisation and deregulation regarding outward foreign investments. The Tata Group already has a strong presence in Myanmar and is investing in the IT and agricultural sectors, which will create capacity and generate employment.

Infrastructure is a key area where there is much potential. The India-Myanmar-Thailand Trilateral Highway and the Kaladan Multimodal Transit Transport Project will significantly boost connectivity between India-Myanmar leading up to the rest of Southeast Asia. Enhanced connectivity between the two countries will not only serve India but also neighbouring Bangladesh. A railway or highway such as Bangkok-Yangon-Delhi has to pass through Bangladesh, making the country an intermediate beneficiary. India, which is vying to become a regional leader in South Asia, can score major points with its South Asian neighbours by connecting them to East Asia.

### Strategic issues and security

Uncertain regional geopolitics coupled with the rise of econo-



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mies in the region will require Asian governments to adapt to a newer political environment, economic realities, and a different regulatory ecosystem. Businesses and governments will have to confront disruptions to traditional employment structures and loss of jobs caused by digital technologies and the impending Fourth Industrial Revolution. The region's multifaceted challenges require dynamic and forward-looking policymaking. To reiterate Mr. Modi's point, engagement with ASEAN is not only confined to trade and is becoming increasingly multi-dimensional.

India-ASEAN strategic cooperation gets trickier given China's territorial claim on the resource-rich South China Sea. The tug of war

There is sufficient common ground to cement the relationship. The question for us is: do we want to be strategic partners with China and accept sincerely the concomitant commitments, and trust China to do the same? The answer lies in our relations with the U.S., and China's relations with Pakistan.

For that to happen, India has to completely reorient its strategic mindset. A change in strategic conceptualisation is needed, that is, from the colonial hangover of junior partnership for the sake of crumbs from the materialistic “Westward Ho” syndrome, to an Eastward ethos, concomitantly from the present land-focussed thinking to Ocean-centric articulation.

The Indian Ocean has now emerged as the epicentre of global power play in the 21st century. Gone are the outdated phrases like Asia-Pacific. Let us articulate and embrace the new concept of Indo-Pacific alliances that accommodates Chinese perspectives on a reciprocity basis. Hence we need to recognise this centrality and primacy of the Indian Ocean in India's global economic and military activism: the Indian Ocean is the epicentre of global power play in the 21st century. With Indonesian partnership, India can monitor the Malacca Strait through which over 80% of the freight traffic of China and East Asia passes.

My recent meetings with influential Chinese leaders and scholars convinces me more than ever before that China recognises India's potential to match Chinese reach and strategic goals.

Simplified, China would be more flexible in dealing with India if it is convinced of India's equidistance with the U.S. on China-U.S. disputes involving distant places such as Taiwan and South China Sea islands. Of course, we will require that China respond with similar nonchalance on Pakistan-India disputes.

As an important part of its diplomacy, India has thus to develop deeper cultural and civilisational linkages with China and the rest of Asia. India has to realise that it can't just be a spectator, or a mere

visible participant, or even a ‘pole’ in the so-called multi-polar world. China has conceptualised and implemented the centrality of befriending all of India's neighbours and has brought them on board in its Belt and Road Initiative (BRI).

In the Chinese Communist Party Congress in the early 2000s, Hu Jintao, then President of China, had got adopted the goal of developing a “Harmonious Society”, of blending spiritual Confucianist and Taoist values with aspirations for material progress. This is similar to the Hindu values of placing on a pedestal intellect and sacrifice (gyana and tyaga). Since then China has proceeded systematically to bring countries of Asia under its influence with imaginative proposals such as the BRI and the China-Pakistan Economic Corridor. India has been reduced to merely reacting to such proposals without any of her own to canvass as an alternative.

### New paradigm

India, therefore, has to strive imaginatively to become a stakeholder in this new global power paradigm: to give up its reticence and passive diplomacy and learn to exercise power without being seen as a bully by our neighbours.

Under Prime Minister Narendra Modi we have at least conveyed to the world that we have arrived and are interested in carving out India's due place.

To some extent, China too has made that clear already by writing into CPEC and BRI documents, since India objected, that the proposed road through Pakistan-occupied Kashmir would be subject to the “final solution” of the so-called Jammu and Kashmir issue.

In brief then, India is now poised to form a global triangle with the U.S. and China, and therefore the government must seize the opportunity, which requires a serious effort at reconciliation with China in a give-and-take mode without sacrificing our national interest.

Subramanian Swamy is a Member of Parliament

between China and India to dominate the Indian Ocean has given rise to maritime rivalry. When it comes to the South China Sea, it is in India's interest to have freedom of navigation, unfettered access to common waters and respect for international maritime law. India and the Singapore Navy conducted SIMBEX-17, a week-long bilateral military exercise in the South China Sea in 2017. Given the prevailing regional power imbalance created by a declining U.S. and an assertive China, India and ASEAN are well poised to become strategic partners in ensuring regional peace and stability. Battling non-traditional risks such as terrorism, human trafficking, cybercrime and piracy also provide opportunities for greater cooperation.

### Socio-cultural ties

The presence of the Indian diaspora in almost all ASEAN nations has also helped strengthen ties. Almost 1.6 million Indians call Malaysia their second home. The Indian film industry has a huge fan base in Malaysia and Singapore. For example, of the editions of the International Indian Film Academy Awards held so far, a few have

been held in ASEAN countries. Southeast Asia is even overtaking Europe as a filming location for Indian films.

With an assertive China driving the Belt and Road Initiative and U.S. disengagement in the region, India has to navigate carefully especially when many nations, including those in ASEAN, are looking for options that promote economic interests and protect territorial sovereignty. At such a critical juncture in East and South Asian geopolitics, the significance of ASEAN from an Indian perspective can hardly be overemphasised. As Singapore's elder-statesman, Lee Kuan Yew, argued many years ago, India must be “part of the Southeast Asia's balance of forces” and “a counterweight to China” in the Indian Ocean.

The “Act East” policy needs to be acted upon with a sense of purpose and priority before India can become a reliable and strategic partner of ASEAN.

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## LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

### India's public sector

There is a widespread notion that while many public sector units are inefficient, only the private sector is efficient (Editorial page - “The grounding of Air India”, January 26). Many who hold this opinion should remember that the staggering quantum of non-performing assets which threatens the banking sector in the country is essentially a problem created by the private sector, which has borrowed many crores and not repaid them for reasons best known to its leaders. If failure of their ventures is a valid reason, then those who believe that only the private sector is efficient should revise their opinion. If the reason is wilful evasion, then the government should be held

responsible for not mustering the political will to recover these loans. The inefficiency of the public sector can be traced to the government as it is the custodian of all public assets. If it finds it difficult to effectively manage the public sector, then how can it ensure an efficient administration in other spheres? There appears to be a calculated attempt to run the public sector into the ground.

A.G. RAJMOHAN, Anantapur, Andhra Pradesh

■ Government sector undertakings, despite their immense potential to introduce substantive changes in the host economy, often end up in debt traps using tax-payers' money for revival. The main

reason for this is the policies their managers follow that are at variance with dynamic global requirements and a changing economic environment. Further, political influence and bureaucratic control are other impediments. In Air India's case, apart from these, there were policy decisions such as having it operate in an uneven playing field vis-à-vis private airlines.

NISHANT CHOUDHARY, Nasirabad, Rajasthan

### Debating euthanasia

India, for long, has been extremely circumspect about legalising euthanasia (OpEd page - “Yes, No, It's Complicated - “Should euthanasia be allowed?” January 26). A key reason could be concern over its misuse, but it is a line of thinking that is hardly

convincing. In the Aruna Ramachandra Shanbaug case, the Supreme Court of India did not allow passive euthanasia despite the fact that she had been suffering for years. To dispel fears, a central agency can be constituted to thoroughly examine such a patient and submit its report on whether or not his or hers is a fit case for euthanasia. With a rise in numbers of those ailing for years, there is a need to consider the issue.

V. LAKSHMANAN, Tirupur, Tamil Nadu

■ I think most of the concern arises from the worry about euthanasia being misused. However, in cases where the person is severely disabled and has been enduring pain and suffering, euthanasia can be considered to be an option. There must be peace

of mind and not distress. It can also help the person's loved ones come to terms with the person's state rather than continue to be stricken by his or her suffering.

MEENAKSHY MENON, Kochi

■ India has still miles to go in comparison with the West on this issue. For instance, who in India will certify the critical nature of an illness which demands euthanasia? Are there acceptable parameters? The answer is no. Moreover, amazing developments in the field of medical science offer new hope to such patients who were once considered to be a lost cause. What should cause concern is the fact that research in medical science itself could come to a grinding halt if euthanasia

becomes legally acceptable. Another cause for worry is the danger of there being ulterior motives in wanting someone to be subject to euthanasia.

MANESH V.P., Iriveri, Kannur, Kerala

### Fare hike

Bus commuters in Tamil Nadu have been taken for a ride with the steep rise in fares. Instead of effecting such a steep rise, the government could have thought of a hike in stages every two years. The claim by the government that despite the hike in fares, the government would still incur a loss speaks volumes of its inefficiency in transport management.

A. JAINULABDEEN, Chennai

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