

India's Look East Policy

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The Look East policy has emerged as an important foreign policy initiative of India in the post-Cold War period. The essential philosophy of the Look East policy is that India must find its destiny by linking itself more and more with its Asian partners and the rest of the world, and that India's future and economic interests are best served by greater integration with East and Southeast Asia. Thence, the Look East policy is an attempt to forge closer and deeper economic integration with its eastern neighbours as a part of the new *realpolitik* in evidence in India's foreign policy, and the engagement with Association of South East Asian Nations (ASEAN) is the recognition on the part of India's elite of the strategic and economic importance of the region to the country's national interests. As Prime Minister Manmohan Singh said, the Look East policy is "not merely an external economic policy; it is also a strategic shift in India's vision of the world and India's place in the evolving global economy."¹

Evolution of the Look East policy

The Look East policy is the product of various compulsions, changed perceptions and expectations of India in the changed international environment. The end of cold war brought about a fundamental change in the international system, which focuses on the economic content of relations and led to the burgeoning of the formation of regional economic organisations. While India was opening up to the world market, it became aware of the growing trends towards regionalism and feared that it will be marginalised from the dynamics pushing the global economy. The economic reforms, coupled with the integrative forces of globalisation; frustration with the process of integration within South Asia and the renewed concern about the antecedent and powerful China and its impact on India's security, as well as India's unease at Beijing's growing assertiveness in the Asia-Pacific region made India to rethink the basic parameters of its foreign policy. The changed international system in the aftermath of the end of Cold War, the success stories of the East Asian Tiger economies and the radical shift in India's economic and strategic circumstances caused New Delhi to pay more attention to the rapidly growing economies of East and Southeast Asia.

As a result of these compulsions, the Look East Policy was officially launched in the year 1991 by the government of Prime Minister P.V. Narasimha Rao, although the term "Look East Policy" was mentioned for the first time in the Annual Report of the Ministry of External Affairs, 1995-96.² I. K. Gujral had stated that, "What look east really means is that an outward looking India, is gathering all forces of dynamism, domestic and regional, and is directly focusing on establishing synergies with a fast consolidating and progressive neighbourhood to its East in Mother Continent of Asia."³ India's Look East policy, thus, marked a dramatic shift

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in India's perspective of the world. The policy is being rigorously pursued by the successive governments of Atal Bihari Vajpayee and Manmohan Singh.

Further Growth

In the initial stage the focus of the Look East policy was much on ASEAN. India's conscious efforts to forge closer economic ties with ASEAN member states pay dividends; bilateral relations between India and ASEAN improve rapidly. India became a Sectoral Dialogue partner in March 1993 in the three areas, namely, trade, investment and tourism, a full dialogue Partnership in 1995, member of the ASEAN Regional Forum (ARF) in July 1996 and finally to a Summit Level Partnership in 2002. The first phase of India's Look East policy was ASEAN-centred and focused primarily on trade and investment linkages. The second phase, which began in 2003, is more comprehensive in its coverage, extending from Australia to East Asia, with ASEAN as its core. The new phase marks a shift in focus from trade to wider economic and security cooperation, political partnerships, physical connectivity through road and rail links. India-ASEAN cooperation now covers a wide field, including trade and investment, science and technology, tourism, human resource development, transportation and infrastructure, and health and pharmaceuticals. India signed "Long Term Cooperative Partnership for Peace and Prosperity" with ASEAN, which is the corner-stone of India's Look East policy.⁴ India prefers to use the Comprehensive Economic Cooperation Agreement as a template for Free Trade Agreements (FTAs) because of its comprehensive coverage of goods and services trade as well as investment. When negotiating FTAs, India takes the position that service trade is as important as trade in goods. India's trade negotiators believe the country's economic strength lies in its services sector. Trade between India and ASEAN countries is expanding significantly. India finally signed the ASEAN-India Free Trade Agreement with the ten members of ASEAN in August 2009.

Towards Sub-regional Cooperation

As a part of the endeavour to strengthen India's linkages with East and Southeast Asian and to reinforce the Look East policy, a sub-regional grouping called BIST-EC comprising Bangladesh, India, Sri Lanka and Thailand was established in 1997 with economic cooperation as its primary goal. With the addition of Myanmar in August 1997, and of Bhutan and Nepal in February 2004, the grouping came to be known as BIMSTEC or the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. This forum has identified six sectors for focused cooperation: trade and investment, technology, transport and communications, energy, tourism and fisheries.⁵ When India initiated BIMSTEC in 1997, it received strong support from Thailand, which also saw it as a political and economic forum to bridge Southeast Asia and South Asia. India promotes BIMSTEC to establish economic links with peninsula member countries of ASEAN to boost the development of its seven Northeastern states.

India is also part of the Mekong Ganga Cooperation (MCG) Project, which also includes Myanmar, Thailand, Laos, Cambodia and Vietnam. It came into being on November 10, 2000 where representatives of the six member states met at Vientiane and came up with a set of guidelines known as the "Vientiane Declaration". The declaration outlined the areas for institutional interaction based on assessment of the capabilities of its member states. In order to give a well-structured outlook to the initiative, a concept paper was worked out which

delineated the agenda for cooperative efforts, where the project is primarily aimed at the development of three main areas for cooperation; tourism and culture, infrastructure and Information Technology as envisaged by the Vientiane Declaration.

After two decades, the Look East policy has yielded many benefits and supported India's economic transformation and growth, including closer contacts between India and Southeast Asian countries, a remarkable leap in the quantum of bilateral trade and increased people-to-people interaction. With outward looking policies India's foreign trade, which was below \$40 billion in the early 1990s, has risen to US\$ 140 billion by 2003. Foreign trade as a ratio of Indian GDP has risen from 12% in early nineties to more than 23% by 2003, pointing to increasing openness of the economy. There has also been substantial progress in India's trade with other developing countries and with Asia, with the initiation of the 'Look East' policy. The share of developing countries has doubled to about 30% of India's trade, while Asia's share has doubled to 24.2%.⁶

Northeast India and the Look East policy

However, a need is felt to focus the benefits of these cooperations more sharply on the Northeastern region - a natural bridge between India and Southeast Asia. A new paradigm of development whereby foreign policy initiatives blend seamlessly into the national economic development is felt and there is a need to make these structures work for the Northeastern region. While colonial rulers built railways and roads mostly to take tea, coal, oil and other resources out of the northeastern region, the disruption of old trade routes remained. Sanjib Baruah's termed this as "colonialism's most enduring negative legacy".⁷ In its efforts to bail out Northeast India from the difficulties as a result of the loss of connectivity and market access following the partition of 1947 and recognition of region's geographical proximity with East and Southeast Asia and, India focus the benefits of this cooperation more sharply on the Northeastern region. The Look East policy has the potential to undo the effects of colonial geopolitics as well as transform the region by opening borders for trade and commerce. In this foreign policy vision Northeast India is often described as gateway to Southeast Asia. According to Rajiv Sikri, Secretary East of India's Ministry of External Affairs, the Look East policy "envisages the Northeast region not as the periphery of India, but as the centre of a thriving and integrated economic space linking two dynamic regions with a network of highways, railways, pipelines, transmission lines crisscrossing the region."⁸ Thus, there is an effort to open the region in the economic and political arena as well as "opening doors and windows in intellectual, cultural, political matters."

Achievements and Prospects

To achieve the policy's objectives, India is negotiating bilateral Free Trade Agreements (FTAs) with East Asian countries. India has entered into a number of pacts, agreements and FTAs with Thailand and Singapore. There are plans to create a free-trade area with Brunei, Indonesia and Malaysia by 2011 and with the remaining ASEAN countries - the Philippines, Cambodia, Laos, Myanmar and Vietnam - by 2016.

The very first outcome of India's conscious efforts is the Indo-Myanmar Trade Agreement signed on January 31, 1994 for the establishment of trade on the basis of equality and mutual

benefit. The agreement specified that trade should be conducted through the designated custom posts, viz, (a) Moreh in India (Manipur State) and Tamu in Myanmar, (b) Champhai in India (Mizoram State) and Rih in Myanmar and (c) other places that may be notified by mutual agreement between the two countries. The border trade at Moreh (India) and Tamu (Myanmar) was opened on April 12, 1995. The agreement initially provided for cross border trade in twenty two products, mostly agricultural/primary commodities produced in the trading countries (not the third country products that dominate the informal border trade). In 2001 more items were added to the list of tradable items. In practice, the agreement does not go much beyond according a formal sanction to exchanges traditionally going on between the local populations in the border areas of the two countries. Despite the potential, trade through the Manipur-Myanmar route has remained small and insignificant, amounting to a few million dollars per year and with little impact on the regional economy. The border trade between India and China at Nathula in Sikkim was re-opened after a gap of forty four years on July 6, 2006.

The then Indian Prime Minister Atal Bihari Vajpayee proposed holding of an India-ASEAN car rally at the ASEAN-India summit in Bali 2003 to draw attention to India's geographical proximity with ASEAN countries. The ASEAN-India car rally became a reality on November 22, 2004 which was flagged off in Guwahati. In his speech Manmohan Singh referred to India's Northeast as a gateway to "Asian Century". He said "Our growing interaction with ASEAN is critical to fulfilling the promise of the 21st century being an Asian Century, with the main engines of the world economy emerging in the Asia-Pacific Region. We want our North Eastern States to be in the forefront of these interactions and to reap the benefits of enhanced peace and prosperity."⁹

India has concluded a number of bilateral and multilateral projects, aimed at enhancing connectivity between Northeast India and Southeast Asia. In this regard India built the 165 kilometer long Indo-Myanmar Friendship Road connecting Tamu and Kalaymyo-Kalewa. The other important ongoing infrastructure projects are India-Myanmar-Thailand Trilateral Highway, Trans Asian Highway, India-Myanmar rail linkages, Kaladan Multimodal transit project, the Stilwell road, Myanmar-India-Bangladesh gas pipeline, Tamanthi Hydroelectricity project. The optical fiber network between Northeast India and Southeast Asia has been operationalised in 2009. India and Myanmar recently agreed on the Kaladan Multi-Modal Transit Transport Facility, which envisages connectivity between Indian ports on the eastern seaboard and Sittwe Port in Myanmar and then through riverine transport and by road to Mizoram, thereby providing an alternate route for transport of goods to Northeast India. Efforts are also underway to improve infrastructure, particularly road links, at the second India-Myanmar border trade point at Rih-Zowkhathar in Mizoram sector by upgrading the Rih-Tidim and Rih-Falam road segments in Myanmar. Apart from developing road links, efforts are underway to have a rail link from Jiribam in Manipur passing through the border town Moreh to Hanoi in Vietnam via Myanmar. However, infrastructure development in India's Northeast and Myanmar will be a daunting task and has to face the geographical, technical and security challenges. Through these efforts the government of India is showing its keenness in developing the Northeast.

Constraints and Challenges

India's attempt to promote trade with Bangladesh and Myanmar through Preferential Trade Areas has failed as India takes undue consideration of the law and order situation of the Northeast and the military and security establishment having a say in India's foreign policy to these two countries. Trade with both these countries has been stagnant and there is a difference with Bangladesh over transit arrangements that India seek for its links to the Northeast and also about the existence of training camps for insurgents in their territory. Similarly, trade with Tibet and Yunnan provinces of China have been almost absent except, the existing trade at Nathula in Sikkim, though India and China have agreed to initiate border trade through the Himalayan pass between Tibet and Sikkim.

There is much talked about opening new trade routes or reviving the ancient silk routes through Northeast leading to economic development of the region. Before meaningful trading activities can take place the region needs to prepare itself starting from agriculture, in terms of productivity. Processing industries have to be set up to manufacture quality goods which can be offered in international markets at acceptable prices. The entire infrastructure of roads, railways, communication and air transport will have to be completely revamped. Similarly hotels, restaurants and resorts will have to be built for tourists.¹⁰ If this cannot be achieved the Look East policy will not benefit the region and in that case it will only act as a corridor between mainland India and Southeast Asia.

India's trade with countries bordering the Northeast has witnessed a remarkable growth, with the share going up more the five times from 1.7% in 1992-93 to 8% in 2003-04. This impressive expansion of trade with India's eastern neighbours has had little or no impact on the economy of the Northeast as this trade expansion has taken place mainly through the seaports. A sceptic like Sushil Khanna observes that the Northeast has once again been marginalised. He argues that "India is looking east, but not through its contagious Northeastern borders. For the Northeast to gain from FTAs with the economies of the East, the key variables are transit arrangements, proliferation of trade routes and custom check post, easy visa regime making it possible for traders, businessmen and transport operators to move in and out of the region."¹¹ This can happen only when there is considerable investment in infrastructure, transport and communication facilities, which is largely absent.

To take maximum benefit from the policy, the Northeastern region needs to develop industrially. The North East Industrial Policy 2007 has made the whole region a special economic zone. However, the industry departments of various states of the region have only benefited from this. It is the vision and concentrated efforts in various thrust areas after micro studies and appropriate project formulation which can bring Northeast to a standard in which it will be able to stand the challenge of the Look East policy and will also be able to fully participate in the new milieu. The macro studies have been already done. Considerable work of identification of agriculture, horticulture, floriculture and industrial products have also been carried out.¹² What now needed is the real work in the field. When work is done in the field, only then the Northeast can really reap from the Look East policy.

Sushil Khanna complained that in contrast to the lukewarm effort for economic integration, the Look East policy concessions and aid are meant to persuade the neighbouring countries to

expel insurgent groups seeking shelter in these countries.¹³ As seen in the past, India's policy of developing ties with its eastern neighbours has been limited to counter insurgency strategy. Up till now there is almost no role for the Northeastern states in the Look East policy, which is in sharp contrast with the role that the Yunnan province plays in the Chinese pursuit of closer relationship with its neighbours in Myanmar and Indo-China countries. There is little room for the Northeastern states in the Mekong Ganga Cooperation, BCIM forum and in BIMSTEC.

Conclusion

Even though it is too early to presume that the Look East policy is a failure, sceptics argue that there is more rhetoric than substance in the policy. With the Northeastern region filled with armed insurrections and the subsequent law and order problem, the implementation of various developmental projects is an arduous task. However, such hindrances must not stop the pursuit for economic development. The government of India needs to actively engage with the insurgent groups for political dialogue striving for peaceful solution to the decades old problems of the region. They also need to simultaneously go ahead with the development projects. There is also an ardent need to give role to the Northeastern states in this policy. Thus, the success of the policy depends on the commitment of the Indian government to implement the proposed plans and projects under the policy and to give role for the Northeastern states in this policy.

Notes and References

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¹² H.N. Das, *op. cit.*

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