

India's Act East Policy is based on 4 C's - Culture, Commerce, Connectivity and Capacity Building. As described by PM Modi, India's vision for the region is SAGAR - Security for All and Growth for All. This article covers the 'Act East Policy' of India established 2014 and helps one understand its difference with 'Look East Policy' of India launched in 1991.

### **Act East Policy - Objectives**

The Objective of "Act East Policy" is to promote economic cooperation, cultural ties and develop strategic relationship with countries in the Asia-Pacific region through continuous engagement at bilateral, regional and multilateral levels thereby providing enhanced connectivity to the States of North Eastern Region including Arunachal Pradesh with other countries in our neighbourhood.

### **Difference between Act East Policy - 2014 and Look East Policy - 1991**

Both the policies are 2 succeeding phases in the evolution of India's policy towards South East Asia and East Asia.

Some of the major differences in the 'Act East' Policy and 'Look East' Policy of India are mentioned in the below table.

<b>Act East Policy</b>	<b>Look East Policy</b>
Act East Policy was launched in 2014	Look East Policy was launched in 1991
It was launched by Current Prime Minister of India - Narendra Modi	It was launched by Former Prime Minister of India - PV Narasimha Rao
India was in a very favourable position from the perspective of economic might, when Act East Policy was launched in 2014.	India had a very fragile economy when Look East Policy was launched, due to the 1991 Economic crisis. India was in a transition phase to a liberalized economy.
Focus is more on boosting economic co-operation, building infrastructure for greater connectivity, importantly strategic & security ties	Focus more on boosting economic co-operation.
This was initiated to tackle the changing Geo-political scenario due to dominance by China, in the South China Sea and its increasing influence in Indian Ocean Region.	Indian economy was heavily dependent on Soviet Union, but the fall of Soviet Bloc propelled India to look at alternative regions, i.e. South East Asia to sustain the economy. India realised there was immense scope for

	growth in the region, as Japan and China had already become a major economic player in the region.
Act East Policy has a greater strategic and political angle to the cooperation. Relationships with Japan, South Korea, Vietnam, Malaysia, Australia have been upgraded to strategic partnership to counter dominance of China in the entire region.	Focus was more on boosting trade and investment relations with Southeast Asian countries. There was not much focus on Quad - India, USA, Japan and Australia or up gradation to strategic partnership with other nations in the region.
Focusing more on historical, cultural, linguistic and religious ties through more people to people exchanges.	Historical ties between India and ASEAN were not given much prominence and therefore not capitalised in its Look East Policy.
Heavy focus is being given to development of the North East region. India believes that the North East region of India can be the gateway to East Asia and SouthEast Asia. Japan is helping India by providing funds for many infrastructure projects.	North East of India was neglected in its plans of forging deeper ties with East Asia.
India is collaborating with Japan in developing infrastructure in Sri Lanka, Myanmar and Bangladesh	India did not focus on developing infrastructure in other countries.
Greater focus on defence cooperation	Not much focus on defence cooperation

Some of the **similarities** between both Act East Policy of 2014 and Look East Policy of 1991 are listed below.

1. Shared Economic Interests
2. Common Strategic Interests.

ASEAN was founded in 1968. It is a grouping of 10 nations, geographically located in the South East Asia Region. The 5 founding members of ASEAN are

1. Thailand
2. Singapore
3. Indonesia
4. Philippines
5. Malaysia

India became a member of ASEAN Regional Forum in 1996. India and ASEAN started holding annual summits from 2002 to give an impetus to co-operation in the following areas.

1. Economic ties
2. Social-Cultural ties
3. Political ties
4. Strengthen Security ties

### **Act East Policy of India - Institutional Mechanisms, Regional Forums**

To build greater cooperation between India & ASEAN the following institutional mechanisms are used to forge stronger partnerships.

1. Annual Summit Level Meetings
2. India is an active member of East Asia Summit
3. 30 Sectoral Dialogue Mechanisms
4. India has become active member of ARF (ASEAN Regional Forum)
5. India has also been involved with other regional forums like the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Mekong Ganga Cooperation, Asia Cooperation Dialogue and the Indian Ocean Rim Association (IORA).

### **Infrastructure, Trade & Commerce Ties - India & ASEAN**

1. India's 4th Largest Trading Partner is ASEAN.
2. In the Financial Year 2017-18, the volume of trade between both nations was more than \$ 80 billion.
3. In the same financial year, India's imports from ASEAN were more than \$ 45 billion and India's exports to ASEAN were around \$ 34 billion.
4. AIFTA (ASEAN - India Free Trade Area) i.e. free trade area between India and ten member states of ASEAN came into effect in 2010.
5. Supporting ASEAN startups through ASEAN India Grand Challenge to provide a commercially viable solution for key problems of India.
6. Some of the major Infrastructure projects are Kaladan Multi-modal Transit Transport Project, the India-Myanmar-Thailand Trilateral Highway Project, Rhi-Tiddim Road Project, Border Haats, etc
7. In August 2015, the ASEAN-India Plan of Action (2016 – 2020) was adopted. This identifies concrete steps and cooperation areas on the triumvirate of political-security, socio-cultural and economic pillars.
8. Recently India started building a deep sea port in Sabang, Indonesia. This is to further strategic cooperation between India and Indonesia. Sabang is close to Andaman and Nicobar Islands of India.

### **Japan - Investments in India**

1. India and Japan have institutionalised 2+2 Ministerial Dialogue.
2. Focus is more on doubling Japanese investments in India in sectors like Transportation (Bullet Train is an example), smart cities, skill development etc.
3. India has decided to set up Japanese Industrial townships and electronic parks.
4. Japanese investments in India increased from \$1.7 billion in 2014 to \$4.7 billion in 2016-17.
5. Japanese Investments have flowed into vital sectors like chemical, automobile, pharmaceuticals and telecommunications.

### **South Korea - Investments in India**

1. By the end of 2018, FDI from South Korea reached more than \$5.5 billion.
2. South Korea has a huge presence in Indian automobile market through Hyundai and in the electronics segment through Samsung, LG.

### **ASEAN - Investment in India**

From 2000, the FDI (Foreign Direct Investment) received by India from ASEAN is \$ 77 billion. In the coming years, this will see an upward trajectory.

Investment from ASEAN countries have flowed into India in the following domains.

1. Auto Components
2. Shipping
3. Ports
4. Highways
5. Food Processing

### **Quad - (Quadrilateral Security Dialogue)**

1. Quad is an informal strategic dialogue between India, Japan, USA, and Australia
2. It was established in 2007, however it did not find much traction as Australia withdrew.
3. Quad was reestablished in 2017, after meeting between 4 Heads of States at the ASEAN Summit in 2017.
4. The reason for its revival was the growing tensions in the South China Sea due to territorial ambitions of China in the region.
5. Indian Navy conducts massive military exercises with the US Navy and Japanese Navy; named Malabar Exercise.

### **Regional Comprehensive Economic Partnership Program (RCEP)**

1. It is a proposed Free Trade Agreement between 10 members of ASEAN and 5 FTA Partners (Australia, New Zealand, China, Japan, South Korea) of ASEAN.
2. Although India is an FTA partner of ASEAN, it opted out of RCEP in November 2019.
3. India cited that RCEP will negatively impact on Indian citizens.

### **Way Forward - India & ASEAN**

1. Regional Value chains need to be created to expand the economic cooperation between India and ASEAN.
2. India is World's largest producer of milk and 2nd largest producer of food grains. Regional value chains can add value to the food processing sector and agriculture sector.
3. Collaborate more in the field of design, engineering, Research & Development.
4. Promote cooperation between Small and Medium Enterprises (SME) through technology transfers, joint ventures, and business partnerships.
5. For faster growth in the economic ties between India & ASEAN, more focus needs to be given in the areas such as transportation, banking, Information Technology Services, and Environmental Services.
6. Japan is investing in projects to help develop infrastructure in North East of India. Under current PM Modi, India believes that North East is the gateway to SouthEast Asia and East Asian countries.
7. Give more thrust to Air Connectivity, land connectivity and Maritime security as a major chunk of World's trade passes through this region.
8. On the civilisational front, Buddhist and Hindu links could be promoted to forge new contacts and connectivity among the people.