

## **India and the East Asian Summit**

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The inaugural East Asian Summit (EAS), touted as groundbreaking, commenced on December 14 in Kuala Lumpur comprising 16 nations—the 10 ASEAN countries, China, Japan, India, Australia and New Zealand with Russian President Vladimir Putin making a special appearance. The EAS Declaration, like many issued before in the region, is wide-ranging: from political and security cooperation, infrastructure development, financial issues, further liberalisation of regional trade and investment, poverty eradication to fighting epidemics. Nonetheless, *inter alia*, three points need underscoring. One, the EAS is going to be an annual affair confined to ASEAN capitals thus dashing Chinese hopes of hosting the next one; two, it affirms to advance “efforts to realize an East Asian community through the ASEAN+3 (A+3) process”; and three, the EAS “should remain open and outward looking with ASEAN as the driving force.” As expected, the EAS will not only promote greater intra-regional economic integration but also address relevant politico-security and social issues. ASEAN obviously tried to balance divergent views of China and Japan on the form, composition, and broad future direction. While accommodating the Chinese view that the A+3 should remain the core, it concurred with the Japanese position that it should be open and inclusive.

No doubt the EAS, representing nearly 50 per cent of the world’s population and over 20 per cent of global trade, is a mega gathering and is a testimony to the rise of Asia and how rapidly the world’s politico-economic equations are shifting. Even as the centre of gravity increasingly moves towards Asia, the 21<sup>st</sup> century will be dominated by events in terms of new economic dynamism as well as serious threats to global security. No one, however, is sure what the EAS’ future agenda, its priorities, its objectives and its primary concerns are likely to be. Moreover, what additional steps the EAS can take that are not already taken by APEC and the ARF are also unclear.

Conspicuous by its absence is the United States, a dominant power with deep military and economic involvement in this region. In Korea and Vietnam the US fought some of the largest and longest wars in history in order to defend its interests. The US appears to be following a wait and watch policy rather than agree to the conditions put by ASEAN and conscious of the fact that when push comes to shove, it is still America that would determine the region's economic and security future.

### **Backdrop**

The idea of greater cooperation among Asian countries has been making the rounds for quite some time now. Politically, it was India in 1947 that vociferously advocated the concept to raise the consciousness about Asia and concomitantly forge regional unity and solidarity. With this in mind, Nehru convened the famous Asian Relations Conference in March 1947 and later argued for the creation of an Asian Regional Organisation. India undertook a series of initiatives—a special conference in support of Indonesian independence movement in 1949, starting of the Asian Games in 1951, and the Bandung Conference of Asian and African countries in 1955—precisely because of the above aims. These meetings were also the progenitors of the Non-Aligned Movement (NAM) that took shape in the early 1960s. The Asian Union idea failed to materialise for a variety of reasons, mainly due to the onset of the Cold War and China's extremist politics that culminated in the war with India.

However, more recently the roots can be traced back to the Malaysian Prime Minister Mahathir Mohamad who in the early 1990s proposed the creation of an East Asian Economic Grouping (EAEG). Japan strongly backed the idea since it was seriously concerned about the economic fortresses that Europe and North America were building through free trade agreements. The EAEG failed to take off because of tenuous economic linkages within the region and because of intense American pressure who felt that Japan was trying to create a 'yen bloc' in East Asia. Instead, yet another idea, originally Tokyo's, in the form of Asia Pacific Economic Cooperation (APEC) that was languishing for the lack of adequate political support, was pushed to the forefront with Bill Clinton unexpectedly convening the first informal summit meeting in Seattle in 1993. Despite its modest beginning, APEC became ambitious in the next few years adopting a series of annual declarations (Bogor, Osaka and Manila) with the ostensible objective of 'regional economic integration,' and not just the

promotion of trade. APEC, however, is no where near achieving any of those grandiose plans it has charted for itself. It soon became apparent that the developed member states, specially the US, was more interested in using APEC to expedite the process bringing the Uruguay Round of GATT to a close than to give tangible concessions to promote economic cooperation. The 1997-98 financial crisis, which considerably weakened ASEAN, and the subsequent events have made APEC more a talk shop than an instrument for economic integration.

Another mechanism also came into being in the aftermath of the financial crisis, was the creation of A+3 with Japan, China and South Korea being the three economic partners. Its main objective was to pre-empt the recurrence of future economic crises and to promote regional economic cooperation. ASEAN has been holding plus three summit meetings since 1998 and India was also made a summit partner in 2002 but not included in the A+3 framework. This is in addition to another existing forum called ASEAN Dialogue Partnership meetings that have been held annually since the mid-1970s in which most of the other countries, including the EU and Canada are represented.

In order to deal with security issues, once again a Japanese idea, the ASEAN Regional Forum (ARF) was created in 1994. Through a Concept Paper, the ASEAN in 1995 proposed an ambitious agenda envisaging a three-stage progression: confidence building measures (CBMs), preventive diplomacy and conflict resolution. Although some movement was discernible in CBMs, the ARF's progress has been less than satisfactory. In fact, the ARF was found to be wanting when crises actually arose in East Timor in 1998 and over the North Korean nuclear issue. By keeping out of its ambit issues such as the South China Sea and the Taiwan dispute, at the insistence of China, the ASEAN doctrine of non-interference in internal affairs, and more recently the creation of the Six-Party Talks mechanism for North Korea, the ARF has ensured that it is not going to make any dent in either promoting transparency in security policies or creating predictable patterns of relations as it had set out to do, let alone emerge as an institution for conflict resolution.

### **The Rationale for EAS**

Seen against the above backdrop of numerous regional multilateral mechanisms already in existence, it is but natural that the EAS is viewed

with scepticism. It has generated more curiosity than interest. It is but pertinent to ask, 'what is that the EAS will do that the others have not done.'

The EAS is expected to provide a political impetus and commitment to a process that is already on, i.e., the East Asian countries are feverishly interacting economically with each other like never before. The intra-East Asian trade has reached over 55 per cent from about 40 per cent a decade back, and much of regional direct investments are increasingly inward bound. This is happening despite the absence of a region-wide, overarching organisation and is entirely driven by market conditions. Theoretically, strong political support through an institutionalised structure will boost this process and may even result in regional integration. Such integration is expected to address two issues. One, greater interdependence will be a disincentive for countries to become militarily aggressive, and two, many of the existing security problems are unlikely to flare up into conflicts because of certain common, critical stakes.

Theory, however, does not necessarily translate into reality as there are other considerations influencing a country's policies. For instance, according to the above logic, China and Japan, with trade over US \$200 billion annually and with nearly 70 billion Japanese investments, should have been living far more peacefully. In fact, political problems, accentuated by a lingering historical baggage, have become so acute that they are beginning to affect bilateral economic relations and may seriously undermine the EAS in coming years.

The second objective of the EAS, as envisioned by Malaysia when it volunteered to hold the first summit in the last Vientiane ASEAN summit meet, is to create an East Asian community. Once again, the idea of a community appears far-fetched at present. First, despite repeated attempts (more concertedly by Indonesia in the last two years), the ASEAN countries have been lukewarm to any idea of ASEAN security community or ASEAN cultural community or ASEAN economic community. If ASEAN, a much smaller region with much less serious political problems, is not ready or unwilling to create a sub-regional community even after nearly four decades of existence, serious doubts arise about East Asia emerging as a community. In any case, community has an entirely different connotation. Unlike Europe, which has some common characteristics it is difficult to think of a single trait that can be said to be pan-East Asian. Culturally

diverse, economically uneven, geographically vast, with a large number of unresolved problems and suspicions leftover from history, East Asia has many unsettled issues that are obstacles to a community.

There are other issues as well. One, what happens to other existing mechanisms such as A+3, the ARF and APEC, and what would be EAS' relationship with these configurations? In their characteristic style, ASEAN scholars argue that the EAS will complement, not supplant, APEC, A+3, the ARF, and that it is another spoke in the wheel to build confidence and to construct institutions. Is ASEAN capable of leading one more organisation when it has failed to do so on previous occasions? Probably the biggest challenge is going to be ASEAN's leadership and its ability to manage inter-great power relations, which is the key element of East Asian regional economic and security architecture. Southeast Asia's overall strategic and economic significance is on the wane with the focus increasingly shifting to the Northeast Asian region and the Indian Ocean and because of the rise of new power centres such as China and India. US-China relations are not without problems; China-Japan rift is already casting a big shadow over the EAS and a potential rivalry between China and India in East Asia cannot be ruled out. Moreover, it is too early to ignore the US. In the final analysis, countries are most unlikely to sacrifice their national interests for the sake of perceived common good.

Certain right-wing sections in Japan have already expressed serious reservations about the EAS because they feel China would be the dominant player. From a Chinese viewpoint, it is a historic opportunity to re-arrange the East Asian political architecture so that its prominence is appropriately reflected. For ASEAN, it is another attempt to rivet the attention of great powers on Southeast Asia and an opportunity to extract concessions by playing one against the other.

### **India's Emerging Role**

For India, it is a remarkable turnaround in fortunes. Just a decade back, it was not considered worthy enough to be a member of APEC nor did it figure in the deliberations at the time when the ARF was created. An invitation to India to the EAS now is a recognition of its fast growing economic and political clout. The Look East policy that New Delhi has been pursuing is entering a crucial phase after it helped build multi-faceted relations with ASEAN and other multilateral fora, and strengthen bilateral

relations throughout the region encompassing political, defence/strategic and economic aspects. Public pronouncement about an ASEAN-centric policy notwithstanding, it is time for New Delhi to look beyond ASEAN. Similarly, in addition to enhanced economic integration with this dynamic region, New Delhi needs to pay attention to political and security dimensions as well. Beijing (and Malaysia) had been less than enthusiastic for India's inclusion in the first place and did not want it to be part of the core group. They had to relent under intense pressure from Japan, Indonesia, Vietnam and Singapore. During the November 10-11 preparatory working level meeting in Kuala Lumpur, Japan and China clashed primarily on the question of India's role and status in the EAS. While China insisted that the EAS framework should be limited to ASEAN plus three, Japan strongly argued that other invitees—India, Australia, and New Zealand—should be included as well, but it primarily pertained to India. It is apparent that China sees India as a competitor not just for investments and markets but also for political and security reasons. A policy centred on multilateralism has its limitations (as we have seen with the NAM). Bilateral relations are crucial and often tend to be more effective. By taking advantage of its growing political and economic significance, India should firm up its ties with the region, especially with Japan and qualitatively improve its relations with countries such as Indonesia and Vietnam. With some diplomatic adroitness, India can achieve this while pursuing improved relations with China.

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