

INDIA'S NEW ROLE IN EAST ASIA: IMPLICATIONS FOR MONGOLIA

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Introduction

If anything that could be termed as the guiding principle behind holding of the recently concluded East Asia Summit, it must be community building in this region. That is envisaged in the declaration of the historic First East Asia Summit (EAS), which took place on 14 December 2005 in Kuala Lumpur. The Member Countries of the Association of Southeast Asian Nations (ASEAN), and Australia, China, India, Japan, South Korea and New Zealand declared the establishment of the East Asia Summit as a forum for dialogue on “broad, strategic, political and economic issues of common interest and concerns with the aim of promoting peace, stability and economic prosperity in East Asia.”¹ Both the thinking as well as the approach are pragmatic but results of the commitment towards shared interests of the participating countries in achieving peace, security and prosperity in East Asia in particular and the world at large remain to be seen. In this perspective each country has a role to play. India, in its new role in East Asia, seeks to build on the “Look East” policy formulated by the former Prime Minister, P.V. Narasimha Rao in the 1990s. In the current scenario, it is widely believed that India’s destiny is interlinked with that of Asia- be it East Asia, West Asia, Central Asia, South Asia or Southeast Asia.² India in the geopolitics of the Asian continent offers a realistic opportunity to forge a mutually advantageous regional cooperation which, in turn, could sustain its eagerness to participate in the endeavors for various regional integration, including the East Asia Summit.

¹ *China Daily*, 15 December 2005.

² “To those who harbour any skepticism about this fact”, said India’s Foreign Secretary Shyam Saran, “it would suffice to remind that we share one of the longest land borders in the world with China, that Central Asia verges on our northern frontiers, that we have land and maritime borders with three South East Asian countries, that our Andaman and Nicobar Islands are just over a hundred kilometres from Indonesia, and that our exclusive economic zone spans waters from the Persian Gulf to the Straits of Malacca.” See “Present Dimensions of the Indian Foreign Policy”, Address by India’s Foreign Secretary Shyam Saran at Shanghai Institute of International Studies, Shanghai, 11 January 2006, at <http://www.mea.gov.in/speech/2006/01/11ss01.htm>.

This paper seeks to assess India's new role in East Asia which combines Southeast and Northeast Asia and whether India has shifted from "Look East" to "Move East". What implications does this shift have for Mongolia, which has vigorously opened to the outside world in order to raise its profile on the Asian map.

Reinforcement of "Look East" Policy

The decade of the nineties saw the beginning of India's emergence as a major regional power of Asia, which was facilitated by the weakening of East-West confrontation, the revision of regional priorities by the United States and the erstwhile Soviet Union, and the de-escalation of rivalries in the zone of developing countries.³ It was in this decade that the quest at Bandung in 1955 to establish a peaceful, prosperous and equitable world, led India to launch its "Look East" policy, which now is a vital part of India's foreign policy. This policy can best be described as a strategic shift in India's vision of the world and her place in the evolving global economy. In that sense it was essentially more than an external economic policy, which was also a manifestation of the belief that "developments in East Asia are of direct consequence to India's security and development." It started creating a bond of friendship and cooperation with East Asia that has a strong economic foundation and "a cooperative paradigm of positive inter-connectedness of security interests." Their mutual efforts bore some fruits including

- exchanges of high-level visits between India and East Asian nations,
- improving Sino-Indian relations,
- confidence building and transparency measures, and
- India's inclusion in regional grouping such as the ASEAN Regional Forum (ARF).⁴

Today, the rapid growth of trade and investment and multiple links between India and East Asia are witness to its positive results. However, in this context India's engagement with ASEAN in particular as a partner is of great importance.

After the beginning of the "Look East" policy, the India-ASEAN engagement has grown from sectoral dialogue partnership in 1992 to a full dialogue partnership in 1995 and subsequently to a summit level interaction, with the first India-ASEAN Summit held in 2002 in Phnom Penh. The warming

³ . M. V. Bratersky and S. I. Lunyov, "India at the End of the Century: Transformation into an Asian Regional Power," *Asian Survey*, vol. 30, no.10, October 1990, p. 941.

⁴ Satu P. Limye, "India-East Asia Relations: India's Latest Asian Incarnation", at <http://www.csis.org/pacfor/cc/003Qoa.html>

relationship has led to strengthening of economic and political ties between India and ASEAN. Over the last few years, collaborative initiatives have been launched between ASEAN and India in many sectors and strong institutional mechanisms for India-ASEAN cooperation have been put in place. During the 4th India-ASEAN Summit in Kuala Lumpur in December 2005, Malaysian Prime Minister Abdullah Badawi clearly remarked that “India is one of ASEAN’s most active partners,” and that “ASEAN no longer considers India as only an information technology giant, but also a powerhouse in the areas of biotechnology and pharmaceuticals.”⁵ Even Indian Prime Minister Manmohan Singh described ASEAN as being “central” to India’s “Look East” policy, which is further evidenced by the fact that the trade between India and ASEAN is set to achieve the target of USD\$30 billion by the year 2007.⁶ The growth in trade between the two sides can be gauged from the fact that in 2003-04 the figure was registered as about \$15 billion, an increase of more than 350 per cent over the 1993-94 figures, which will double.

India’s capabilities and expertise in biotechnology development and manufacturing of generic medicines, as well as in information technology are will be helpful to ASEAN. The two sides are expected to complete free trade agreements (FTAs) in January 2007. ASEAN also sought India’s help on maritime security, especially in protecting the Malacca Straits, an economically strategic waterway which would cause large-scale, regional and global, economic damage in event of a terrorist attack. It is estimated that one-third of the world’s trade and half of the world’s oil pass through the Straits on their way to Northeast Asia. Both sides are cooperating not only in trade and economy, but also working together on issues such as aviation, overland, and maritime connectivity, tsunami early warning systems, energy security, science and technology and anti-terrorism. India has also contributed \$5 million to the ASEAN-India Cooperation Fund and another \$5 million towards the ASEAN Development Fund. Significantly, during the Fourth India-ASEAN Summit, the Indian Prime Minister made the following six-point proposals,⁷ aimed at further enhancing the India-ASEAN ties.

⁵ “India, A Powerhouse: ASEAN” at <http://www.rediff.com/money/2005/dec/13asean2.htm>

⁶ Keynote Address by Prime Minister Dr. Manmohan Singh at Special Leaders’ Dialogue of ASEAN Business Advisory Council, 12 December 2005 at <http://www.mea.gov.in/speech/2005/12/12ss01.htm>

⁷ See Proposals announced by the Indian Prime Minister Dr. Manmohan Singh at the 4th India-ASEAN Summit, 13 December 2005 at <http://www.mea.gov.in>

- Permanent centres for English language training should be set up in Cambodia, Laos, Myanmar and Vietnam. The objective would be to equip students, civil servants, professionals and businessmen with adequate English language and communication skills.
- A tele-medicine and tele-education network would be set up for Cambodia, Laos, Myanmar and Vietnam. The four countries would be linked with India through a satellite-based network.
- A special training course would be organized for diplomats from ASEAN countries through the Foreign Service Institute.
- An India-ASEAN Technology Summit would be organized through the Department of Science and Technology and the Confederation of India Industry.
- Education Consultants India Ltd would organize education fairs and a road show in ASEAN countries in 2006. Both public and private universities and educational institutions will be associated with the initiative.
- An India-ASEAN IT ministerial and industry forum should be organized in 2006 through the department of information technology.

The best aspect of India-ASEAN engagement is that the two sides now recognize each other's capacities in terms of potential to assist each other. The overall relationship with ASEAN is supplemented and complemented by India's increasing bilateral ties with the individual countries of ASEAN and the East Asian region as a whole. These are all important indicators of India's progress in its policy shift from Look East to Move East.

From Look East to Move East

The fact that "East Asia" is the focus now calls for India to play a leading role in the region "but that role can only come about if New Delhi progresses from "Look East" to "Move East" in its foreign policy orientation."⁸ Considering its engagement with East Asia, India appears to have shifted from Look East to Move East. India has concluded a Framework Agreement on Comprehensive Economic Cooperation with ASEAN in 2003 and with Singapore in June 2005. A similar model has been developed with Thailand, and a Joint Study Group has been set up for conclusion of Free Trade Agreements (FTA) with Malaysia, Indonesia, Japan and the Republic of Korea. Ways and modalities are also

⁸ From Look East to Move East, article No. 1631, 31 January 2005 at http://www.ipcs.org/China_east_asia_articles2.jsp?action=showView&kValue=1644&issue=1009&status=article&keyArticle=1009&mod=b

being examined to develop regional trading arrangements with China, though the two sides have already speeded up efforts in several directions to facilitate their bilateral trade. Besides, at the sub-regional level India's role within the BIMSTEC (comprising Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal) as well as the implementation of the proposals of the FTA are significant in the sense that "they enhance the deeper economic ties with the region and they must be viewed as the blueprint for India's incorporation into the APEC."⁹ Mekong-Ganga Cooperation is another sub-regional cooperative framework that India is engaged in with ASEAN, which focuses on important areas of cooperation such as tourism, culture, education and transport and communication.¹⁰ From the geopolitical point of view, India's engagement with the military junta in Myanmar and interest in the Indochina region points toward pragmatism. Its membership in ARF and the joint military exercises it now holds with several countries of the region, allows India to go alongside each other even if it cannot influence them.

These are all milestones on the road leading to the ultimate goal of creating an Asian Economic Community (AEC) that is being foreseen to become a reality in the early part of the 21st century, in which India would have significant role to play. Meanwhile, the East Asian Summit and eventually an East Asian Community is being considered, among other things, as a natural extension of the India-ASEAN engagement process. The India-ASEAN Free Trade Agreements (FTA) can obviously become the first step in closer interaction between the two sides. Besides, there are many efforts for the creation of an East Asia wide FTA to help boost trade and investment and further promote regional economic integration. President of the Asian Development Bank, Haruhiko Kuroda, while stressing that East Asia should set up a unified region-wise free trade pact, said that "establishing such a single region-wise free trade agreement (FTA) would help create a common market in Asia, a prerequisite for a common Asian currency in the future."¹¹ He pointed out that "the most politically realistic way to achieve a single East Asia FTA will be to have key economic players in the region, such as Japan, China, South Korea, India and Australia, agree on free trade deals with ASEAN and then try to consolidate

⁹ Shankari Sundararaman, "Changing Dynamics of Regionalism in Southeast Asia," in Mahavir Singh, ed., *Building New Asia* (Delhi: Shipra & MAKAIAS, 2005), p. 235.

¹⁰ Devendra Kaushik, "Building a New Asian Security System through Regional Cooperation", in *Ibid*, p.15.

¹¹ Devendra Kaushik, "Building a New Asian Security System through Regional Cooperation", in *Ibid*, p.15.

them into one unified pact.”¹² In such a pioneering idea to come into reality ASEAN could serve as a link between India and the East Asian economies.

India’s participation at the first East Asia Summit is further evidence of its growing collaborative role in the region. There have been increasing inter-linkages and inter-dependence between various countries that represented the East Asia Summit. They were all trying to increase the scope of their cooperation, trade, connectivity, and economic investments. India was invited at the Summit as its remarkable economic growth and rising global status made it, in the words of Malaysian Prime Minister Abdullah Ahmad Badawi a “country to watch” and with which the region has much to gain from trade and technology linkages. The Kuala Lumpur Declaration said that the EAS would stress development, financial stability energy security, economic integration and growth, besides narrowing the development gap through technology transfer, good governance, trade, financial links and investment expansion.

India is also pushing for a wider role at regional and sub-regional levels, but it does not seem to be on the basis of trying to dominate the region economically. Rather it rests upon building bridges of economic cooperation with all countries in Asia. It is more so because such cooperation serves the twin objective of mutual economic benefits as well as a strong matrix that enhances the stake of all nations in secure, peaceful and mutually supportive co-existence.

Implications for Mongolia

Despite Mongolia’s efforts to contribute in its own way to the regional integration process, its membership in major intergovernmental organisations in East Asia is limited mainly to the ASEAN Regional Forum (ARF). It has been excluded from the Asia-Pacific Economic Cooperation (APEC), and it was not invited to participate in the First East Asia Summit. For Mongolia, economic, trade and investment integration into a larger regional cooperation structure is the best-suited way to accelerate its economic growth and alleviate poverty on a long-term and sustainable basis.¹³ In 2007, when APEC’s moratorium on acceptance of new members expires, Mongolia is looking to join APEC as a full

¹² Ibid.

¹³ See Speech delivered by Mongolia’s Foreign Minister, Ts. Munkh-Orgil at Japan Institute of International Affairs, Tokyo on “Regional Integration Process and Mongolia”, at <http://www.mongolia-foreignpolicy.net/speechesbig.php?id=5&PHPSESSID=476246ce666d639272f2a574ff249be4>

member. APEC membership would serve its integration in the region and spur economic development.

Mongolia is torn between Central and East Asia, and economic integration with its East Asian neighbours would prevent Mongolia from regressing politically into yet another Central Asian despotism and could, in turn, have spill-over benefits for Central Asia. From the Mongolian point of view it is understandable that “as being the far-eastern flank of Central Asia and having historical, cultural closeness with Central Asia, Mongolia could assist to link Central Asia to the Northeast Asia.”¹⁴

Mongolia’s relations with China have witnessed a new level in the new millennium, as China became Mongolia’s largest trading partner and the source of FDI in 2000.¹⁵ Relations with China are poised to reach levels as both countries seek ways to combine Mongolia’s untapped yet potentially enormous natural resources with China’s demand for them. In terms of Chinese demand for Mongolia’s natural resources, an economist for Asia Pacific at the International Finance Corporation rightly points out: “Sure it is landlocked but it is landlocked at the right place.”¹⁶ China’s economic interest in Mongolia will continue in the near future, and it is in this context that India can join the two in the exploitation of Mongolia’s large natural resources. Mongolia enjoys good relations with other states in the East Asian region, most notably ASEAN, although the trade and investment volume with these countries is minimal at present. India and China as the main gravitational forces in this region can play a proactive role to the benefit of the proposed Asian Economic Community, which would also be favorable to Mongolia. This is more so because at current rates of growth, India and China by 2025 will constitute 40 per cent of the global economy, which is expected to grow from \$40 trillion to \$100 trillion.¹⁷

With its borders now secured and relations with neighbours stable, Mongolia focuses today on a number of pressing domestic socio-economic

¹⁴ See Speech delivered by Ambassador Ravdan Bold at the Conference on “Northeast Asia and Mongolia: Opportunities and Challenges”, 8 November 2005, Honolulu, Hawaii at http://www.mongolianembassy.us/eng_news_and_events/newsevents_2005.11_12_sp.php

¹⁵ “The PRC: Mongolia’s Main Investor”, *Montsame* (Ulaanbaatar), 23 June 2001, cited in Alexander Tarasov, “The Chinese in the Transbaikal” *Far Eastern Affairs*, vol.32, no.1, January-March 2004, p.113.

¹⁶ David Murphy, “Go Go in the Gobi”, *Far Eastern Economic Review* (Hong Kong), vol.167, no.25, 24 June 2004.

¹⁷ C. Raja Mohan, “Sino-Indian Relations: Towards a Paradigm Shift”, in C. V. Ranganathan (ed.), *Panchsheel and the Future: Perspectives on China-India Relations* (New Delhi: Samskriti, 2005), p.223.

issues. Unemployment, poverty, rapid urbanization and the ensuing social displacement pose potential threats to long-term stability and economic prosperity. Moreover, it becomes a more difficult task in the absence of a meaningful regional cooperation framework. India's new role in East Asia may have far-reaching consequences to the extent of benefiting Mongolia as well so far as issue of regional cooperation is concerned. Mongolia could seek India's support and recent developments in India-Mongolia ties make it more feasible. India, as a close friend and considered by Mongolia as its spiritual neighbour, would like to see Mongolia flourish and prosper in building and strengthening democratic traditions and institutions, apart from its economic and developmental achievements. Since the two countries signed the Treaty of Friendly Relations and Cooperation in 1994, a solid foundation was laid down for further development of bilateral relations and cooperation on regional and international relations. Both sides are involved in several activities including further expansion of their defense exchanges as well as annual joint exercises.

In 2005 (22-27 December), Mongolia's Minister for Foreign Affairs, Ts. Munkh-Orgil, paid an official visit to India. His visit coincided with the fiftieth anniversary of the establishment of diplomatic relations between India and Mongolia (24 December 2005). During his visit the two sides assessed their relations, which were described as "most friendly, cordial and trouble-free." Mongolia reiterated its support for India's candidature for permanent membership of the UN Security Council. His visit also marked the agreement between the two sides in principle to launch a new joint project for the establishment of a satellite-based e-network for tele-education and tele-medicine in Mongolia to mark the 50th anniversary of the establishment of diplomatic relations. This project will involve consolidation and optimal utilisation of the following three institutions in Ulaanbaatar: (i) Rajiv Gandhi Vocational Training Center with over 1200 students; (ii) Atal Bihari Vajpayee Centre for Excellence in Information and Communication Technology, which is connected with National Informatics Centre, New Delhi via VSAT and to the capitals of 16 provinces (Aimags) of Mongolia through fibre optic links; and (iii) India-Mongolia Joint Higher Secondary School with more than 500 students. Besides, a specialty hospital in Ulaanbaatar will be linked through satellite with a specialty hospital in Hyderabad, India.

As part of the celebrations to mark the anniversary, an important boulevard in Ulaanbaatar has been named Mahatma Gandhi Street, while a street leading to the domestic airport in New Delhi has been named as Ulaanbaatar Street.

Both sides also agreed to strengthen cooperation in the field of agriculture by signing an MOU for the establishment of an India-Mongolia Friendship Agropark in Darkhan Uul Aimag of Mongolia for Research and Demonstration.¹⁸ They also decided to continue cooperation in the areas of solar electrification in rural areas of Mongolia, digitalization of precious Buddhist manuscripts preserved at Mongolian State Library and to reinforce cultural links through the establishment of a Chair of Buddhist and Sanskrit Studies in the National University of Mongolia. India offers Mongolia over 90 training and scholarship slots for training in various technical, vocational and academic disciplines, and studies in Hindi language. India and Mongolia have been maintaining closer ties, notwithstanding the physical barriers.

Conclusion

In assessing India's new role in East Asia and its implications for Mongolia it appears that the ultimate goal is creation of the Asian Economic Community (AEC). The key to ensuring long-term security and stable equilibrium in Asia lies in the collective ability of Asian countries to build mutual economic stakes. China has become a catalyst in shaping this new order in Asia in which principal sub-regions (Northeast Asia, Southeast Asia, South Asia, Central Asia and Oceania) have now become increasingly interactive and enmeshed in a growing web of interdependence. China is the most important actor in the context of regional cooperation and integration, but the expanding normative influence of ASEAN is a significant driving force in East Asian regional integration. India's bilateral relationships with China, Japan and South Korea have been growing, and are likely to continue. ASEAN is an important institution and has significant geo-strategic value for it to be an entity with which all the major powers could interact. Currently, ASEAN holds separate annual summit meetings with China, Japan and Korea (ASEAN Plus Three); and with India (ASEAN Plus One). It would be useful and also a welcoming step if these two summits are merged to create an annual summit of ASEAN Plus Four.¹⁹

The first East Asia Summit has already laid the foundations for a cooperative architecture in Asia on an unprecedented scale and hopefully will

¹⁸ "India, Mongolia celebrate 50 years of ties," at <http://onlypunjab.com/fullstory2k5-insight-news-status-24-newsID-79243.html>

¹⁹ See Sharad K. Soni, "Quest for New Asian Security: Regional Cooperation in Cultural Perspective", Paper Presented at the International Conference on *Peace and Security in Asia Current Scenario and Prospects*, Organized by Peking University in Beijing on 28-30 October 2005.

launch the process towards the creation of an East Asian Community. This calls for India and China to work closely towards realization of such an East Asian Community and eventually, a larger Asian Economic Community (AEC). Such an economic community would enable both Northeast and Southeast Asia to intermingle more effectively with India, being recognized as one of future growth poles of Asia. As for Mongolia, the issue of its involvement in more and more regional integration process apart from trade and overseas investment in its economy is a matter of grave concern not only for India but also for the whole Asian community. Mongolia's geo-political importance must be understood by all in order to lend support. India's engagement in East Asia gives impetus to the Mongolian cause as well. For example, ASEAN Plus Three countries can serve as forward posts for India's trade and investment initiatives towards Northeast Asia, benefiting Mongolia in the longer run economically. Geographical distance between India and Mongolia would no longer be viewed as a barrier in the smooth conduct of economic and trade relations. However, more than anything else India's bilateral and sub-regional cooperation efforts in the last few years have added another dimension to the regional integration in Asia. It is vital for Mongolia to be included in developments taking place in the regional and sub-regional affairs and accordingly try to influence as many countries as it can to be partners on mutually advantageous basis, besides getting supports for its involvement in regional integration. At the same time, actual benefits of the East Asia Summit have yet to be realized.

India has already moved to the East through various bilateral and sub-regional cooperation initiatives and agreements, thereby making a shift from "Look East" to "Move East" in its foreign and economic policy. This will undoubtedly have an impact on achieving the goal of Asian unity in the future.