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The Big Picture: India's Act East Policy

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Recently, the Prime Minister of India visited Thailand for East Asia Summit and **Regional Comprehensive Economic Partnership (RCEP) Summit**. The visit was intended for India to finalize the RCEP trade deal.

India has expressed many concerns regarding the signing of the trade deal, viz. unfavourable balance of trade, non-acceptance of auto-trigger mechanism, protection of domestic industry (dairy and steel), lack of consensus on rules of origin, etc.

However, RCEP envisages strong economic linkages of India with Southeast Asian and East Asian countries, which is at the core of India's Act East Policy.

Evolution of India's Act East Policy

India Act East Policy was unveiled by Prime Minister of India, Narendra Modi, at the 12th ASEAN-India Summit in 2014 held in Myanmar. **Act East Policy is the successor of Look East Policy.**

Look East Policy

- In order to recover from the loss of the strategic partner -USSR (end of the Cold war 1991), India sought to build up a relationship with the USA and allies of the USA in Southeast Asia.
- In this pursuit, former Prime minister of India P V Narasimha Rao launched Look East policy in 1992, to give a strategic push to India's engagement with South-East Asia region.

How Act East is different from Look East policy?

- Look East policy focused on the **Association of Southeast Asian Nations (ASEAN) countries + Economic Integration.**
 - India became a dialogue partner of ASEAN in 1996 and summit level partner in 2002.
 - In 2012 the relationship got up-graded into a **Strategic Partnership in 2012.**
 - The time when India launched Look East Policy in 1992, India's trade with ASEAN was \$2 billion. After signing the Free Trade Agreement in 2010 with ASEAN, the trade has grown to \$72 billion (2017-18).
 - India is also an active participant in several regional forums like the **East Asia Summit (EAS)**, ASEAN Regional Forum (ARF) etc.
- Act East Policy focused on **ASEAN countries + Economic Integration + East Asian countries + Security cooperation.**
 - Prime minister of India highlighted **4C's of Act East Policy.**
 - Culture
 - Commerce
 - Connectivity
 - Capacity building
 - **Security** is an important dimension of **India's Act East Policy.**
 - In the context of growing Chinese assertiveness in the **South China Sea** and the Indian Ocean, securing freedom of navigation and India's own role in the Indian Ocean is a key feature of Act East Policy.
 - In pursuance of this, India has been engaged under the narrative of **Indo-pacific** and informal grouping called **Quad.**

Indo-Pacific

- In order to counter China's assertiveness in the South China Sea and the Indian Ocean, the term Indo-pacific gained prominence.

- The first time, the term 'Indo Pacific' was used by the **Japanese Prime Minister Shinzo Abe in 2007**.
According to him, it is a **connection between the Indian Ocean and the Pacific Ocean**.
- However, the President of the United States reinvigorated the term Indo-pacific at **EAS summit, 2017**.
- Through Indo-pacific, US envisages an open, free, inclusive, prosperous and rule-based Indo Pacific system.
- The term **Indo-pacific is being used instead of 'Asia-Pacific'**. This shows the **salience of India in the new construct**.
 - This can be reflected in multilateral military exercises like **Malabar** (trilateral naval exercise between India, Japan and the US).
 - India hosted ASEAN Plus military exercise (**Force 18**) in **2018**.

Quad

- Quad is an informal strategic dialogue of like-minded democracies converging across the Indian and Pacific oceans.
- It comprises of the US, Japan, India and Australia.
- Quad is perceived to be symbiotically linked military alliance, formed to contain China.

Challenges

India has done more than two decades of hard work to extend its reach beyond South Asia, reaching East Asia or Indo-Pacific region. However, there are some challenges to Act East Policy.

Trade Deficit

Trade has grown over the years but this has occurred with an imbalance.

- India's trade deficit vis-a-vis all other **Regional Comprehensive Economic Partnership (RCEP)** countries is around \$ 107 billion.
- This trade deficit is significantly huge, given India's total trade deficit i.e. around \$180 billion.
- This was one of the reasons that made India exit RCEP negotiations.

Dealing with China

India has to cope up with different strategies of China.

- On one hand, China is encircling India (through the string of pearls), building China Pakistan economic corridor through disputed territory between India & Pakistan.
- On the other hand, China wants India to be on its side, on issues like climate change, globalization etc.

- Also, India desires that its foreign policy of **Multi Alignment** should not make China apprehensive of India being a member of the **anti-China alliance** led by the US.

Steps for an Assertive Act East Policy

Need for Competitive Manufacturing

- Act East Policy seeks economic integration of India's economy with global supply chains which are concentrated in Southeast Asia and East Asia.
- In order to become a manufacturing hub, India should do holistic reforms to make its manufacturing competitive (**India hasn't witnessed major reforms since 1991**).
 - In this context there is a need for capital sector reforms, labour reforms, easing of land acquisition and bridging infrastructure deficit.
 - The responsibility of carrying out these reforms lies with both the private sector and the government.
- This will also help India to check its trade deficit.
- **A balanced, fair and equitable trade relationship is critical for a resounding Act East Policy.**

Tackling China

- Just like China is showing its assertiveness in the Indian Ocean, India must increase its engagement in the South China Sea.
- In this context, India's engagement with Quad and ASEAN countries is a step in the right direction.
 - **India and Vietnam**, are collaborating in oil exploration in the South China Sea (where China has its claims of sovereignty).
 - Similar to China developing ports in the Indian Ocean, India with Indonesia is **developing a port called Sabang** (near the Strait of Malacca).
 - Recently, the Indian prime minister proposed an “**Indo-Pacific Oceans Initiative**” for the safe, secure and stable maritime domain.
 - It focuses on creating partnerships among interested states in enhancing maritime security, sustainably using marine resources, disaster prevention & management.

Developing North East

- The success of India's Act East Policy, will depend upon connectivity projects in India's North East region.
- Therefore, India should expedite the connectivity projects like India–Myanmar–Thailand Trilateral Highway and Kaladan Multi-Modal Transit Transport Project.

Leveraging Soft power

- While pursuing Act East Policy India must work on **its niche advantage i.e. cultural and civilizational**.
 - These **cultural and civilizational** linkages are dated from ancient times (spread of Buddhism and Hinduism).
 - India's freedom struggle further extended this connection, as many of India's freedom fighters had links with Southeast and East Asian countries.
 - Today, the sphere of India's cultural power expanded because of **technological infusion and globalization**.
 - There is a growing realization of Gandhi's ideal of **Sovereign citizens** (a situation where each citizen is so empowered that it can influence the world).
- The **Indian diaspora** will forge a strong people to people relations, which in turn will enhance India's cultural and civilizational linkages.