



DAILY EDITORIAL ANALYSIS

TOPIC

INDIA TIES WITH ASEAN

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Context

- India needs to embrace deeper engagement with the **Association of Southeast Asian Nations (ASEAN)** nations rather than retreat from existing trade agreements, as Asia reconfigures itself around trade, technology, and strategic alliances.

ASEAN and RCEP

- ASEAN:** It is a regional bloc of **10 Southeast Asian nations** — Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam.
 - It was formed in **1967 in Bangkok, Thailand** to promote economic growth, peace, and cultural development.
- Regional Comprehensive Economic Partnership (RCEP):** It is the world's largest trade bloc, comprising **15 countries** including **ASEAN, China, Japan, South Korea, Australia, and New Zealand**.
 - India was a founding negotiator but **withdrew in 2019**, because of issues related to **trade deficit & imbalance, protection of domestic industry, and unmet demands** like tariff differentials, rules of origin, and investment protections.

About India's Ties with ASEAN

- Historical Foundations and Strategic Evolution:**
 - Historical and Civilizational Links:** Shared heritage through Buddhism, Hinduism, and maritime trade routes laid the foundation for India-ASEAN ties.
 - Look East to Act East:** India's 1992 Look East Policy matured into the Act East Policy in 2014, emphasizing connectivity, commerce, and cooperation.
 - Comprehensive Strategic Partnership:** In 2022, India and ASEAN elevated their ties, focusing on maritime security, digital transformation, and sustainable development.
- Economic Engagement and Trade Dynamics:**
 - ASEAN-India Trade in Goods Agreement (AITIGA):** Signed in 2009, currently under review to address trade imbalances and modernize tariff structures.
 - Trade Volume:** Bilateral trade reached \$122.67 billion in 2023-24, with ASEAN accounting for 11% of India's global trade.
 - The collective GDP of ASEAN** is over \$3.9 trillion, making ASEAN one of the world's largest regional economies.
 - The largest portion of this trade came from Singapore, valued at over 35 billion dollars that year.
 - Digital and Startup Collaboration:** Initiatives like the **ASEAN-India Startup Festival** and fintech partnerships are reshaping economic ties.
- Connectivity and Infrastructure:**
 - India-Myanmar-Thailand Trilateral Highway** and **Kaladan Multimodal Transit Project:** These aim to physically link India's Northeast with Southeast Asia.
 - Digital Connectivity:** India's UPI system is being integrated with ASEAN platforms like Singapore's PayNow, enhancing cross-border transactions.
- Security and Strategic Cooperation:**
 - Counterbalance to China:** Joint frameworks on supply chains, security, and climate build resilience.
 - Maritime Security:** Joint naval exercises and defense dialogues support freedom of navigation and regional stability.
- Counterterrorism and Cybersecurity:** India and ASEAN collaborate on intelligence sharing and cyber policy dialogues.
 - Defense Diplomacy:** India's arms exports to ASEAN nations, including BrahMos missiles to the Philippines, signal deeper strategic trust.

- **Cultural Diplomacy and People-to-People Ties:**

- ♦ **ASEAN-India Year of Tourism 2025:** India is investing \$5 million to promote cultural exchange and tourism.
- ♦ **Educational Initiatives:** Scholarships at Nalanda University and agricultural institutions foster academic collaboration.
- ♦ **Shared Heritage:** Events like the Ramayana Festival and ASEAN-India Music Festival celebrate civilizational bonds.

Issues & Concerns

- **Trade Imbalance & FTA Frictions:** India's trade deficit with ASEAN from \$5 billion in 2010–11 to over \$44 billion in 2024–25, despite bilateral trade crossing \$130 billion.
 - ♦ India offered duty concessions on 71% of tariff lines, while ASEAN countries reciprocated with much lower percentages (e.g., Indonesia: 41%, Vietnam: 66.5%).
 - ♦ The review of the **ASEAN-India Trade in Goods Agreement (AITIGA)**, announced in 2023, has seen **slow progress due** to ASEAN's reluctance to renegotiate terms.
 - **India's FTA with ASEAN**, in effect since 2010, is undergoing its **10th review**.
 - ♦ India fears that Chinese goods are being **rerouted through ASEAN** (rule of origin) to exploit FTA benefits, undermining domestic manufacturing.
- **Geopolitical & Strategic Coordination Gaps:**
 - ♦ **Myanmar Crisis:** India and ASEAN differ on how to engage with Myanmar's military junta, complicating regional diplomacy and connectivity projects.
 - ♦ **South China Sea Disputes:** ASEAN's cautious stance on China's maritime claims contrasts with India's support for a rules-based Indo-Pacific, creating strategic ambiguity.
 - ♦ **Quad & AUKUS Sensitivities:** ASEAN's discomfort with India's growing role in Quad and other security groupings reflects fears of being sidelined or antagonizing China.
- **Connectivity & Infrastructure Bottlenecks:**
 - ♦ **Delayed Projects:** Flagship initiatives by India have been hampered by conflict in Myanmar and bureaucratic inertia.
 - ♦ **Limited Maritime & Air Links:** Despite shared goals, maritime and air connectivity remains underdeveloped, affecting trade and tourism.
- **Diplomatic & Institutional Challenges:**
 - ♦ **Fragmented Engagement:** India often engages ASEAN countries bilaterally rather than through a unified regional approach, leading to coordination issues.
 - ♦ **Underutilized Cultural Diplomacy:** While India has deep civilizational ties with Southeast Asia, cultural outreach is sporadic and lacks strategic depth.
 - ♦ **Youth & Educational Disconnect:** Limited exposure to ASEAN languages, arts, and history among Indian youth weakens long-term people-to-people ties.
- **Policy & Perception Gaps:**
 - ♦ **Protectionism vs. Integration:** India's cautious trade stance, including its exit from RCEP, has raised concerns about its reliability as a regional partner.
 - ♦ **ASEAN's Internal Divisions:** ASEAN's consensus-based model often stalls unified action, especially on contentious issues like China's aggression or Myanmar's coup.
 - ♦ **Digital Colonialism:** Global tech platforms dominate cultural narratives, sidelining indigenous voices from both India and ASEAN.

Road Ahead: Recalibrating Engagement

- **Reviewing AITIGA:** The ASEAN-India Trade in Goods Agreement (AITIGA) is under review to address trade imbalances and modernize terms.

- **Negotiate Bilateral Trade Pacts:** Prioritize strategic ASEAN economies like Vietnam, Indonesia, Singapore and Thailand.
- **Expand CECA & CEPA Agreements:** Strengthen existing Comprehensive Economic Cooperation Agreements.
- **Digital & Services Trade:** India's strength in IT and fintech offers new avenues for collaboration beyond goods.
- **Modernize Domestic Industry:** Use tariff buffers to upgrade MSMEs and boost competitiveness.

Conclusion

- India's engagement with ASEAN is guided by mutual respect, shared values, and a vision for a peaceful, prosperous Indo-Pacific.
 - ♦ Its commitment to '**ASEAN centrality**' in the Indo-Pacific is widely acknowledged, but consistent engagement remains key.
- With the adoption of the **ASEAN-India Plan of Action 2026–2030**, both sides are poised to deepen cooperation in emerging technologies, climate resilience, and regional governance.

Source: TH

Mains Practice Question

[Q] Do you agree that India's decision to stay out of the RCEP trade agreement could undermine its long-term strategic and economic relationship with ASEAN nations?

