

Look East Policy Dr.A.Sundaram

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ABSTRACT

India's LEP has over the last two decades strengthened its economic, political, security, and civilization links with the rest of Asia. In order to cope with the global financial turmoil, India however should become even more persistent and proficient in deepening its linkages with the rest of Asia, while strengthening its capacities to meet its developmental challenges.

In order to accomplish this task, India will need to develop far greater expertise in geo-economics, an area which has not received the requisite attention. India should also consider establishing a well-funded, resources, think-tank for researching, communicating, and influencing foreign policy issues and options. This will also enable India to better communicate its intentions to rest of the world, including its partners in Asia.

The current global financial turmoil represents an opportunity for Asia to assume global responsibilities commensurate with its strength. The EAS is an appropriate forum to begin structuring Asia's future role in the global order as its membership is more inclusive, involving all major countries. Even though it is too early to presume that the Look East policy is a failure, skeptics argue that there is more rhetoric than substance in the policy. With the Northeastern region filled with armed insurrections and the subsequent law and order problem, the implementation of various developmental projects is an arduous task.

However, such hindrances must not stop the pursuit for economic development. The government of India needs to actively engage with the insurgent groups for political dialogue striving for peaceful solution to the decades old problems of the region. They also need to simultaneously go ahead with the development projects. There is also an ardent need to give role to the Northeastern states in this policy. The Look East policy has emerged as an important foreign policy initiative of India in the post Cold War period. The essential philosophy of the Look East policy is that India must find its destiny by linking itself more and more with its Asian partners and the rest of the world, and that India's future and economic interests are best served by greater integration with East and Southeast Asia.

Thence, the Look East policy is an attempt to forge closer and deeper economic integration with its eastern neighbours as a part of the new *realpolitik* in evidence in India's foreign policy, and the engagement with Association of South East Asian Nations (ASEAN) is the recognition on the part of India's elite of the strategic and economic importance of the region to the country's national interests. As Prime Minister Manmohan Singh said, the Look East policy is "not merely an external economic policy; it is also a strategic shift in India's vision of the world and India's place in the evolving global economy."

Thus, the success of the policy depends on the commitment of the Indian government to implement the proposed plans and projects under the policy and to give role for the Northeastern states in this policy. Nearly two decades since India initiated its Look East Policy (LEP), there has been substantial progress in expanding economic and strategic engagement with the rest of Asia. The ancient civilization links have been bolstered by deepening economic and strategic relations, though the linkages between the two require substantial strengthening. India is now a member of the East Asian Summit (EAS), comprising 16 countries, which include the 10 members of the Association of Southeast Asian Nations (ASEAN), Japan, China, Republic of Korea, Australia and New Zealand.

The EAS better represents Asia as all major Asian powers are its members. India has bilateral or broader economic agreements in place (or they are being negotiated) with all the members of the EAS. India is also a member of the ASEAN Regional Forum, which promotes dialogue among Asian and select major non-Asian powers on security issues.

Keywords : Association of South East Asian Nations, International Trade, Globalisation, Prosperity, Security.

1. Introduction:

Programmatically, 'Look East' meant looking eastward for fostering newer ties with the immediate neighbors of South East Asia. North East India offered the alibi realising such aspirations. Ironically, although the LEP in its present form got initiated during 1991, it was only in 2008 that North East India appeared in related policy formulation with the launch of NER Vision Document 2020.

The global economy was once dominated by north-north relations, with some limited concern for north-south relations. This paper examines that south-south economic relations now matter and explains what new 'look east' policies that are being implemented in south Asia mean for the global south and the global economy.

The global economy was traditionally dominated by north-north relations with some concern for north-south relations. South-south economic relations were, until recently, of minor import.

2. The LEP: Several factors determine India's interest in looking at the South East Asian region.

2.1. Need to counter China economically:

The open door policies of China, India's regional neighbour, during the 1980s had seen the meteoric rise of an emerging economic giant in Asia, in contrast with India's own Fabian socialist policies in India under Nehru's rule. China competes with India in the political, economic and military sphere and most importantly, for economic influence in the region of South East Asia. In short, India must adopt an economically aggressive stance to compete well with international market forces at work in the region.

Indian Prime Minister Manmohan Singh said that he welcomed Foreign Direct Investment (FDI) into India, which rakes in only a current US\$3 billion as compared to US\$53 billion in FDI to China annually. India's FDI barely measures up to 6% of its main rivals. Obviously, there is a need to seek new markets in order for India to grow economically and to seek a significant way of countering China's own economic policies.

2.2. An emerging middle class:

The Americans invented the concept of outsourcing, essentially the exploitation of

foreign labour with minimal amount of control, but nevertheless, governed by motivation for profit. A US software engineer earns US\$75,000 per year as compared to his Indian counterpart, who earns US\$20,000 per year in India. 60% of India's one billion population is below the age of 30, meaning that a vast number of educated and talented people formed a huge manpower pool waiting to be tapped. Globalization and the Western media have also brought about influences in Western tastes and a materialistic lifestyle in a growing middle class in India. A world wealth report in June 2004 by US brokerage firm Merrill Lynch, revealed that India has 61,000 millionaires, in US dollars. However, the average Indian earns just US\$1.60 per day. Materialism has led to a disturbing trend in mercenary pursuit of wealth at the expense of traditional, conservative social values. In a local crackdown in New Delhi, nearly 300 women from middle class background were arrested for prostitution. Thus, India seeks new markets to export its restless workforce. An ignoring of changing trends however, could well lead to serious social problems for the government of India.

2.3. Containment from West and Central Asia:

India's long dispute with Pakistan over the Jammu and Kashmir region has caused long standing hostile bilateral ties between these two states. China, as Pakistan's ally and a potential economic rival, would sensibly pursue policies that either not promote or even hinder India's economic progress and interests

Although India also possesses business interests and provides foreign labour to the Middle East, geo-political instability and the constant threat of terrorism meant that there can be no serious undertaking of worthwhile financial investment in Middle Eastern countries. As a consequence, India remains hemmed in and severed from mainstream Asian affairs on either the western or northern direction. The only remaining alternative of potential development is to look eastwards towards the South East Asian region.

Despite having periodic irritants and economic disruptions such as occasional

terrorist or militant attacks, as in the case of the Philippines, Indonesia and Thailand, the threat level remains well contained and pose no danger of regime change to SEA state governments. Moreover, such attacks are usually restricted to only localized areas, such as Mindanao Province in the Philippines, Aceh Province in Indonesia, and the southern border region in Thailand and Malaysia. South East Asian (SEA) state governments also take an active interest in combating terrorism as well as welcoming foreign expertise in augmenting their own local work forces. In contrast to the Middle East, the economies of SEA countries have also been progressing by leaps and bounds. SEA countries remain an attractive option for India in seeking greener pastures overseas.

2.4. Response of South East Asia and how it regards India:

In a speech made at Harvard University, Indian External Affairs Minister Yashwant Sinha pointed out that formerly, India's engagement with SEA was based on an idealistic perception of Asian brotherhood, a shared colonial history and cultural tie. However, modern regional dynamics dictate that the progress of SEA is also motivated just as much by trade, investment and production. The truth is that Asia's other large regional player, China, has much better pre-set conditions conducive for economic investments and developments attractive to SEA investors. This includes a larger, educated work force in quantitative terms, cheaper material resources in abundance and a relatively stable governance free from any significant external or internal security threat. The simple fact of consumer behaviour gravitating towards a better choice in terms of cost and quality ensures that SEA turns first to China for trade and investment rather than other countries. However, one major weakness exists for China. Its long history of socialist rule results in a tightly controlled state with little room for political manoeuvring or reform. This meant that China is a state that plays by its own rules and is not answerable to non-state players like foreign investors. Foreign

investors must adapt to local conditions instead of expecting adherence to international law and trade conduct. India, in contrast, having less to offer in tangible terms like manpower costs and resource abundance, however, enjoys the reputation of being a democracy which respects consumer rights and international law governing trade and foreign investments. Also, India's long standing recognition of English as the official language breaks down language and cultural barriers in trade communications, and in theory, accelerates business procedures. This is the advantage that India's Look East Policy has over China, and should be exploited to the full to gain an edge. China has, in truth, a less than savory reputation in its foreign relations with its neighbors with regards in pursuing its own economic interests. It deals from a position of strength with regional partners, and usually ends with the latter having to compromise with a lesser share of the cake. Two clear examples were its past records of the Suzhou Project with Singapore, and the occupation of the Spratly Islands. India, however, starts with a clean slate in terms of economic co-operation with regional partners, putting it in a favourable position to win and maintain trust with its partners. Thus it is very much up to India's present leaders how they wish to promote the "Look East" policy and market the virtues and advantages of having bi-lateral economic ties with their nation.

2.5. Fear in a growing regional hegemony: the race to project naval power in South East Asian waters:

The present status quo, with USA as the recognized unilateral superpower ensures relatively little foreign military activity for both India and China. China's sole security concerns are the re-taking and political integration of Taiwan with its historical claim as being part of its traditional territory. India's dispute over the Jammu and Kashmir dictates that much military manpower and resources must be dedicated to this troubled province. Significant ground forces are also currently deployed to guard its twin frontiers against Pakistan and China.

In naval projection of power, once again China is assessed as holding an upper hand. China has been building up its naval capabilities for decades in anticipation of a naval crisis in the Taiwan Straits. It has three fleets – North Sea Fleet, East Sea Fleet, and South Sea Fleet, comprising a total of 888 ships by 2005 that can be easily brought to bear anywhere in the Pacific oceanic region.¹[9] Aside from its own coastal naval bases, the People's Liberation Navy also occupies and have naval facilities in several convenient and strategic island bases in SEA waters, such as Hainan Island and the Spratly Islands which may act as springboards to easily dominate and control sea lanes from South East Asia to the coasts of China, should the Chinese leadership chooses to adopt such a policy.

In contrast, India's navy of 145 ships of various classes is designed to mainly balance against Pakistan's naval assets. Its awkward proximity of its naval bases on both east and west coasts of the Indian sub-continent meant that attempts to control sea lanes in South East Asia is difficult at best, with the Straits of Malacca making only one possible strategic zone. However, ships may still bypass this narrow sea zone easily on voyages from the Middle East and beyond to South East Asia. In conceiving a strategy for possible Indian naval projection of power, it is necessary that India secures an ally such as Indonesia, Singapore or Australia for access to naval bases in the region for convenient deployment of naval ships. Moreover, states in SEA react poorly to other international players interfering in what they view as internal SEA regional politics. For example, the Straits of Malacca waterway, an important SEA sea-lane, is constantly patrolled by a cumbersome arrangement of naval assets from three regional navies – Singapore, Malaysia, and Indonesia. Media makes the most of what apparently is an optimistic arrangement without a past precedent – a naval co-operation of three states in the operational sense. But in practice, joint patrolling may give rise to

unexpected contingencies and problems. The Look East policy is the product of various compulsions, changed perceptions and expectations of India in the changed international environment. 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. While India was opening up to the world market, it became aware of the growing trends towards regionalism and feared that it will be marginalised from the dynamics pushing the global economy. 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 antecedent 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 to rethink the basic parameters of its foreign policy. The changed international system in the aftermath of the end of Cold War, 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. As a result of these compulsions, the Look East Policy was officially launched in the year 1991 by the government of Prime Minister P.V. Narasimha Rao, although the term "Look East Policy" was mentioned for the first time in the Annual Report of the Ministry of External Affairs, 1995-96.² 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." India's Look East policy, thus, marked a dramatic shift in India's perspective of the world. The policy is being rigorously pursued by the successive governments of Atal Bihari Vajpayee and Manmohan Singh.

3. Why LEP is so important

“India has two main reasons for this project, one to connect with ASEAN and one to compete with China,” said Kim, a long-term observer of Indo-Burma relations and author of *“Unfair Deal”*.

India’s relationship with Burma is also largely based on a need to counter China’s influence in the region. China has recently become Burma’s second largest foreign investor and has built its own port in Kyaukphyu, just 40km or so from Sittwe. This Kaladan Project has secured India’s Northeastern province with a lifeline for opening up trade and transport to the rest of ASEAN and the world.

Once completed, bilateral trade will grow manifold. Moreover, the overall development of India’s Northeast region, and particularly land-locked states like Mizoram, will be greatly increased. Bilateral trade meetings were held between Burmese trade and investment delegates and trade ministers from the four Northeastern Indian states in mid-September 2010 in an attempt to strengthen border trade.

The Kaladan Project will likely open up the economic geography of the region, potentially connecting to the Asia highway in the future, which will open up international trade routes. Feeling threatened by the way in which China is strengthening its position in both South and Southeast Asia, India has recently decided to change the basis of its Look East policy in order to counterbalance the Chinese rise in the region. According to today’s Prime Minister Manmohan Singh “India’s Look East Policy is not merely an external economic policy; it is also a strategic shift in India’s vision of the world and India’s place in the evolving global economy. Most of all it is about reaching out to our civilization neighbors in Southeast Asia and East Asia”.

The new version of India’s Look East policy has the idea of counterbalancing China as its implicit core, as it explicitly refers to the way in which New Delhi should strengthen its relations with neighboring countries today reckoning China as an important partner. With the aim of destabilizing China’s position in these countries, India is developing a new strategy oriented at stressing geographical proximity as well as economic development to convince nations such as Pakistan, Nepal, Bhutan, Bangladesh, Sri Lanka, but also Vietnam, Myanmar and other Southeast Asian nations that New Delhi can “offer them more” than a

distant country like China. India thinks that its functional relations with Asian countries could be reinforced by commonality of affinity of cultures, balancing with diplomacy China’s military superiority and economic advantage.

Today, although economic cooperation between India and China is growing, the strategic competition and rivalry between the two is also sharpening. Feeling more and more threatened by China, during the last few months India has drastically changed its regional strategy with the aim of better consolidate its own regional alliances.

In order to have a better outlook on the areas in which New Delhi is currently strengthening its position, it would be better to treat them, that is the Indian Ocean, Vietnam and South China Sea, and Bangladesh, separately.

The Indian Ocean and its littoral States have progressively gained greater significance as at present the region accounts for one-third of world population, twenty-five per cent of its landmass and forty per cent of oil and gas reserves, apart from constituting the hub of crucial international sea lanes of communication. New Delhi has always considered itself the dominant power in South Asia and the Indian Ocean as part of its sphere of influence. It feels being the natural partner for any country interested in tackling maritime disputes related to terrorism, piracy, fisheries management and food security in order to secure the protection of very important trade routes, with fifty per cent of world’s container ships passing through it, and seventy per cent of oil shipping. New Delhi wants to show to South Asian as well as China and Western countries that it is not going to allow any country, not even China, to further weaken its regional position. China, on its side, argues that it is not intentionally damaging the position of any nation in the area. Beijing always stress that the reason why she is approaching South Asian states is to promote growth and development in some of the most remote regions in Asia. According to China, South Asia will remain peaceful and stable as long as all nations will be economically strong and prosperous. India should already be aware that its multitasking Look East policy will not be able to counterbalance China alone everywhere in Asia. Accordingly, it would be better to try to successfully contain China’s rise in one area, only, hoping in this way to convince neighboring countries -assuming that at the moment the most

important area that India has to protect is the Indian Ocean, that India is realistically an alternative partner in the region, and international powers that New Delhi can be a reliable ally against China.

India put forward the "Look East Policy" in the beginning of 1990s and it was considered as an important foreign strategy of India. At that time, led by Treasury Secretary Manmohan Singh, the government of Rao began promoting economic reform, changed Indian development patterns and actively developed the economic relations with foreign countries. Due to the collapse of the Soviet Union, Russia and eastern European countries were beset with a crisis and the cooperation between India and these countries sagged seriously.

In addition, its relations with the neighboring countries were not developing very smoothly; as a result, it was difficult for India to establish international economic cooperation in the South Asia. Under that circumstance, the Southeast Asian countries that flourished in economic development became India's first chose to develop its foreign economic cooperation because they have deep historical and geopolitics relations with India.

Overall, the focal point of the "Look East Policy" of India at that time was put in economic cooperation. Due to various reasons, India did not positively promote the "Look East Policy" at that time and the Southeast Asian countries had paid their attention to East Asia and underestimated India. Subsequently, the "Look East Policy" did not exert obvious effects.

Since the acceleration of globalization and change of Asian pattern in the 21st century, the "Look East Policy" of India has shown new vitality and rising trend.

India began adopting specific action, transforming to all-round cooperation from exclusive economic exchanges and enlarging its foreign policies from the Southeast Asia to East Asia and Australia.

India strengthened its association with the Southeast Asian countries, joined the treaties of the Association of Southeast Asian Nations, established free trade zone with the Southeast Asian countries and participated in the East Asian cooperative mechanisms and the security forum of the Association of Southeast Asian Nations. The cooperative contents also expend to the military and cultural fields from exclusive economic cooperation.

The "Look East Policy" has become an

important part of India's diplomatic strategy. Is the "Look East Policy" related with the eastward transfer of American strategic focus?. The facts above show India is much earlier in promoting the "Look East Policy" than the eastward transfer of American strategic focus. In order to realize the strategy of eastward transfer, the United States positively encouraged India to participate in the East Asian affairs. As the strategy of eastward transfer catered to the psychology of India's misgivings and precautions against China, India also manifested its enthusiasm. India lately held a trilateral dialogue with the United States and Japan, and it has also close contacts with Vietnam, Burma and some other Southeast Asian countries. However, it cannot be deemed as the collaboration of the United States and India. India has been pursuing the independent foreign policy and mainly considers its own interests. It is hard to imagine that India will completely follow the foreign policies of the United States. India has an all-round diplomatic policy and it both maintain relations with the United States and takes much count to the relations with other countries. India always keeps a close contact with Russia, Japan and the European Union countries and its relation with China is also positive. In the state leaders meeting of the BRICS just closed in New Delhi, India proposed a series of positive proposals, hoping deepening the relations of the BRICS, strengthening cooperative mechanism of these countries and enlarging the role of the international economy and political life of these countries, which again embodies India's all-round diplomatic policy. Therefore, it is groundless to think its "Look East Policy" and the American strategy of eastward transfer are converging. As a part of the endeavour to strengthen India's linkages with East and Southeast Asian and to reinforce the Look East policy, a sub-regional grouping called BIST-EC comprising Bangladesh, India, Sri Lanka and Thailand was established in 1997 with economic cooperation as its primarily goal. With the addition of Myanmar in August 1997, and of Bhutan and Nepal in February 2004, the grouping came to be known as BIMSTEC or the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. This forum has identified six sectors for focused cooperation: trade and investment, technology, transport and communications, energy, tourism and fisheries.

When India initiated BIMSTEC in 1997, it received strong support from Thailand, which also saw it as a political and economic forum to bridge Southeast Asia and South Asia. India promotes BIMSTEC to establish economic links with peninsula member countries of ASEAN to boost the development of its seven Northeastern states. India is also part of the Mekong Ganga Cooperation (MCG) Project, which also includes Myanmar, Thailand, Laos, Cambodia and Vietnam. It came into being on November 10, 2000 where representatives of the six member states met at Vientiane and came up with a set of guidelines known as the "Vientiane Declaration". The declaration outlined the areas for institutional interaction based on assessment of the capabilities of its member states. In order to give a well-structured outlook to the initiative, a concept paper was worked out which delineated the agenda for cooperative efforts, where the project is primarily aimed at the development of three main areas for cooperation; tourism and culture, infrastructure and Information Technology as envisaged by the Vientiane Declaration. After two decades, the Look East policy has yielded many benefits and supported India's economic transformation and growth, including closer contacts between India and Southeast Asian countries, a remarkable leap in the quantum of bilateral trade and increased people-to-people interaction.

With outward looking policies India's foreign trade, which was below \$40 billion in the early 1990s, has risen to US\$ 140 billion by 2003. Foreign trade as a ratio of Indian GDP has risen from 12% in early nineties to more than 23% by 2003, pointing to increasing openness of the economy. There has also been substantial progress in India's trade with other developing countries and with Asia, with the initiation of the 'Look East' policy. The share of developing countries has doubled to about 30% of India's trade, while Asia's share has doubled to 24.2%.⁶ Trade and investment ties are by far the most important elements in this "Look East" policy, and this applies particularly to the growing Korean-Indian relationship, and bilateral trade between the two countries has increased significantly, at about 22 percent annually, over the past few years.

4. How LEP is so important to Northeast India:

The vision document expresses optimism that its agenda for development will elevate NER to the position of national economic

eminence that it occupied during the time of independence. A process of inclusive growth through inclusive governance will change the socio-economic condition for the better. Economic prosperity will improve the life of the people and therefore insurgency can be minimized. Thus, NER will become the arrowhead of India's Look East Policy.

No vision for NER is complete without a discussion of the Look East Policy and the opportunities for trade and development associated with it. While it is not easy to date the exact emergence of the central government's Look East (LE) Policy it would be reasonable to infer that it was more or less part of the official policy launched in 1991. The basic logic for the policy stems from the landlocked nature of the NER states and their long international border. The NER states share 98 per cent of their border with Bangladesh, Bhutan, China, Myanmar and Nepal while a narrow strip of land constituting just about 2 per cent links the region with the rest of India. It is this tenuous geographical link with the country that leads to virtual isolation and high transport cost of supplies to and from the rest of the country. This has been the logic for the transport subsidy given in all the industrial policies for the NER states.

The LE policy should be an important factor in promoting economic ties of the NER states with its neighbors with a view to ending its economic isolation (Aiyar, 2008a). Further, given the close geographical proximity of the NER states with the neighboring countries it is not surprising that the people of this region share cultural ties with the residents of these countries. 1

Ironically, despite the fact that the Look East Policy has been in existence for more than a decade and a half and even as it has substantially benefited the states in other parts of India, its benefits to NER has been negligible. Logically, the Look East Policy must begin with NER.

The LE Policy should promote commercial links between LE NER states and the neighboring countries to try and break the economic and geographic isolation of this region from the rest of the country. In particular, the emphasis should be to promote trade links. The following sections will look at some of the measures taken in the context of trade with Myanmar, Bangladesh and China and how much

more needs to be done in this regard. (The analysis is based on quantitative information given in Annexure 11.1). Since new trade links take some time to develop, we will look at both the short-and long-run trade strategies as part of the LE Policy for NER. Thus, while in the immediate short-run of the next few years, the strategy should attempt to promote ties of NER with its immediate neighbours, in the long-run NER must look beyond its borders to tap into the benefits of India's burgeoning trade with the ASEAN bloc.

The Look-East Policy is being embarked upon with the presupposition that the improving trade ties between India and ASEAN will certainly elevate the North- East out of the menace of insurgency, poverty and economic backwardness. The Look-East Policy is expected to usher in a new era of development for the North East through network of pipelines, connectivity, communication and trade.

However, a need is felt to focus the benefits of these cooperation's more sharply on the Northeastern region - a natural bridge between India and Southeast Asia. A new paradigm of development whereby foreign policy initiatives blend seamlessly into the national economic development is felt and there is a need to make these structures work for the Northeastern region. While colonial rulers built railways and roads mostly to take tea, coal, oil and other resources out of the northeastern region, the disruption of old trade routes remained. Sanjib Baruah's termed this as "colonialism's most enduring negative legacy". In its efforts to bailout Northeast India from the difficulties as a result of the loss of connectivity and market access following the partition of 1947 and recognition of region's geographical proximity with East and Southeast Asia and, India focus the benefits of this cooperation more sharply on the Northeastern region. The Look East policy has the potential to undo the effects of colonial geopolitics as well as transform the region by opening borders for trade and commerce. In this foreign policy vision Northeast India is often described as gateway to Southeast Asia.

According to Rajiv Sikri, Secretary East of India's Ministry of External Affairs, the Look East policy "envisages the Northeast region not as the periphery of India, but as the centre of a thriving and integrated economic space linking two dynamic regions with a network of highways, railways,

pipelines, transmission lines crisscrossing the region." 8 Thus, there is an effort to open the region in the economic and political arena as well as "opening doors and windows in intellectual, cultural, political matters."

5. Present status of LEP:

5.1. **Economy and Trade:** India has a robust economic relationship with ASEAN. The trade volume between ASEAN and India has surpassed the USD 79.3 billion level in 2011-12 crossing the target of USD 70 billion by 2012 set in 2009. By 2015, trade figures have been projected to touch USD 100 billion. PM Manmohan Singh envisioned the trade volumes reaching USD 200 billion within 10 years from now. These are very ambitious targets but achievable if FTA in services sector is concluded soon. However, these trade volumes are much less when compared with ASEAN-China trade which stands at USD 362.8 billion. China is ASEAN's largest trading partner for the past three years. Even with an ambitious target of growth, it is unlikely that India will be able to catch up with China in the near future. After concluding Free Trade Agreement (FTA) with ASEAN in goods in 2009 (which was operationalised in 2011) India had hoped to sign FTA in services and investments with the ASEAN. However, only the negotiation process on FTA in services and investments has been concluded. It is likely that it may be signed sometime next year as some countries like Philippines are still wary that such an agreement may have negative domestic impact.

5.2. **Improved Connectivity:** Improved connectivity is another important factor that would strengthen the linkages between ASEAN and India. India is in the process of building India-Myanmar-Thailand Trilateral Highway and its extension to Lao PDR and Cambodia and has undertaken a new highway project connecting India-Myanmar-Lao PDR-Viet Nam-Cambodia as well as developing the Mekong-India Economic Corridor (MIEC) connecting Southeast Asia to South Asia on the eastern part of India in order to add greater momentum to the growing trade and

investment linkages between ASEAN and India. But, as is well known, India has a record of tardy implementation of its projects and there are always some bureaucratic hassles in utilisation of allotted funds. Greater physical connectivity would provide the impetus for economic integration with the region.

- 5.3. **Political and Security Cooperation:** Use of existing ASEAN-led regional processes, such as the ASEAN Defense Ministers Meeting (ADMM) Plus to promote defense and military exchanges and cooperation, and the ASEAN Regional Forum (ARF) to foster constructive dialogue and consultation on political and security issues was emphasized during the summit. The aim is to address traditional and non-traditional security challenges, including transnational crimes and implementation of the ASEAN-India Joint Declaration for Cooperation to Combat International Terrorism. India has been advocating further cooperation to ensure maritime security and freedom of navigation, and safety of sea lanes of communication to facilitate movement of trade in accordance with international law, including UNCLOS. Great emphasis was paid to this aspect largely due to the on-going maritime disputes in the South China Sea (SCS), though China was not mentioned by name. China's assertive policies in the South China Sea appear to be the primary drivers for the ASEAN nations to work towards a common approach on the security issues. Leaders of some countries especially Vietnam PM touched upon the SCS dispute but India avoided the issue and remained focused on the centrality of the maritime domain and closer security ties with the ASEAN. Earlier Philippines' Vice President, Jejomar Cabanatuan who attended the Summit on behalf of his President had observed that
- "In the present day, the issues are no longer of parochial interest. Freedom of navigation and lawful commerce are universal interests. The statement of the Admiral (Indian Naval Chief) is a confirmation that it is a problem (South China

Sea disputes escalation by China) that India cannot turn its back on."

- 5.4. **Socio-Cultural and Development Cooperation:** Socio-cultural cooperation and promotion of greater people-to-people interaction through increasing exchanges in culture, education, youth, sports, creative industries, science and technology, information and communication technology and software, human resource development and scholarly exchanges are areas which would lead to integration. Dissemination of knowledge about the civilisational links between ASEAN and India was another way forward in this area. Preservation, protection and restoration of symbols and structures representing civilisational bonds between ASEAN and India like Angkor Wat in the Kingdom of Cambodia and many other such places in other ASEAN countries has been in important area where India and ASEAN countries have been working together with positive results. Further, India has also been paying special attention to the CLMV (Cambodia, Laos, Myanmar and Vietnam) countries that represent a bridge between ASEAN and India by intensifying focus on human resource development and capacity building e-initiatives. India has had close cultural and economic ties with Southeast-Asian countries throughout the history. But with the significant changes that occurred in the world's politics and economic scenario since the early 1990's and India's own march towards economic liberalization has compelled India to focus on strengthened and multifaceted relationship with ASEAN countries. Besides, ASEAN's political and strategic importances in the larger Asia-Pacific-Region and its potential to become a major partner of India in the area of trade and investment have encouraged India to seek closer linkage with these countries. Keeping these points in mind a conscious effort was begun in 1991 to reach out these ASEAN countries through our "Look East Policy". With the eastward expansion of ASEAN to include Myanmar, India and ASEAN countries are no longer just remain maritime

neighbors but share a land boundary of over 1600 K.m². It now provides a land bridge for India to connect with Asia-Pacific-Centered economic crosscurrents shaping with 21st century market place. On the other hand ASEAN seeks to India's professional and technical strengths. Apart from recognizing India's emergence as attractive trade partner and investment destination, ASEAN has also increasingly comes to see it as a stabilizing factor in the region. The convergence of interest of India and ASEAN in various fields provides further impetus to explore the possibilities which takes this relationship at its zenith in 21st century. India's relations with the major powers and her neighboring nations have been conditioned by the changing contours of the international environment. Military and domestic political necessities have also influenced the nature of the policy towards particular regions at different moments. The relations between India and the South East Asian nations can be explored in this context. The links between India and South East Asia have followed a non-linear course. While the need to combat colonialism induced a sense of solidarity among the nations in the early twentieth century, the East-West rivalry of the Cold War era made their political, security and economic interests divergent. The geo-strategic and economic realities of the post Cold War period have propelled India and South-East Asia to forge strong economic and security ties. The potential of India and South East Asian relations and cooperation is yet to be exploited fully but consistent initiatives have made most analysts and observers hopeful. The role of ASEAN and the Look East policy (Phases 1 and 2) initiative by the Indian government have been most crucial in this regard. Situated in the Asian subcontinent, South-East Asian nations form the second ring of neighboring states for India. Thus, the veering towards Southeast Asian nations at this juncture found a legitimate platform in India's strategic thinking. The visits of Rajiv Gandhi to various capitals of the member countries of ASEAN were a landmark attempt

to establish rapport with the Southeast Asian nations. Also, his visit to reengage China (December 1988) Japan and Australia was an indication that India was being driven to the East. Rising Security Concerns: In the wake of the 9/11 and especially after Southeast Asia was designated as the 'second front of terrorism', the security dimension has assumed tremendous importance in India-ASEAN relations. The Bali bombing of 2004 has particularly exposed the seamier side of the connection between international terror networks and their local outfits. India and ASEAN states have explored the possibility of establishing joint working groups to combat this new threat. Indian leaders have been vocal about pressing for a more coordinated effort to tackle traditional and non-traditional security threats. India has strengthened its bilateral relations with all the South East Asian nations in the last two decades since launching of the Look East Policy. High level visits of heads of states from most of these nations have taken place. India has entered into a few bilateral Free Trade Agreements (Thailand) and economic cooperation agreements (Indonesia and Singapore). The high point of India's relations with Malaysia is the defense cooperation which began in 1993 and has developed over the years with annual meeting of the defense secretaries, military training and supply of defense equipment. Special attention is being paid to the three economically under developed countries, Cambodia, Laos and Vietnam, where there is enough scope and opportunity for India to extend its influence. Indonesia and Singapore has helped India to get into the East Asia Summit despite objections from some other ASEAN members and China. Of all the South East Asian nations, Myanmar has a special place from India's strategic and security perspective. In the initial stage the focus of the Look East policy was much on ASEAN. India's conscious efforts to forge closer economic ties with ASEAN member states pay dividends; bilateral relations between India and ASEAN improve rapidly. India become a Sectoral Dialogue partner in March

1993 in the three areas, namely, trade, investment and tourism, a full dialogue Partnership in 1995, member of the ASEAN Regional Forum (ARF) in July 1996 and finally to a Summit Level Partnership in 2002. The first phase of India's Look East policy was ASEAN centered and focused primarily on trade and investment linkages. The second phase, which began in 2003, is more comprehensive in its coverage, extending from Australia to East Asia, with ASEAN as its core. The new phase marks a shift in focus from trade to wider economic and security cooperation, political partnerships, physical connectivity through road and rail links. India-ASEAN cooperation now covers a wide field, including trade and investment, science and technology, tourism, human resource development, transportation and infrastructure, and health and pharmaceuticals. India signed "Long Term Cooperative Partnership for Peace and Prosperity" with ASEAN, which is the cornerstone of India's Look East policy.⁴ India prefers to use the Comprehensive Economic Cooperation Agreement as a template for Free Trade Agreements (FTAs) because of its comprehensive coverage of goods and services trade as well as investment. When negotiating FTAs, India takes the position that service trade is as important as trade in goods. India's trade negotiators believe the country's economic strength lies in its services sector. Trade between India and ASEAN countries is expanding significantly. India finally signed the ASEAN-India Free Trade Agreement with the ten members of ASEAN in August 2009.

6. Impact of LEP:

The Look East Policy of India, framed by the Narasimha Rao government in the early nineties, is a substantial manifestation of India's focused foreign policy orientation towards South East Asia; an immensely resourceful and flourishing region. The economy of South East Asia is a virtually untapped market which is up for grabs by major regional economic entities such as India, China, Europe or the USA. India's compatibility with the South East Asian countries with regard to better regional cooperation lies in the fact of its abstinence from exhibiting

hegemonistic ambitions, making it more benign towards South East Asia. The camaraderie between India and South-East Asia is clearly visible through the dynamic persuasion of India's Look-East Policy.

India and ASEAN reciprocally have embarked upon a number of initiatives for rejuvenating their ties in multiple areas. Frequent tête-à-tête from both the sides promulgates better implementation of the Policy. The improving intensification of economic linkages with ASEAN has inspired India to enter into the second phase of its Look-East Policy. Phase 2 is the deviation from complete economic issues to the broader agenda involving security cooperation, actively constructing transport corridors and erecting pillars of linkages and connectivity. This phase of India's Look-East Policy renders ample relevance to the development of its North-Eastern Region because of its geographical proximity to South-East Asia. The North-Eastern tip of India consisting of contiguous seven sister states- Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura and the state of Sikkim - constitutes a unique narrow passageway connecting the Indian subcontinent to East and South-East Asia and acts as a crucial corridor for human migration between these areas. The North-East region because of its favourable geographic location, cradled by the Himalayas in the north, Bay of Bengal in the south and flanked by 5 Asian countries- Nepal, Bhutan, China, Myanmar and Bangladesh, acts as a gateway to South-East Asia. There are ample possibilities for North-East India to reap benefits from India's thriving relations with South East Asia as the process of globalisation provides the countries with the opportunities to grapple with cross-market accessibility and enabling them alleviate their poverty and economic backwardness. The ecstatic beauty of India's North-East serves as an attractive tourist spot and its infrastructure is a hub of immense business potential. The term North-East is an ambiguous one leading to portray the image of a single state with homogenous attributes, which is vastly different from the actual standing. On the contrary, the North-East India largely bears the tenets of diversity and distinctness. The North-East India unfortunately is not free from many evils and is often thwarted by gruesome happenings retarding the pace of development. The Look-East Policy is being embarked upon with the presupposition that the improving trade ties between

India and ASEAN will certainly elevate the North-East out of the menace of insurgency, poverty and economic backwardness. The Look-East Policy is expected to usher in a new era of development for the North East through network of pipelines, connectivity, communication and trade. The ASEAN-India car rally of 2003 was a notable initiative undertaken by the Indian government to emphasize on the geographic proximity between North-East India and South-East Asia. Moreover, India has undertaken some bilateral and multilateral projects for boosting connectivity between the North-East and South East Asia. The important ongoing and potential infrastructure projects in this regard are Moreh-Tamu-Kalewa Road, India-Myanmar-Thailand Trilateral Highway, Trans Asian Highway, India- Myanmar rail linkages, Kaladan Multimodal project, the Stilwell road, Myanmar-India- Bangladesh gas or oil pipeline, Tamanthi Hydroelectricity project and optical fiber network between North East India and South East Asia. But certain obstacles like lack of infrastructural development, absence of enthusiastic response from local people, frequent insurgencies, poor governance in the states, the easy availability of arms and weapons from across the international border to be utilized in armed movements and criminal activities impede increased relations between North-East India and South East Asia. Moreover, the geographic location of the North-Eastern region makes it more vulnerable to be the core of hostility with massive negative outcomes. There are enough avenues through which North East India can be related to South-East Asia. Racial, linguistic and cultural similarity prevails among the people of North-East India and those of South-East Asia. If the concerned governments really strive to translate their policies into reality their collaborative endeavors would invariably revive age-old cultural and historical bonds. To highlight the linguistic attachment it should be stated that it is an area of extensive linguistic diversity with predominantly three language families represented- Austro-Asiatic, Indo-European and Tibeto- Burman. Austro-Asiatic languages are now spoken by a single group in North-East India (the Khasi) but they are also found in East India and South-East Asia reflecting that they might have been more frequent in North-East in the past. Indo- European language is spoken from Europe to Central and South Asia with their easternmost occurrence in Nepal, Bangladesh and

North-East India. Tibeto- Burman languages are a branch of Sino- Tibetan family which is mainly spoken in North-East India, China and South-East Asia. Thus North-East India sets up an important linguistic contact zone. Through centuries there has been exchange of peoples, goods and services between our North-East and countries of South and South-East Asia. The Ahoms of Assam migrated several centuries ago from the Shan state of Burma where the language spoken is almost identical to that spoken in Laos and Thailand. The Chins from Myanmar migrated over the past centuries to Manipur and Meities of Manipur have ties for over 2000 years with the Burmans of Myanmar. Similar migration has also occurred to North-East from Yunan province of China. Boosting people to people contact transcending political barriers is an imperative for facilitating cultural interaction among various regions. In contemporary era, physical connectivity is of utmost importance as it channelises the means to accelerate the movement of goods, people and services and thereby acts as a gateway to reviving economic enterprise. Advanced communication and interaction would foster trade, commerce and tourism prospects in the entire North-East region. But because of the existing hurdles the people of North East region are quite apprehensive about the developmental strategies and consider it as mere rhetoric. It will be fatal for India in the long run if its government ever tries to get integrated with South East Asia by using North-East as a channel for its economic progress. The people of the North-East should not feel ostracized from the mainstream one and simultaneously need to be convinced of the genuine concern of the government about the overall betterment and security of the region. Thence, it can be asserted that India's North-East Region is a solid domain in orchestrating India's Look-East Policy. The development of the region is a stepping stone towards the success of the policy. For utmost achievement India and ASEAN should be steadily oriented towards their innovative measures with the adequate knowledge of their common interests and gains. India should devote its potential to utilise the available resources in the North-East in their best possible way. The existing opportunities and the challenges are to be assessed and grappled skillfully. North-East India and South-East Asia must grasp the skill of understanding each others' proficiencies, should pay tribute to each others' potential and must reveal greater endurance

towards each others' drawbacks. Cooperative endeavors based on mutual trust and confidence will lead to enduring development and proper accomplishment of the Policy.

India's Look East Policy in recent years has assumed a greater economic dimension than a parallel political, strategic or even cultural one. Given India's economic reforms and the attendant efforts to integrate with the regional and global economy, it is but natural that Indian diplomacy, particularly in its relation with ASEAN countries, will focus more on economic issues like trade, investment, goods and services. India's efforts in these areas have no doubt been successful. Beginning initially with its sectoral dialogue partnership with the ASEAN, India graduated first to full dialogue partnership with attendant membership of the ASEAN Regional Forum (ARF), then to the mechanism of ASEAN- India summit, at par with ASEAN plus Three (China, Japan and South Korea) and finally to the membership of the East Asian summit. These interactions have resulted in considerably greater integration with the rest of Asia than is commonly realized.

This success, was not due to India offering any 'niche' in terms of the creation of a future economic architecture or strategic order in Asia, as in the case of China, which has seized the leadership in practically everything that is happening in the Asia-Pacific region. India's Look East Policy has been more reactive to what China has been doing in the region than a proactive one attempting to make a distinct Indian mark and "getting others to want what you want." The region now looks towards India because of its potential as an economic powerhouse and partly to balance China's overwhelming economic and strategic influence. However, compared with the clout India has achieved as an economic player, its strategic role in the security of Southeast and East Asia is still quite marginal, notwithstanding its status as a nuclear weapons power and the second largest country in Asia. Apart from its participation in the ARF dialogues and occasional forays into the Straits of Malacca for patrolling in combating piracy, India unfortunately is an insignificant player in the security structure of the region.

What strikes observers of India's Look East Policy is the conspicuous absence of a strategic vision of a future Asia-Pacific, that can inform its policies and actions in the coming years and will allow it to

establish its rightful place in the Asian balance of power. If India has to emerge as a major power in the Asia-Pacific it has to have not only a vision of its own economic future but also a vision of its future strategic role in the region. India has not so far clearly spelt out its strategic objectives in the region in any of its policy papers. It has however, sought defense cooperation with countries like Myanmar, Indonesia and Vietnam and secured a role for itself in the security of the Straits of Malacca as a likely insurance against Chinese hegemony in Southeast Asia. India's hesitation in taking a more open and assertive role is informed not only by its limits of military and economic power, but also by its intent to avoid a direct confrontation with China, which considers Southeast Asia as its sphere of influence. Moreover, India's relations with China are on the upswing despite the lack of progress on the boundary issue and New Delhi is loath to see this affected. Promotion of India's strategic objectives need not be through the projection of its hard liturgy power as the 'Realist' school would have us believe, but could be more effective through the exercise of its 'soft' power, in terms of education, culture and democracy. The liberal institutional approach emphasizes soft power aspects with cultural attraction, ideology and international institutions as the main resource. Soft power strategies rely more on common political values, peaceful means for conflict management, and economic cooperation in order to achieve common solutions. India's ability to play a major role in Asia lies not so much in the area of trade and investment where China has overwhelming presence, but in its human resources, democracy and culture in which it has a distinct advantage over other Asian countries. Knowledge of English, the language of globalization, is another advantage.

India's democracy may be messy but it has shown a lot of creativity in managing a multiracial and multicultural society, and in the processes of people's empowerment. It is here that India can make an abiding contribution to the process of democratization and nation-building of the region by helping them in human resource development and democratic capacity building. Southeast Asian countries are not only multiracial and multicultural, but some of them are also in the process of democratic transformation. The Western model of democracy is not of much relevance to these countries, as the societal and historical circumstances are quite

different. It is India's experience in nation-building and democracy that is much more relevant to them. Helping these countries in such transformation can further India's interests in Southeast Asia. Organizing elections for a potential constituency of 670 million voters is an incredible undertaking that India is proud of. Countries like Indonesia, Thailand, and even Cambodia, where elections are now taking place periodically, could learn much from the speed and transparency with which votes are tallied and the extensive powers accorded to the Indian Election Commission (EC). Thailand is currently passing through political uncertainty and is now under an interim government, which professes to return the country to democracy once it is able to sort out the mess and carry out institutional reforms. An offer from India to share its experiences in building an independent and transparent Election Commission should be welcome.

Many Indonesians, including the current President, Susilo Bambang Yudhoyono, have great respect for India's ability to practice democracy despite its many shortcomings. While the central government in Indonesia has already implemented devolution of power hoping that a fairer distribution of national wealth will reduce separatist sentiments and regional violence, there is a lack of institutions at the local level to absorb such autonomy. This is where India can help through its ITEC (technical cooperation) programme, training in local self-government and institution-building at the grassroots level. With little investment, India can reap rich dividends in terms of both promotion of democracy in a vitally important neighboring country and goodwill from the leadership and the people.

Another area India can make an impact in, is in the field of higher education. During his visit to Indonesia in April 2005, commemorating the Bandung Conference, Prime Minister Manmohan Singh declared that India intended to stay engaged by sharing experiences "gained from our own development process – with nations I Asia." To quote Singh, "Human resource development holds the key to employment and wealth creation, particularly in this age of globalization. This has been our strategy and we have laid particular emphasis on training and skills development as we globalize. We have extended technical assistance valued at about US\$1 billion. We stand ready to do more."

Undoubtedly Indonesia has been one of the prominent beneficiaries of Indian technical cooperation programmes meant for fellow developing countries. Around 1,000 Indonesian experts as well as officials received training in India under ITEC and India offered more than 1,100 scholarships to Indonesian students to study at Indian universities. In May 2006, India opened a US\$750,000 Vocational Training Centre in the country and it will open another in Aceh soon. But, there are greater potentials for India-Indonesia cooperation in education, which will be of benefit to both countries. Everywhere in Asia, there is greater demand among the younger generation to learn English, the language of globalization. Myanmar and the two least developed countries of Indochina, Cambodia and Laos, can benefit from India's abundant English language teachers, who could help those countries at much less expense than the British or Australians. One of the important reasons for the Asian economic crisis of the late 1990s was that while there had been a shift in the production line, there was no commensurate development in higher education in most of the Asian NICs to keep pace with such a shift.

India has a lead in information technology and Indian IITs and IIMs have a very high reputation in those countries. Many Southeast Asians have expressed their interest not only to come and study in these institutions, but also to have these institutions open their campuses in their countries, particularly in Indonesia. There are businessmen of Indian origin who would only be too glad to raise the money for opening these campuses and support the faculty. What they want is the brand name and some experienced backup faculty from India. Again the dividends that India will get will be rich and unmatched.

Yet another area that can promote India's soft power in Southeast Asia in general, is its culture. Indian culture is an inseparable part of Indonesian customs, and our cultures and values are closely related, bearing in mind the history of the civilization contacts between India and the countries of Southeast Asia which span over 2000 years. If carefully pursued, Indian cultural diplomacy can further cement the bond between the two regions, based on pluralist traditions and the need for maintaining 'unity in diversity.'

Promotion of tourism as a means of people-to-people contact can be an important instrument of Indian cultural diplomacy. Indonesia, for example,

happens to be the largest Muslim country in the world, yet its cultural heritage is essentially Hindu-Buddhist in origin manifest in the temple architecture of Prambanan and Borobudur in Central Java and innumerable Candis scattered all along the nation. While their origin might have been from India, Indonesians themselves have contributed significantly in improvising and enriching that culture. Indian tourists could be encouraged to travel in larger numbers to those sites to discover the inherent genius of the Indonesian people in preserving such

7. Constraints and Challenges:

India's attempt to promote trade with Bangladesh and Myanmar through Preferential Trade Areas has failed as India takes undue consideration of the law and order situation of the Northeast and the military and security establishment having a say in India's foreign policy to

these two countries. Trade with both these countries has been stagnant and there is a difference with Bangladesh over transit arrangements that India seek for its links to the Northeast and also about the existence of training camps for insurgents in their territory. Similarly, trade with Tibet and Yunnan provinces of China have been almost absent except, the existing trade at Nathula in Sikkim, though India and China have agreed to initiate border trade through the Himalayan pass between Tibet and Sikkim.

There is much talked about opening new trade routes or reviving the ancient silk routes through Northeast leading to economic development of the region. Before meaningful trading activities can take place the region needs to prepare itself starting from agriculture, in terms of productivity. Processing industries have to be set up to manufacture quality goods which can be offered in international markets at acceptable prices. The entire infrastructure of roads, railways, communication and air transport will have to be completely revamped. Similarly hotels, restaurants and resorts will have to be built for tourists. If this cannot be achieved the Look East policy will not benefit the region and in that case it will only act as a corridor between mainland India and Southeast Asia.

India's trade with countries bordering the Northeast has witnessed a remarkable growth, with the share going up more the five times from 1.7% in 1992-93 to 8% in 2003-04. This impressive expansion of trade with India's eastern neighbors has had little or no impact on the economy of the Northeast as this

trade expansion has taken place mainly through the seaports. A skeptic like Sushil Khanna observes that the Northeast has once again been marginalised. He argues that "India is looking east, but not through its contagious Northeastern borders. For the Northeast to gain from FTAs with the economies of the East, the key variables are transit arrangements, proliferation of trade routes and custom check post, easy visa regime making it possible for traders, businessmen and transport operators to move in and out of the region." This can happen only when there is considerable investment in infrastructure, transport and communication facilities, which is largely absent. To take maximum benefit from the policy, the Northeastern region needs to develop industrially. The North East Industrial Policy 2007 has made the whole region a special economic zone. However, the industry departments of various states of the region have only benefited from this. It is the vision and concentrated efforts in various thrust areas after micro studies and appropriate project formulation which can bring Northeast to a standard in which it will be able to stand the challenge of the Look East policy and will also be able to fully participate in the new milieu. The macro studies have been already done. Considerable work of identification of agriculture, horticulture, floriculture and industrial products have also been carried out. What now needed is the real work in the field. When work is done in the field, only then the Northeast can really reap from the Look East policy. Sushil Khanna complained that in contrast to the lukewarm effort for economic integration, the Look East policy concessions and aid are meant to persuade the neighboring countries to expel insurgent groups seeking shelter in these countries. As seen in the past, India's policy of developing ties with its eastern neighbors has been limited to counter insurgency strategy. Up till now there is almost no role for the Northeastern states in the Look East policy, which is in sharp contrast with the role that the Yunnan province plays in the Chinese pursuit of closer relationship with its neighbors in Myanmar and Indo-China countries. There is little room for the Northeastern states in the Mekong Ganga Cooperation, BCIM forum and in BIMSTEC.

8. Recommendations for the Look East Policy:

To immediately increase border trade in agriculture and some industrial goods it is necessary to remove current restrictions on border trade via Moreh,

Nathu La and other entry points.

Unrestricted trade with neighboring countries in agricultural and meat products could lead to considerable reduction in the costs of these items in NER.

The LE Policy has important security dimensions. There is urgent need to promote interaction with neighboring countries through sports, music and other cultural activities. In the case of neighboring countries which are members of WTO, formal request for trade facilitation would improve trade access for NER states.

In the longer term, industrial output of NER should cater to the demand for industrial goods in the neighboring countries. This is particularly important for border trade in items like cement, coal, timber and steel.

To facilitate trade it is essential to activate existing land-customs stations (LCS) and to provide a secure transport corridor for traders.

In the long run, NER needs to plug into the growing trade with ASEAN countries particularly in items like wood products, ores and rubber products.

It is imperative to integrate IT facilities in promoting infrastructure for trade with the ASEAN countries.

9. Conclusion:

The ongoing global financial turmoil represents an end of an era of exuberant capitalism. But the transition to a more sedate and scaled down financial sector will be traumatic for the world as a whole, as well as for Asia. It however does appear that as Asia is not the epicenter of the current turmoil, its growth is likely to be relatively less seriously affected. There is however no reason for Asia 11 to feel complacent, as even moderately diminished growth prospects could exacerbate economic hardship and adversely impact on social cohesion.

India's LEP has over the last two decades strengthened its economic, political, security, and civilization links with the rest of Asia. To cope with the global financial turmoil, India however should become even more persistent and proficient in deepening its linkages with the rest of Asia, while strengthening its capacities to meet its developmental challenges.

To accomplish this task, India will need to

develop far greater expertise in geo-economics, an area which has not received the requisite attention. India should also consider establishing a well-funded, resources, think-tank for researching, debating, communicating, and influencing foreign policy issues and options. This will also enable India to better communicate its intentions to rest of the world, including its partners in Asia.

The current global financial turmoil represents an opportunity for Asia to assume global responsibilities commensurate with its strength. The EAS is an appropriate forum to begin structuring Asia's future role in the global order as its membership is more inclusive, involving all major countries. Even though it is too early to presume that the Look East policy is a failure, skeptics argue that there is more rhetoric than substance in the policy. With the Northeastern region filled with armed insurrections and the subsequent law and order problem, the implementation of various developmental projects is an arduous task.

However, such hindrances must not stop the pursuit for economic development. The government of India needs to actively engage with the insurgent groups for political dialogue striving for peaceful solution to the decades old problems of the region. They also need to simultaneously go ahead with the development projects. There is also an ardent need to give role to the Northeastern states in this policy.

Thus, the success of the policy depends on the commitment of the Indian government to implement the proposed plans and projects under the policy and to give role for the Northeastern states in this policy. Nearly two decades since India initiated its Look East Policy (LEP), there has been substantial progress in expanding economic and strategic engagement with the rest of Asia.

The EAS better represents Asia as all major Asian powers are its members. India has bilateral or broader economic agreements in place (or they are being negotiated) with all the members of the EAS. India is also a member of the ASEAN Regional Forum, which promotes dialogue among Asian and select major non-Asian powers on security issues. Even though it is too early to presume that the Look East policy is a failure, skeptics argue that there is more rhetoric than substance in the policy. With the Northeastern region filled with armed insurrections and the subsequent law and order problem, the

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