

International Relations Class 20

16th February, 2024 at 1:00 PM

Question-Answer practise (01:08 PM)

- Do you think that BIMSTEC is a parallel organisation like SAARC? What are the similarities and dissimilarities between the two? How are Indian foreign policies objectives by forming this organisation (UPSC 2020)
- **Answer:**
- Post-2016, with the dysfunctionality of the SAARC, BIMSTEC as an inter-regional organisation between South Asia and Southeast Asia gained momentum or gained priority in India's foreign policy.
- There is no doubt these two organisations lie in geographically overlapping regions and also both organisations cater to the idea of political, economic and cultural connectivity within the much disintegrated South ASEAN region. However, these points do not make them equal alternatives.
- SAARC is purely a regional organisation whereas BIMSTC is an inter-regional organisation. Also BIMSTEC in its principles does not prefer to substitute any existing bilateral or multilateral grouping of the region.
- Not only are these two organisations different in their membership but also in their nature.
- Both complement each other in terms of functions and roles. In fact, BIMSTEC provides an opportunity for SAARC countries to connect with ASEAN countries.
- Since the SAARC summit has only been postponed and not cancelled, with glorious 37 years of existence, SAARC as an organisation still retains its relevance.
- The success of BIMSTEC therefore does not render SAARC pointless and it only acts as another chapter in the regional cooperation of the Asian continent.
- Way forward for BIMSTEC-related answers (not concerning this question)
- 1. BIMSTEC needs to be empowered as a platform to create connectivity across the region and it will help India in the path of economic cooperation in the Indo-Pacific especially when India is out from major regional economic blocks like RCEP (Regional Comprehensive Economic Partnership), EPEC (Economic Partnership of East Asia) and CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership).
- 2. Comprehensive FTA must be created within BIMSTEC.
- 2. BIMSTEC would be used for the regional supply chain as an alternative to the Chinese supply chain.

INDIA AND SOUTH EAST ASIA (01:33 PM)

- **Subtopics to be covered:**
- **Indias Act East Policy:**
- **Regional**
- **ASEAN**
- **India and ASEAN**
- **RCEP**

- **Indias Act East Policy (01: 36 PM)**

- *Recent Context:*

- 2021: The union minister of the North East region said that connectivity is an important aspect of India's Act East Policy and one is expected to write about India's efforts in connectivity with ASEAN, BIMSTEC etc if relevant questions arise.

- **Evolution of Act East Policy:**

- *Initially, it was called Look East as there was an economic crisis in 1991.*

- Domestic situation:

- *In 1991 India went to the IMF, and the IMF asked to change structural reforms.*
- *We accepted the majority of the terms and key conditions were to open up the economy, and globalisation.*

- *Look East policy came into existence in 1992, due to a few domestic and international developments.*

- *Domestic developments (with the implementation of LPG, the market was expanded which compelled India to align its trade policy with Southeast ASEAN nations)*

- *With growing production within India, there was a need to reach out for market and investment opportunities.*

- International situation:

- *Due to the disintegration of the USSR, India lost its traditional partner.*

- *The end of the Cold War witnessed the emergence of a unipolar world order with US hegemony.*

- *This compelled India to forge good ties with the US and its allies in Southeast ASEAN countries.*

- *Four "C"s of the Act East Policy:*

- 1. Culture

- 2. Commerce

- 3. connectivity

- 4. capacity building (it is regarding security)

- **India's initiatives to enhance the Act East India policy (14:03 PM)**

- 1. Kaladan Multimodal Transit Transport Project

- 2. The Trilateral Highway Project connecting the North East with Myanmar and Thailand

- 3. Intermodal transport linkages and inland waterways through Bangladesh

- 4. Agartala-Akhaura Rail Link between India and Bangladesh

- 5. Under the India-Japan Act East Forum, several projects such as the construction of roads and Bridges and modernization of Hydro-electric power projects have been undertaken.

- Other Initiatives:

- 1. National Bamboo Mission

- 2. Digital North East Vision 2022

- 3. Mahabahu-Brahmaputra inland waterway project

- 4. Dhubri Phulbari bridge

- The idea of ASEAN was to create political and social stability.

- ASEAN plus 3 Idea: ASEAN (10 countries) and China, Japan, and South Korea.

- ADMM Plus (ASEAN Defense Ministers' Meeting Plus): ASEAN plus 8 dialogue partners (India, China, Australia, Japan, New Zealand, Russia, USA, South Korea).

- *India has a challenge to reach Southeast Asia countries as these countries are still in dilemma whether to part ways with China as they are highly dependent on China.*

- *ASEAN has very cheap labour.*

- *The challenge in ASEAN countries: Red Tapsim (bureaucracy) and underdeveloped high-tech industry.*

- **Strength of ASEAN (02:21 PM)**

- Social Potential:

- It offers a huge demographic dividend.

- Huge consumer base.

- The economic potential:

- 1. A major global hub of manufacturing and trade.
- 2 One of the fastest growing consumer markets in the world.
- It has emerged as the seventh-largest economy in the world.
- ASEAN has the third largest labour force after India and China.
- They are fourth largest exporting region in the world.

- Political Potential:

- 1. It commands influence on the security concerns in inter-pacific and IOR.
- 2. The region is key for security architecture in IOR and Indo-Pacific.
- For Example QUAD AUKUS.
- 3. ASEAN is key to regional stability and prosperity.

- **Challenges within ASEAN (02:35 PM)**

- Political instability in neighbouring south-east countries.
- Regional imbalance among ASEAN countries in terms of economic and social stability.
- There are resource imbalances among the member countries.
- The member countries represent diverse regimes like communist, authoritarian and democratic regimes.
- ASEAN is a joining tool of one of the most decentralised regions which is the South China Sea and Taiwan Strait and is likely to suffer ripple effects from this region.
- Many south-east Asian countries have aligned with China under the OBOR initiative therefore, there is a lack of unified response against China's maritime claim in the South China Sea region.
- Challenge regarding drug trafficking due to proximity to Golden Triangle.
- The growing threat posed by the rising Islamic radicalisation.
- The recent ASEAN- India Summit.
- India ASEAN FTA is also called AITIGA (ASEAN-India Trade in Goods Agreement).

- **Significance of ASEAN for India (03:07 PM)**

- Economic significance - Refer to previous points dictated by the faculty.
- Collaboration with ASEAN would enhance India's presence in South East Asia and this is important not only from the prospect of traditional maritime security challenges but also due to new emerging security threats in the Indo-Pacific region.
- 2. Firm relations with ASEAN provide opportunities for us to counter the rising Chinese footprint in the region.
- In the recent India- ASEAN summit (September 2023), India came out with an ambitious multimodal connectivity initiative aiming to link Southeast Asia and Europe via India and West Asia.
- 3. Expert believes this could be an alternative to China's OBOR in the region.
- 4. India- ASEAN ties would ensure the economic growth of North-East India and therefore ASEAN is an important factor in India's East Policy.
- 5. Collaboration with ASEAN is important to counter other security threats like insurgency, and drug trafficking in North East India.

- **Regional Comprehensive Economic Partnership (03:21 PM)**

- RCEP came into effect on January 1, 2022.
- India opted out of RCEP in November 2019.

- **Aims and Objectives:**

- 1. Lowering of tariffs,
- 2. Opening up of trade-in services
- 3. Promotion of investment.
- 4. Reduction of costs and time for companies
- 5. To deal with issues of intellectual property, however, it does not cover environmental protections and labour rights

- **Significance of RCEP:**

- **Question:** Why did India Opt out from RCEP?

- **Answer:** India's decision was guided by the idea of economic nationalism and protectionism, especially regarding its manufacturing sector (owing to challenges from China and ASEAN).
- Due to the idea that RCEP may be China-led and can expand China's influence over ASEAN, India opted out of it.

- Challenges concerning the agriculture and dairy sector (possible challenge or competition from Australia and New Zealand).

- The trade deficit with China was yet another concern since after signing RCEP, cheaper products from China, might flood the Indian market.

- India already had FTAs with other countries within RCEP except China therefore opting out won't hamper our economic relations.

- India was proposing an Auto triggering mechanism wherein certain margins can be set so that some countries.

- Non-inclusion of Auto trigger mechanism meant to counter dumping of Chinese products suggested by India.

- **Question:** Keeping in mind the global economic scenario and the potentiality of RCEP, do you think India should review its position on RCEP?

- **Answer:** Despite the great economic potentialities that RCEP has to offer to the region, India decided to opt out of this FTA in 2019, guided by the idea of economic nationalism and protectionism.

- Judgement was however put under massive scrutiny on the following grounds:

- 1. It is argued that India should review its decision since RCEP has the potential to influence the institutional policies of regional trade which can shake the future of the region's trade.

- 2. Being a member of RCEP would have kept India at par with regional and global value chains and also within the regional trade framework.

- 3. India can even draw inspiration from Japan and Australia wherein they chose to bury their geo-political differences with China to prioritise their economic gains.

- 4. There are also strategic reasons attached to it- India's presence in RCEP might not only safeguard its own interest but also the smaller country's interest against China.

- 5. Also staying out of RCEP might affect India's Act East Policy.

- 6. India could emerge as a gateway for other RCEP countries to enter into South Asian trade since India is the only South Asian country that is part of SAFTA and also has an FTA with ASEAN.

- Thus both from the prospect of economic realism and strategic needs, it is argued in some quarters that India should rethink its decisions, however, India should be given some time to think since for any RCEP regional integration to be complete anyway requires India to be a necessary actor.

- The success of India not joining RCEP now depends on the extent to which we align with the goals of foreign trade policy (2021-2026) and the Atmanirbhar Bharat mission India should capitalise make in India initiative and try to cut down trade imbalance with RCEP members in future.

- Even if India reviews its decision in future, it should not be purely guided by economic realism but should be clubbed with strategic realism.

- **Trade grouping involving Asia Pacific regions (04:03 PM)** (These groupings are essential with Prelims perspective)
- 1. Free-Trade Agreement of the Asia-Pacific (FTAAP)
- *A proposed free trade agreement among the 21 APEC economies.*
- *The U.S. government now publicly supports FTAAP, after opposing it before.*
- 2. Regional Comprehensive Economic Partnership (RCEP)
- 3. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

**TOPICS TO BE DISCUSSED IN THE NEXT LECTURE: RCEP CHALLENGES,
INDIA- CENTRAL ASIA RELATION**