India's Look East Policy: Its Evolution and Approach

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What is This?
India’s Look East Policy: Its Evolution and Approach

Thongkholal Haokip

Abstract

The Look East policy has emerged as an important foreign policy initiative of India in the post-Cold War period. It was launched in 1991 by the Narasimha Rao government with the aim of developing political contacts, increasing economic integration and forging security cooperation with countries of Southeast Asia. The policy marked a shift in India’s perspective of the world, with the strategic and economic importance of Southeast Asia to India’s national interests being recognised. The second phase, which began in 2003, extends the coverage of the Look East policy from Australia to East Asia, with Association of Southeast Asian Nations (ASEAN) as its core. The new phase thus marks a shift in focus from trade to wider economic and security cooperation, political partnerships, physical connectivity through road and rail links. In this article, the evolution of India’s Look East policy and its recent approach are analysed.

Keywords

India, foreign policy, Southeast Asia, ASEAN, Northeast India, trade, economic integration, security cooperation, political partnership, physical connectivity

The evolution of India’s Look East policy can be traced to the changed context of the international system in the early 1990s. The policy launched in 1991 has its genesis in the end of the Cold War, following the collapse of the Soviet Union. Nevertheless, the real genesis of the Look East policy can be traced to the early years of Indian Independence. India’s efforts towards regional cooperation started in the pre-independence period, where in the mid-1940s and 1950s there were concerted efforts to develop cooperation with Asian and other developing nations of the world. The importance of Southeast Asia was recognised by one of India’s first strategic analysts, the visionary K.M. Panikkar, way back in the 1940s. The Prime Minister of India, Jawaharlal Nehru, also recognised the importance of Southeast Asia, which offered an opportunity for India...
to forge close political links. Indeed, India’s first forays into foreign policy affairs were in Southeast Asia in support of anti-colonial movements in that region (Naidu 1996: 82).

Even before formal independence, Indian leaders convened the Asian Relations Conference from 23 March to 2 April 1947 in New Delhi, which was attended by 25 Asian countries, including Egypt. There was an expression of great enthusiasm for regional cooperation from Ceylon (Sri Lanka) and Burma. India called the Conference on Indonesia in New Delhi on 20 January 1949 to express support to the Sukarno-led armed struggle against the Dutch attempt to reimpose colonial rule in Indonesia in December 1947. Apart from the Indonesian issue, the conference passed resolutions calling for regional integration of the participating nations. A major step towards cooperation of the Asian and African countries was taken in the Bandung Conference in April 1955 to develop a policy and common approach to their problems. Apart from the major attempts at regional cooperation, there were several other efforts; a number of conferences were organised and attended by India to find possibilities of such cooperation.1

Despite the insistence on Asian solidarity by various leaders during the anti-colonial struggles in the post-Second World War period, there was negligible cooperation between the Asian countries. All attempts by India to forge cooperation among Asian countries did not work to the satisfaction of Indian leaders. The inter-state disputes, tensions, distrusts and apprehensions among the individual countries and the tussle for leadership between India and China were the main factors for the failure of India’s attempt towards regional cooperation in Asia and Africa in general and Southeast Asia in particular (Gonsalves 1991; Gupta 1964; Levi 1954). Although India’s debut in the international arena had its origin in Southeast Asia, the initiative for Pan-Asian solidarity by Jawaharlal Nehru did not materialise following the Chinese aggression on the North Eastern Frontier Agency (NEFA) in the North-eastern region of India in 1962 and the subsequent change of India’s policy to strengthen its military capability. As I.K. Gujral said in a speech in Singapore in 1996, every aspect of India’s ethos reflects the ‘footprints of South-East Asia’; nevertheless, ‘the forces of history and circumstances intermittently disturbed this closeness. Colonialism and the Cold War, despite our efforts to come together, drew artificial boundaries between us’. (Gujral 1996a)

Further, the focus during the early post-colonial years was more political than economic. Issues like decolonisation, neutrality and security were the focal point for the leaders of Asia and Africa to rally round a common platform, although some contents of economic cooperation were usually there.

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. This change in the international system, 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 (Gordon 1995a: 299). From a strategic standpoint, a number of

realist political commentators pointed out that the end of Cold War and the beginning of the Gulf War (1990–1991) had created ‘unprecedented opportunities’ for India (Malik 1991: 855), although Ross H. Munro argued in the early 1990s that India was the greatest loser from the end of the Cold War: ‘India’s reach for great power status is in shambles. The keystone of Indian power and pretence in the 1980s, the Indo–Soviet link, is history ... India has no “useful friends”...’. (Munro 1993: 62–63) However, by the latter half of the 1990s India emerged as a South Asian winner rather than a loser. Far from being isolated and ineffective as a result of the end of the Cold War, India has gained significant advantages by opening up its economy—advantages that will eventually allow the synergisms inherent in India’s circumstances to realise their potential (Gordon 1995b: 879).

India’s Domestic and Regional Environment in 1990–1991

As nations do not exist in isolation, the domestic and external environment have an impact on their foreign policy. The linkage between external elements and foreign policy cannot be wished away. Foreign policy constitutes a set of responses to external challenges and opportunities (Mann 2000: 1). Consequently, any change in the environment requires change in the behaviour of nations. Hence, political developments from 1989 to 1991 affected all nations. India was no exception to all these external developments. They had a significant impact on India’s domestic and foreign policy.

The beginning of the 1990s was a turbulent period for India. The country witnessed an unstable domestic environment characterised by increasing terrorism and insurgency, political instability, economic doldrums and financial crisis. The unstable domestic environment was compounded by an unfavourable regional environment. Although insurgency in Punjab had declined by the end of 1992, there was an increase in the number of violent incidents perpetrated by insurgents in Jammu & Kashmir (J&K) and Northeast India. The militant outfits in J&K became violent and acquired a radical religious ideology in order to legitimise their actions. Most of these militants managed to get logistical support from Pakistan in terms of training, sophisticated arms and ammunition and even finance, which, ‘in a way gave them some clout to demonstrate their power’ (Sreedhar 1994: 1437). Since the early 1990s, Pakistan adopted a more vociferous anti-India stance, which was reflected in encouraging and aiding militants in J&K and in its attempt to internationalise developments in J&K (MoD 1990). The resurgence of Sindhi and Baluchi movements in Pakistan, Nepalis in Bhutan, Terai versus hill people in Nepal, Chakmas in Bangladesh, Tamils in Sri Lanka and various tribal communities in Northeast India, all representing sub-nationalist or ethno-centric tendencies, threatened the existing state structure throughout South Asia (Nanda 2003: 265–266). The problem was compounded by the emergence of Sagiang Division of Myanmar as a safe haven for the insurgent groups of Northeast India, the underground smugglers market of Cambodia as an important source of arms...
and ammunition and the drug smugglers market in the Golden Triangle, a border area comprising Laos, Myanmar, Thailand and Cambodia. This highlighted the threats to India’s national security, which could rise from the East and the consequent need to seek cooperation from the governments of these countries in dealing with such threats.

In spite of reforms during the Rajiv Gandhi-led Congress government in the mid-1980s and throughout the latter part of the decade, the percentage of trade in relation to Gross National Product had actually fallen from 12.4 per cent in 1984–1985 to 11 per cent in 1988–1989 (MoF 1990). Since there was a low level of trade and as a small percentage of the economy was involved in it, there was little scope for adjusting any rise in the prices of oil within the overall trade balance. The small rise in the price of oil, due to the 1990–1991 Gulf crisis, was translated into a 21.9 per cent increase in the import bill in rupee term (MoF 1991: 3). The extent of the emerging problem is discernible from the fact that in 1965 India’s energy import constituted only about 8 per cent of the value of its merchandise exports, whereas by 1990 energy imports constituted nearly 25 per cent of the value of exports (Far Eastern Economic Review 1992).

The 1990 Gulf crisis had a deep impact on India’s economy as it depended much on the West Asian countries for oil and trade. It was followed by economic recession and political turmoil in India. In the Gulf crisis, India lost remittances of US$ 205 million from Indians employed in Iraq and Kuwait; it lost an amount of US$ 500 million owing to it from Iraq at the start of the crisis; and it lost about US$ 112 million in trade with Iraq and Kuwait (Indian Express 1990). At the same time, trade with the Eastern European countries had suffered severely with the end of communist rule and the collapse of that system. Consequently, by mid-1991, foreign exchange reserves had fallen to barely enough to cover two weeks imports and India was forced to seek the help of the International Monetary Fund (IMF). An agreement was reached by the Indian government with the IMF in January 1991 on a loan for US$ 1.8 billion, partly out of the Compensatory Financing Facility (to offset increased oil imports) and partly as a first credit tranche standby (Joshi and Little 1994: 66).

The political scenario of India during this period was marked by instability, in which three successive governments were formed within two years. The developing economic crisis at the end of the 1980s coincided with the electoral cycle in 1989 in which the Indian electorate chose to express its dissatisfaction by opting for political weakness and instability at the centre by electing a parliament with no party in majority (Nayar 1998: 343). When the Congress Party which had the largest number of elected members of Parliament refused to form government, the Janata Dal took over power backed by two ideologically contradictory parties—the Bharatiya Janata Party (BJP) and the Communist Party of India (Marxist) (CPM). Instead of taking steps to redress the developing economic crisis, the parties in power soon launched populist policies, both economically and socially, which worsened the economic situation. Thus, India faced both economic crisis and political instability.
The withdrawal of support to the National Front government by the BJP at the end of 1990 resulted in the collapse of that government. This collapse was followed by a split in the Janata Dal, which was the main constituent of the National Front government: Chandrashekhar abandoned the Janata Dal and formed a new party, the Samajwadi Janata Party. After the fall of the National Front government-led by V.P. Singh, a minority government with Chandrashekhar as prime minister was installed with the support of the Congress Party, although Chandrasekhar’s party had only 58 members out of 473 in the Lok Sabha. It was so small that it could survive only because nobody in Parliament wanted another election (Bajpai 1992: 208). The greatest problem of the Chandrashekhar government was the fast disappearance of financial reserves and the inability to formulate any concrete economic policies, even a budget. The withdrawal of Congress Party support within a few months led to the fall of the Chandrashekhar Government and resulted in fresh elections in June 1991. The Congress emerged as the single largest party with 232 seats. Subsequently, a Congress-led minority government with P.V. Narasimha Rao as Prime Minister, supported by some regional parties, was formed in June 1991.

The new government under Prime Minister Narasimha Rao was confronted with the uphill task of putting the derailed economy back to tracks, restoring a semblance of political stability and availing of new opportunities and facing challenges thrown open by globalisation and the New World Order (Nanda 2003: 267). There was an enormous increase in non-productive expenditure. Defence expenditure rose from 15.9 per cent of central government spending in 1980–1981 to 16.9 per cent in 1987–1988 to nearly 19 per cent in 1990–1991. Subsidies grew from 8.5 per cent in 1980–1981 to 11.4 per cent in 1989–1990 (Bhattacharya 1992). The main thrust of the new government’s economic and financial policy was to restructure the framework of economic activity and move the country towards international market and trade.

Compelled by a severe balance of payment crisis, faced with the gradual erosion of competitiveness of Indian goods in the global market and recognising the importance of foreign capital in a country’s economic development, an economic liberalisation programme was undertaken in June 1991 with a view to first attract foreign investments, both portfolio and direct and second to boost exports (Naidu 1996: 83). The main aim of such liberal economic reforms programme was to integrate India’s economy with the world economy. Sandy Gordon (1995a: 121) sums up some of the measures taken by the government to reform the economy, which were introduced in the budgets since 1991–1992 as follows:

1. devaluation of the rupee by about 30 per cent against the US dollar, with the aim of achieving full convertibility;
2. raising of the ceiling of foreign ownership to 51 per cent and higher in some instances, with partial repatriation of capital at market rates on a 60:40 basis (with 40 per cent being at the government rate);
3. removal of restrictive controls on the import of most items and lowering of the tariff;
4. the import duty on capital goods was further reduced to 35 per cent from 55 per cent, with a special 25 per cent rate on capital goods destined for priority sectors.
5. the import–weighted tariff was to be reduced to 25 per cent in two to three years;
6. abolition of the internal licensing system in all but 18 industries;
7. preparation for sale in principle of up to 49 per cent of the government’s share in state enterprises;
8. the floating of the rupee on trade account in 1993;
9. reduction of the excise duty;
10. reform of the financial sector; and
11. a substantial reduction in the rate of company taxation in 1994.

The buzzword of the 1991 economic policy was the inclusion of liberalisation, privatisation and globalisation. The main objective of these economic reforms was to bring the derailed economy back to the track by providing a boost to foreign trade and attracting Foreign Direct Investment (FDI). As a result, a market economy replaced the socialistic pattern of society, which the Congress Party had long cherished as the goal, as well as the means for India’s development by building up the public sector domestically while insulating India from international market forces. The economic reforms launched in 1991 thus constitute a watershed in India’s economic history.

**India’s Compulsions to Look East**

The political and economic developments in different parts of the world during the early 1990s brought radical changes in the relations among nations, resulting in the emergence of an era of globalisation. Globalisation brought about an increasing integration of economies and societies and threw open opportunities and challenges to both the developed and developing countries. Globalisation of the world’s economies greatly intensified international competition and has, at the same time, given rise to a new wave of regionalism (Harshe 1999: 1100–1105). Regionalism, in general, has proved to be an effective device to serve economic and commercial objectives. In the process, old organisations are recasted and new organisations are formed to suit the changing global political and economic context. Geographical proximity, economic complementarity, political commitment, policy coordination and infrastructure development provide conditions for formation of such groupings. Consequently, a numbers of proximate states in different parts of the world constitute themselves into regions to give fresh impetus to a wide variety...
of cooperative ventures based on regionalism. In this changing political and economic context, India needed to closely examine the evolving international situation and take timely initiatives to adjust its policies in order to reap benefits for itself. At the macro level, India directed its foreign policy at achieving three important objectives: ‘Maintaining the territorial integrity of India, ensuring its geo-political security by creating a durable environment of peace and stability in the region and to build a framework for the well-being of the people by encouraging a healthy external economic environment’. (MEA 1992: ii)

Within the South Asian region, India and its neighbouring countries have made several attempts at regional cooperation. The South Asian Association for Regional Cooperation (SAARC) was established on 8 December 1985 to accelerate the process of economic and social development among the seven member states. There have been several attempts to improve trade in the region through the South Asia Preferential Trade Agreement (SAPTA) and Free Trade Agreement (SAFTA). Despite such efforts, trade within the countries continues to be abysmally low (Taneja 2001: 959). Pakistan is yet to ratify the free trade agreement. Economic exchanges and cooperative ties within SAARC were constrained, if not blocked, by the India–Pakistan dispute and India’s sheer weight.2 The disappointing pace of SAPTA and SAFTA negotiations forced India to look beyond the confines of South Asia for regional economic cooperation.

The collapse of the Soviet Union had severe repercussions for India. The former Soviet Union had been a time-tested partner for supplies of arms, petroleum and to some extent economic assistance. It had also been a leading partner and a big market of Indian consumer goods. The collapse of the Soviet system deprived India of a valuable trading partner; the Rupee Trade Area had accounted for about one-fourth of India’s exports. The Soviet Union had always supported India diplomatically through United Nations votes and was an important model of centralised planning (Jaffrelot 2003: 45). One of the major concerns for New Delhi was that it could no longer rely on Soviet diplomatic support at the Security Council of the United Nations. Thus, India was exposed to international pressures to vital interests like disarmament, non-proliferation and the Kashmir issue (Saint-Mezard 2003: 21). The collapse of the Soviet Union was therefore a big loss for India in political, strategic and economic terms.

The temporary dislocation of the oil economy in the Gulf region following the crisis over Kuwait brought home to India the importance of diversifying its sources of energy supplies in order to reduce its dependence on its traditional suppliers in the Gulf and the erstwhile Soviet Union. In this endeavour, the availability of energy sources in countries like Myanmar, Brunei, Indonesia and Australia in the Asia-Pacific provided possible alternatives. Thus, it was natural for Indian decision makers to look for a new international role and to turn to the most economically dynamic region of the world: Southeast Asia (Grare 2001: 120).

There are three main issues facing India in the Southeast Asian region. First, stabilising the Northeast, its clandestine flows and foreign connections; second,
taking advantage of the proximity of Southeast Asian nations, especially Myanmar, to step onto the Asian diplomatic and economic scene; and finally, measuring the impact of China’s influence on the Myanmar regime and its consequences for the country’s interests (Egreteau 2003: 117). Beijing’s growing military and economic penetration in Myanmar and its assertiveness in the Asia-Pacific region renewed India’s concerns about the consequences of an ascendant and powerful China and its impact on India’s security. India needed various diplomatic, economic and military tools to deal with these sensitive and strategic geopolitical issues.

During the Cold War years, the foreign policy of India was driven by ideological or political factors, although it chose to distance itself from the two ideologically opposed blocs by opting for non-alignment. Economic dimensions of foreign relations were not given much importance in the Ministry of External Affairs (MEA) (Malik 1997: 234). With the end of the Cold War, the main tenet of India’s foreign policy, non-alignment, became increasingly obsolete. As India was a co-founder and one of its most influential members, it could assume the status of a leader among the developing countries and enjoy some sort of international repute in the Cold War period. But with the end of Cold War the very concept of non-alignment was undermined. The victory of the United States, its political worldview and its free-market economic system posed a new challenge to India’s foreign policy. Although military capability still remains one of the primary determining factors of the global power equation, economic power has, of late, begun to exert predominant influence upon it and the balance of power has tended to shift from the military to the economic sphere. One of the offshoots of the above development has been de-emphasising military orientation and placing more stress on economic orientation of the foreign policy on the part of many countries, both developed and developing, including India. Thus, the Nehruvian model of foreign policy autonomy vis-à-vis imperialism and capitalism has come under severe strain and there are strong pressures from several influential quarters in India and abroad to link the Indian economy with the Western economy (Baral and Mahanty 1992: 369).

With the end of Cold War and the worldwide trend towards free-market reforms, economics became a major factor in international relations. The international status of a country depends much on its wealth. Therefore, by the end of 1991, Prime Minister Narasimha Rao issued a note asking MEA and its diplomatic posts abroad to focus more on the economic aspects of India’s external relations (Dixit 1996: 58). Hence, economic diplomacy became the new trend in India’s foreign policy.

Belatedly, the Indian policymakers became aware of the implications of the 12-year head start that China had in opening up, reforming and developing its economy ahead of India and strengthening the consequent political and economic linkages of China with Southeast Asian countries. There was also a realisation that unless India took steps to reduce China’s head start and develop similar linkages with the political leaderships, economies and the elite of this region, it might
ultimately find itself with a greatly reduced and barely meaningful political and economic role in the region. Gautam S. Kaji, one of the managing directors of World Bank, expressed the same view in April 1995,

Certainly, the East Asian nations are still grappling with some of the same problems as India, albeit on a lesser scale. But they have demonstrated with the right commitment, it is possible to move very far. With the same kind of commitment, I am convinced that there can be an ‘Indian miracle’. (Kaji 1995)

In September 1995, Indian Finance Minister Manmohan Singh also noted that ‘The economic policies of India take into account the dynamism of this region, which shall soon be the tiger economy of the world. We want to participate in this process’.3

The policy of India tying India’s fortune to the West, with India giving considerable attention to its trading relationships with the oil-rich West Asia, Europe and North America, came under some pressure, with some advocating closer ties with Asia on the ground that it is the centre of growth in the world today (Subham 1993). They argued that India has been separated from the East bloc for the purpose of trade and caught in a world in which trading blocs are assuming greater importance. They also maintained that SAARC does not have the critical mass to provide for India’s trading needs, even if the political climate were more favourable for regional trade (Bhagwati 1993: 139). These views have been reflected in the policies pursued by MEA, which have been attempting to have India more closely associated with the ASEAN and the Asia Pacific Economic Cooperation (APEC) forum, the loose formation that brings the nations bordering the Pacific together for trade-related discussions.

The emergence of the Asian Tigers and the growth of ASEAN as leading economies of Asia provided further impetus for the Indian policymakers to look at the East as a possible avenue for conducting economic transaction. The onslaught of the liberalisation, privatisation and globalisation processes was on the rise and there was no escape for the Indian economy. There was also a realisation that India’s aspiration of becoming a permanent member of the United Nations Security Council might not materialise without the overwhelming support of the countries of the East and Southeast Asian region and that it would be necessary to focus greater efforts on the countries of the East and Southeast Asian regions by strengthening India’s linkages with them (Nanda 2003: 273).

The government in India while retaining the core concerns in its foreign policy also recognised the necessity of integrating the Indian economy with the global economy. Policy reforms were immediately undertaken and the ASEAN region was singled out as an important area with which India sought a formal tie. The Government of India, for the first time since independence, turned its attention towards the ASEAN region with economics in mind (MEA 1993: 6, 27). The absence of conflict on vital issues and the presence of common challenges made it possible to expand constructive ties between the two peoples.

The change in the international and regional politico-strategic situation in the late 1980s and early 1990s created an environment for positive developments in India–ASEAN relations. The end of the Cold War and the breakdown of ideological barriers led to a more pragmatic approach by India. Since the end of Cold War, India’s strategic worldview clearly shifted from an emphasis on moral speak to *realpolitik* based on acquiring and exercising economic and military power (Mattoo 2001: 93). New Delhi’s economic reform programme has changed its equations with many countries. India is letting no chance go by to prove that it wishes to be fully integrated into the global market and to do business (Ghoshal 1999: 151). India realised that it is in its interest to enter into cooperative ventures and utilise the window of opportunity rather than awaiting initiatives from the side of Southeast Asian countries. According to Prem Shankar Jha, ‘the dark side of the East Asian success story is that there will inevitably be a loser and that India could be one of them’. (Jha 1992) When Finance Minister Manmohan Singh brought about a fresh burst of economic liberalisation to the Indian economy with the 1993 budget, one of his stated goals was to catch up with China (Macdonald and Sarkar 1993: 16).

**The Look East Policy**

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 ascendant 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 rethink the basic parameters of its foreign policy. While India was opening up to the world market, it became aware of the growing trends towards regionalism and feared that it would be marginalised from the dynamics pushing the global economy. As a result of these compulsions, the Look East Policy was officially launched in the year 1991 during the tenure of Prime Minister Narasimha Rao, although the term ‘Look East Policy’ was mentioned for the first time in the *Annual Report* of the Ministry of External Affairs in 1996 (MEA 1996: 7, 118). 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’. (Gujral 1996b) The Look East policy is thus a product of various compulsions, changed perceptions and expectations of India in the changed international environment. It is part of the new *realpolitik* that can be seen in India’s foreign economic policy. The renewed interest for regional cooperation with ASEAN was based on the recognition of the strategic and economic importance of Southeast Asia to India’s national interests.

As a part of its endeavour to forge closer ties with ASEAN countries, Indian Prime Minister P.V. Narasimha Rao visited some countries of Southeast Asia in 1993 and expounded the new ‘Look East’ policy of India in his much-publicised...
India’s Look East Policy

and well-received ‘Singapore Lecture’ at the Institute of Southeast Asian Studies. In his lecture, Rao said:

While in those days, the Cold War was at its peak and therefore, the super powers were looked upon with some caution mixed with suspicion, it is gratifying to note that the ASEAN can today speak from a position of strength at the same table with the US, Russia, China, Japan … India has already taken steps to liberalise its currency regime, open the economy to more imports and investment and educate its people on the benefits of exposure to the outside world. The Asia Pacific would be the springboard for our leap into the global market place. (Quoted in Nanda 2003: 274–275)

Since the initiation of the Look East policy in 1991, bilateral relations between India and ASEAN have progressed rapidly. India’s ties with ASEAN were upgraded to a Sectoral Dialogue Partnership in March 1993 in the three areas, namely, trade, investment and tourism. Indian and ASEAN officials met in New Delhi on 16–17 March 1993 to identify specific areas of collaboration within the designed sectors. Due to its sustained efforts, India–ASEAN relations were upgraded to a Full Dialogue Partnership at the fifth ASEAN Summit in Bangkok in December 1995. This elevated the interactions between ASEAN and India from the senior official to the ministerial level and enabled India’s participation in the ASEAN Post Ministerial Conference. At the ASEAN Post Ministerial Conference in Jakarta in July 1996, ASEAN and Indian ministers outlined a vision of a shared destiny and intensified cooperation in all fields, identifying specific areas for cooperation, like infrastructure, human resource development, science and technology and tourism, among others. I.K. Gujral remarked that he saw India’s Full Dialogue Partnership status as a window to India’s progressive participation in other ASEAN like groupings, like APEC and the Asia-Europe Meetings (ASEM) (Gujral 1996a).

The increasingly close cooperation between India and ASEAN led to the strengthening of not only economic ties but also security linkages, resulting in India’s admission to the ASEAN Regional Forum (ARF) in 1996. The ARF is the main forum for security cooperation in the Asia-Pacific region in which global and regional security issues, as well as disarmament and non-proliferation issues, are discussed. India’s admission to the ARF signifies the acceptance of its role and position in the Asia-Pacific region. The increasing engagement of India in the strategic discourses of the Asia-Pacific region underlines its commitment to the objective of sustaining regional peace and stability. India has been an active participant in the various ARF processes and has hosted several activities. India hosted its first-ever ARF event on 18–20 October 2000, when an Anti-Piracy Workshop was organised in Mumbai by the Indian Coast Guard in conjunction with Ministry of External Affairs and Ministry of Defence. Subsequently, India organised several workshops related to security.

India–ASEAN relations were upgraded to a Summit Level Partnership in 2002. India became one of the four ASEAN Summit Level Partners along with
China, Japan and Korea. At the Second India-ASEAN Summit in October 2003, India and ASEAN signed the Framework Agreement on Comprehensive Economic Cooperation, leading to the creation of a free trade area by the year 2011 and India’s accession to the Treaty of Amity and Cooperation in Southeast Asia. The third document delineates cooperation to combat international terrorism. India’s accession to ASEAN’s Treaty of Amity and Cooperation spoke of a growing closeness with South Asia. But of greater significance was the framework agreement aimed at creating a Free Trade Area in 10 years as provided in the agreement on comprehensive economic cooperation. India finally signed the ASEAN-India Free Trade Agreement (FTA) with the 10 members of ASEAN in August 2009.

In 2003, the scope of India’s Look East policy was expanded to include the East Asian nations, China, Japan and Korea. Trade and investment ties remain the most important elements and bilateral trade between India and these countries has increased significantly over the past few years.

Since the shift of international trading activity from Atlantic to the Pacific, India wanted to establish close relationship with the region. Apart from linkages at the official and governmental level, mutual exchanges of understanding between India and Southeast Asia were initiated by academic institutions and chambers and industry. Indian Prime Minister Atal Bihari Vajpayee, in his speech on ‘India and ASEAN: Shared Perspectives’, said the following at Kuala Lumpur in 2001:

> Over the last few years, we in India have consciously focused on rejuvenation of our ties with the countries of ASEAN. This came to be known as our ‘Look East’ policy. But, even as we looked east, ASEAN moved west. The admission of new countries brought ASEAN literally to India’s doors. From a maritime neighbour, ASEAN became our close neighbour with a land border of nearly 1,600 kilometers. This has added a new dimension to India-ASEAN relations. (Vajpayee 2001)

Delivering a speech on ‘Resurgent India in Asia’ at Harvard University on 29 September 2003, Indian Foreign Minister Yashwant Sinha summarised India’s Look East Policy as follows:

> In the past, India’s engagement with much of Asia, including South East and East Asia, was built on an idealistic conception of Asian brotherhood, based on shared experiences of colonialism and of cultural ties. The rhythm of the region today is determined, however, as much by trade, investment and production as by history and culture. That is what motivates our decade-old ‘Look East’ policy. (Sinha 2003)

**Policy Objectives of the Look East Policy**

As India moves towards maturity in its Look East foreign policy, the policy is moving beyond its initial goal of tapping the opportunity offered by East and Southeast Asia’s growth, which is still important. With the continual growth of
India’s economy, the policy now serves a much broader agenda. Under the Look East policy, four broad objectives have been pursued in the several years since its initiation: (i) regional economic integration, (ii) reform and liberalisation, (iii) sustained economic growth and (iv) development of the North-eastern region. The emphasis placed on each of these objectives has been different at different points of time during the past years. More recently, the emphasis has been on developing the North-eastern region through economic integration with East and Southeast Asia. The major priority areas of the Look East policy are discussed below.

Regional Integration

The main objective of the Look East policy is economic integration with East and Southeast Asia. India realised that its East Asian neighbours achieved rapid economic growth and that it was lagging behind. Enthralled by the East Asian economic miracle, the Indian elite came to realise that the East Asian open economic system could be a model for its own development strategy. Thus, New Delhi wanted to expand ties with these high-performing economies with the aim of getting integrated into the process of economic regionalisation in East Asia.

The Look East policy, to some extent, is a reaction to the formation of regional economic groupings like the North American Free Trade Area (NAFTA), European Union (EU) and Common Market of the South (MERCOSUR). In this increasingly regionalised world, it is believed that India’s grouping with East Asian countries would enhance its position in relation to other regional partners. In the words of Indian Prime Minister Manmohan Singh, ‘this century is going to be Asia’s century’ and, furthermore, India along with China ‘is going to be a major economy of this century. This is part of our “Look-East” policy’. (Singh 2004).

According to G.V.C. Naidu, India adopted a three-pronged approach in its attempt to forge regional cooperation through the Look East Policy. They are:

1. To renew political contacts with the ASEAN member nations;
2. To increase economic interaction with Southeast Asia (trade, investments, science and technology and tourism); and
3. To forge defence links with several countries of this region as a means to strengthen political understanding (Naidu 1996: 83).

Reform and Liberalisation

Though the Look East policy is a by-product of India’s economic reform and liberalisation in 1991, the policy seeks further reforms to liberalise trade and investment in order to forge deeper economic integration with East and Southeast Asian countries. Thus, India seeks to lower trade barriers and liberalise the investment regime. India has signed a framework agreement during the Bali Summit in
2003 to create a Free Trade and Investments Area with ASEAN by 2016. Since 2003, India, ASEAN and individual ASEAN member countries have agreed to and begun negotiations on FTAs after signing the Framework Agreement on Comprehensive Economic Cooperation. India and ASEAN agreed to implement an FTA for the ASEAN–5 by 2011 and for all ASEAN member countries by 2016. The Framework Agreement announced an early harvest programme of immediate deliverables and unilateral trade preferences by India in favour of the least developed members of the grouping. Till date, India has concluded a Comprehensive Economic Cooperation Agreement with Singapore in 2005. India has also entered into a number of pacts with Thailand and Singapore. The ASEAN-India Free Trade Agreement was signed in August 2009 with the 10 members of ASEAN.

**Rapid Economic Growth**

In the aftermath of India’s liberalisation, the Look East policy become more than just a foreign policy alternative as it provided a development alternative as well, in synchronisation with the globalisation and the resurgence of Asia as an economic powerhouse. To quote Prime Minister Manmohan Singh: ‘it was also a strategic shift in India’s vision of the world and India’s place in the evolving global economy’. (Singh 2006) It is only with the formulation of the Look East policy in 1991 that India started giving East and Southeast Asian region due importance in the foreign policy planning. Thus, tapping East Asia’s growth was an important cause for India’s engagement with the East Asian economies. When the Indian economy started growing at a high rate from the late 1990s, India has increasingly turned its focus to sustained rapid growth. Strong economic ties with East Asia would position India well for accessing growth opportunities in Asia (Ramchandran 2006). India is also encouraging East Asian investment in the transport, communications and power sectors to keep pace with its expanding economy. India believes East Asia holds a key to India’s sustained economic growth, particularly when international economic activities are becoming more critical to India’s own growth and other regions are growing at a much slower pace and becoming more protectionist (Dong 2006: 17).

**Development of the North-eastern Region**

The Look East policy is also a means of reducing India’s internal development disparity. The North-eastern states lag behind in economic development and this gap has widened since independence. The sense of neglect has resulted in various forms of unrest in the region. With the launch of the Look East policy, India sees the region not as cul-de-sac but as a gateway to the East, thereby attempting to link the North-eastern region with Southeast Asia through a network of pipelines,
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Approaches of the Look East Policy

Geographical Focus

Sub-regional Cooperation

road, rail and air connectivity. This is expected to initiate economic development and help the eight North-eastern states to develop infrastructure, communication, trade, investment, logistics, agro-business and other commercial activities. Knowing fully well the potential, the North-eastern states strongly support the Look East policy. Indeed, the Look East policy is believed to be the new mantra for development of the North-eastern region.

Approaches of the Look East Policy

India adopted several approaches in pursuing the objectives of the Look East policy. Geographical focus, negotiation tactics and sub-regional linkages all played important roles.

Geographical Focus

Since the early 1990s, India started focusing on economic cooperation with the East and Southeast Asian countries. This geographical shift in focus area was primarily due to the success of the East Asian economies, especially the Asian tigers. India initially chose to focus on the ASEAN countries because the ASEAN members were the first to respond favourably to India’s Look East policy. In 2003, the scope of India’s Look East policy was widened to include the East Asian countries. This was reflected in Foreign Minister Yashwant Sinha’s lecture at Harvard University in 2003: ‘The first phase of India’s “Look East” policy was ASEAN-centred and focused primarily on trade and investment linkages. The new phase of this policy is characterised by an expanded definition of “East”, extending from Australia to East Asia, with ASEAN at its core’. (Sinha 2003) Comprehensive Economic Partnership Agreement between India and Korea has been finalised and negotiations are underway with Japan. India and China also have a joint study group evaluating the potential for a bilateral FTA.

Sub-regional Cooperation

India’s focus on sub-regional economic cooperation such as Bay of Bengal Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), Mekong Ganga Cooperation (MGC) and Bangladesh–China–India–Myanmar Regional Economic Forum (BCIM Forum) is with a view to reinforce the Look East policy and boost the development of the North-eastern region. The main aim of these groupings is to create an enabling environment for rapid economic development through identification and implementation of specific cooperation projects in trade and investment,
industry, technology, human resource development, tourism, agriculture, energy, infrastructure, technology, transport and communications, energy and fisheries.

**Free Trade Agreements**

Frustration with the slow pace of World Trade Organization (WTO) negotiations among prominent trading nations and the fear of being marginalised in a world in which economic regionalism is growing, India is now looking towards East Asia for economic cooperation. In its quest for economic regionalism, India chose FTA negotiations as a means to get involved in and shape the course of its economic integration with East Asia. India embarked on bilateral FTA negotiations with individual ASEAN members because bilateral negotiations present an easier path to advancing the FTA negotiations. India has entered into a number of pacts and FTAs with Thailand and Singapore. There were plans to create a free trade area with Brunei, Indonesia, Thailand, Singapore and Malaysia by 2011 and with the remaining ASEAN countries—the Philippines, Cambodia, Laos, Myanmar and Vietnam—by 2016. The ASEAN–India Free Trade Agreement was signed in August 2009 with the 10 members of ASEAN. India is also negotiating with Japan and South Korea, which would lead to an eventual East Asia–India FTA.

**Conclusion**

The Look East policy of India emerged out of the changed international system in the early 1990s and economic stagnation and political turmoil within the country. The policy is primarily the product of various compulsions in the post-Cold War era. The changed focus on economic content of international relations, the emergence of regional economic groupings, rise in the forces of globalisation and slow process of economic integration within South Asia and China’s growing assertiveness in the Asia Pacific region were the main factors.

Since the enunciation of the Look East policy, India started giving priority to Southeast Asia in its foreign and economic policies. The ASEAN member states were supportive of the measures adopted by the Narasimha Rao government. After the Bandung Conference in 1955, it took nearly four decades for India and Southeast Asia to rediscover each other.

The current phase of the Look East policy marks the beginning of a vibrant relationship on the economic, political and strategic fronts. The economic potentials of this policy emphasises a link to the economic interests of the North-eastern region of India as a whole. In recent years, the development of this region is being factored into the overall strategy of national development, as well as in the conduct of India’s relations with other countries. India’s Look East policy correctly identifies Northeast India as the gateway to the East and it is one major initiative undertaken by the government of India in the present times.

*South Asian Survey, 18, 2 (2011): 239–257*
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Notes
1. For details of India’s attempt at regional cooperation during the first two decades of independence, see Gupta 1964.
2. India accounts for nearly three-fourths of the population of SAARC and three-fourths of its GDP. The imbalance is flagrant and often inhibits the proper functioning of the organisation, which is weighted overtly in favour of India.

References


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