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## From Look East to Act East: India's Changing Posture in the Indo-Pacific and the Containment of China

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### Introduction

The recent border clashes between India and China in the Galwan Valley and the death of 20 Indian soldiers and an unspecified number of Chinese soldiers marks a watershed moment in the bilateral ties between both countries. Relations between Delhi and Beijing had hardly been cordial prior to the incident, with territorial disputes over the Himalayan regions of Aksai Chin and Arunachal Pradesh tainting the ties between the world's most populous countries. Beyond its claims in the South China Sea, China appears to also grow increasingly assertive on its Himalayan border, which pitches President Xi Jinping's territorial ambitions against those of Prime Minister (PM) Narendra Modi's increasingly masculine and nationalist India. With both countries having access to nuclear weapons, the clashes in the Galwan Valley in combination with the 2017 Doklam Standoff between China and India in Bhutan hereby reinforce the Indo-Sino rivalry as one of the most defining political conflicts, not just in Asia but the world as a whole.

Importantly, China's growing assertiveness in the region undercuts India's historical tradition of economic and political non-alignment. In the 21<sup>st</sup> century, India has emerged as an economic powerhouse that currently operates as the world's fifth largest economy and enjoys significant economic connections all over the world. Until the end of the Cold War, however, Indian economic policy was driven by a protectionist dogma that emphasized state intervention and a generally high degree of central planning in both micro- and macro-economic terms, and protection for domestic consumers and products were ensured through high tariffs on imports and exports, thereby strengthening the consumption of domestic products but limiting India's integration into global supply chains and financial markets. India's position of economic isolation began to be dismantled following the end of the Cold War, especially via the 1991 liberalization reforms introduced by then-PM Narsimha Rao and his Finance Minister Manmohan Singh, who would go on to govern India as PM between 2004 and 2014. Rao's reforms sought to address the amplified economic hardships India had begun to encounter in the 1980s as New Delhi had nearly defaulted on its external debt by the turn of the decade. Rao's liberalization program was designed to attract investment into India and open up the Indian market to global financial flows by reducing tariffs and State-monopolies, thereby making the Indian consumer market with its more than one billion participants a highly attractive target for foreign direct investment (FDI).<sup>1</sup>

A substantial part of these liberalization programs aimed to integrate India into the economic markets of Southeast Asia via the 'Look East Policy' (LEP) announced by Rao in 1991. 'Looking East' towards the Association of Southeast Asian Nations (ASEAN), Rao hoped, would allow India to replicate the "economic miracle" some ASEAN and East Asian countries had performed in the decades prior. In the pursuit of an economic "miracle", India significantly

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<sup>1</sup> S. Joseph. 'Neoliberal Reforms and Democracy in India.' *Economic and Political Weekly* 42(31), 2007, p. 3213.

reduced its trade barriers to deregulate its domestic import and export markets, and ASEAN consequently emerged as one of India's most important trading markets. Since then, the politico-economic integration of India and ASEAN has been further institutionalized: India became ASEAN's dialogue partner in 1996, a summit level partner in 2002, and a free trade agreement (AIFTA) was signed in 2010 before the relation was upgraded to a strategic partnership in 2012.<sup>2</sup> India is now also a member of regional forums such as the East Asia Summit (EAS) and the ASEAN Regional Forum, reflecting the deepening political ties between India and ASEAN and India's growing significance in the regional economic architecture.

In line with a nationalist discourse, newly elected Indian PM Narendra Modi ambitiously announced in 2014 that India would start to not only 'look' East, but also to 'act' East. Based on the three C's (Culture, Commerce, and Connectivity),<sup>3</sup> India's 'Act East Policy' (AEP), which this paper shall focus on, aims to deepen India's given connectivity with Southeast Asia and expand India's economic and political integration into East Asia and the Pacific as a whole via a set of bilateral and multilateral economic and political arrangements. Crucially, the AEP also incorporates a variety of security-related arrangements that deepen India's security policy cooperation with regional partners and interlinks the geostrategies of India with that of other regional actors by 'coupling' the geographical sphere of the Indian Ocean with that of the Pacific.

This paper aims to specifically shed further light on the geostrategic impact of the AEP and conceptualizes the relevance of 'acting East' especially in regard to Chinese assertiveness and the deterioration of Indo-Sino relations, exemplified by the recent clashes in the Galwan Valley. Firstly, elaborating on the key tenets of the LEP, this paper suggests that the AEP seeks to address the LEP's economic shortcomings and diverges from the LEP in its regional scope and its security-related initiatives vis-à-vis China. As such, the AEP can be conceptualized as a reconfiguration of India's geostrategic posture and aims to establish a counterweight to China's increasing assertiveness in the South China Sea and the Asia-Pacific as a whole. The necessity to counterbalance China in the Indian and Pacific Ocean is particularly apparent in consideration of the recent border clashes and Beijing's sustained territorial claims over Arunachal Pradesh. In practical terms, the AEP positions New Delhi in political opposition to China and marks the convergence between Indian security interests and those formulated in the American-Japanese discourse of the Free and Open Indo-Pacific (FOIP), thus potentially leading to a further strategic convergence between India and other regional security actors.

### Looking East: The LEP and its Economic Impact

India's economic liberalization programs and increased integration into the global economy have facilitated a drastic surge in India's GDP per capita, routinely employed by economists and academics as an indicator for the positive or negative economic development of national economies. Prior to the liberalization reforms in 1991, India registered a GDP per capita of \$ 303.056, which had risen to \$ 443.314 by 2000 and by 2010, India's GDP per capita had tripled

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<sup>2</sup> K.V. Kesavan. 'India's 'Act East' policy and regional cooperation'. Observer Research Foundation, 14 February 2020.

<sup>3</sup> A. Wadhwa. 'India and Southeast Asia', in: A. Gupta & A. Wadhwa, *India's Foreign Policy: Drivers and Trends*. SAGE Publishing India, 2020.

to \$ 1,357.564.<sup>4</sup> The increased market integration of Indian and Southeast Asian economies has played a key role in India's economic rise: in 1991, the total trade volume between ASEAN and India accounted for \$2 billion - by 2017/2018, the trade volume had grown to \$72 billion.<sup>5</sup>

Multiple factors help to explain this drastic increase in trade integration; Whilst ASEAN incorporated Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand in 1991, Cambodia, Laos, Myanmar, and Vietnam have since then become integrated into the framework of ASEAN, resulting in a surge in the accumulative market provided by ASEAN. Especially the reduction of tariffs on behalf of India has hereby facilitated increased capital flows, allowing highly financialized economies such as Singapore to invest in India and thus generating additional opportunities for employment. In recent years, investment from Malaysia into India has grown significantly as well, and India has emerged as a key source of FDI for many ASEAN countries.<sup>6</sup> India's increased integration into the consumer markets and supply chains of ASEAN has subsequently been of key economic importance for the country's economic development over the past 29 years, generating investment and employment opportunities on both sides and fostering a mutually beneficial economic partnership.

This economic trend aligns with and simultaneously reflects shifts in India's economic policy as a protectionist framework has been substituted by one that aims to cautiously integrate the domestic economy into global supply chains. Cooperation with ASEAN can be discerned as particularly desirable given India's geographical proximity with ASEAN, the emergence of ASEAN as a demographically-economically expanding and increasingly prosperous consumer market, and the partially comparable stages of economic development that facilitate the processing of integration on equal politico-economic terms. India furthermore shares religious and cultural affiliations with many ASEAN States and possesses significant links to large diaspora communities in countries such as Indonesia and Malaysia, which can aid in facilitating further connectivity.<sup>7</sup>

Although the LEP has contributed to India's economic development, it has also exhibited limitations in the extent to which it enables integration. Firstly, the distributional impact of economic liberalization reforms within India has been highly inequitable: although India's trade volume with ASEAN and other eastern countries such as Bhutan, Nepal, and Myanmar increased, India's North-eastern Region (NER), consisting of Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim, and Tripura, which borders Bhutan and Myanmar, has remained excluded from the economic benefits of this process.<sup>8</sup> As a result, the NER's economic and infrastructural underdevelopment relative to the rest of India has prevailed. Secondly, the size of economic interactions between India and ASEAN has begun to stagnate and has partially even decreased:

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<sup>4</sup> World Bank data, accessible via <https://data.worldbank.org/indicator/NY.GDP.PCAP.CD?locations=IN>.

<sup>5</sup> K.V. Kesavan. 'India's 'Act East' policy and regional cooperation'. Observer Research Foundation, 14 February 2020.

<sup>6</sup> 'India to remain an important FDI source to Malaysia – MIDA.' *Borneo Post*, accessed on 12 June 2020.

<sup>7</sup> K. Kesavapany, A. Mani, P. Ramasamy. *Rising India and Indian Communities in East Asia*. Yusof Ishak Institute, 2008.

<sup>8</sup> T. Haokip, 'India's Look East Policy: Prospects and Challenges for Northeast India', *Studies in Indian Politics* 3(2), p. 203.

**Figure 1: India-ASEAN trade (US\$ billion)**

Year	India's exports to ASEAN	Share in India's total exports	India's imports from ASEAN	Share in India's total imports	India-ASEAN trade balance	Total trade
(1)	(2)	(3)	(4)	(5)	[(2)-(4)]	[(2)=(4)]
2000-01	2.91	6.5	4.15	8.2	-1.24	7.06
2005-06	10.41	10.1	10.88	7.3	-0.47	21.29
2006-07	12.61	10.0	18.11	9.7	-5.50	30.72
2007-08	16.41	10.1	22.67	9.0	-6.26	39.08
2008-09	19.14	10.3	26.20	8.6	-7.06	45.34
2009-10	18.11	10.1	25.80	8.9	-7.69	43.91
2010-11	25.63	10.3	30.61	8.3	-4.98	56.24
2011-12	36.74	12.0	42.16	8.6	-5.42	78.9
2012-13	33.00	11.0	42.87	8.7	-9.87	75.87
2013-14	33.13	10.5	41.28	9.2	-8.15	74.41
2014-15	31.81	10.2	44.71	10.0	-12.90	76.53
2015-16	25.15	9.6	39.91	10.5	-14.75	65.06
2016-17	30.96	11.3	40.61	10.6	-9.65	71.57
2017-18	34.20	11.3	47.13	10.3	-12.93	81.33
2018-19	37.47	11.3	59.32	11.7	-21.85	96.79

Data derived from the Indian Ministry of Commerce and Industry, 'India Asean Trade and Investment Relations: Opportunities and Challenges' (The Associated Chambers of Commerce and Industry of India, 2016), and *Economic Times*.

The dataset above illustrates that the LEP has been successful in enhancing the trade connectivity between ASEAN and India in terms of imports from ASEAN and, to a lesser extent, improving Indian exports to ASEAN. Over time, India has grown more dependent on ASEAN markets than vice versa, which is epitomized by the differing import/export share rates. As a result, India's trade balance with ASEAN has developed negatively, herewith exposing India more to regional market developments and potential financial volatility. This stagnation in trade and its coupling with an increasing trade deficit marks a worrying trend for India that the administration of PM Modi will have to mediate in the coming years.

Equally worrying is India's economic performance in the region relative to its geopolitical competitor in Beijing. Figure 2 indicates the Chinese dominance on ASEAN FDI markets relative to New Delhi:

**Figure 2: ASEAN: Total FDI Inflows by source (in US\$ million)**

Year	India	China
2009	283.1	2,068.7
2010	3,801.2	3,448.6
2011	-2,106.2	7,194.3
2012	7,040.7	7,975.2
2013	1,731.2	6,165.2
2014	1,163.5	6,811.7
2015	1,473.4	6,571.8
2016	-198.1	9,609.6
2017	-107.5	13,700.6
2018	1,516.1	9,940.1

Data derived from ASEAN Statistical Yearbook 2019.

Whilst China's investment in the region has multiplied by the factor four within seven years, which also correlates to China's surging investment in the context of the Belt-and-Road Initiative (BRI), India's has either stagnated or decreased. What is more is that China's trade footprint in the region is likely to amplify in the years and decades to come due to the enhanced connectivity of the BRI, which India has remained opposed to and thus excluded from. To be sure, if successful, the BRI is likely to produce trade volumes that will significantly exceed India's already wavering extent of regional integration and trade. Due to its non-participation in the BRI, India is also unlikely to yield the short-term growth benefits the BRI could, in theory, produce. In this context, the provisions of the LEP have furthered India's integration into regional economies, but the extent to which this integration has occurred remains constrained and is generally dwarfed by China's regional performance.

Several aspects factor into this limited connectivity; Firstly, India has maintained fairly high tariff levels, which has culminated in the sustenance of trade barriers that hinder further integration<sup>9</sup> and epitomizes the influence of prior, protection-based policies. Another significant factor is the lack of physical trade and network infrastructure in Myanmar, which operates as India's land-based pathway to Southeast Asia: only 15% of the domestic road networks in Myanmar are paved,<sup>10</sup> drastically reducing the capacities of large trucks to travel through the country, and the ongoing conflicts between the central government and various armed groups does not positively implicate the opportunity for trade either. Due to these factors, 92% of India's licit trade with Myanmar is conducted via maritime traffic, with the remaining 8% occurring via air traffic.<sup>11</sup> This is despite India and Myanmar sharing a border that is more than 1300km long,<sup>12</sup> indicating how the level of infrastructure development within Myanmar renders legal cross-border traffic practically unfeasible. This does not just

<sup>9</sup> V. Anbumozhi & K. Kalirajan. 'South Asia's Economic Integration with East Asia.' *Journal of Economic Integration* 35(1), 2020, p. 101.

<sup>10</sup> 'India Asean Trade and Investment Relations: Opportunities and Challenges', The Associated Chambers of Commerce and Industry of India, 2016, p. 44.

<sup>11</sup> N. Taneja et al. 'India's Act East Policy: Facilitating India-Myanmar Border Trade.' Indian Council for Research on International Economic Relations, July 2019.

<sup>12</sup> 'Basic Facts about Myanmar.' Myanmar Embassy in Tokyo, accessed on 12 June 2020.

mitigate Myanmar's connectivity to global markets but also prevents India from trading through Myanmar, thereby further isolating India's NER from the potential benefits of regional and global trade.<sup>13</sup>

The connectivity of India's NER is also detrimentally impacted by domestic political volatility as the NER has been historically plagued by separatist movements, which have been partially abetted by neighbouring countries or have used the non-patrolled borderlands with Bhutan, Nepal and Myanmar as backdrop areas through which to escape the grip of the Indian State.<sup>14</sup> To complicate things further, Pakistan's premier Intelligence agency, the powerful Inter-Services Intelligence (ISI) has started supporting anti-Indian activities by Nepalese Maoists in the Indian-Nepalese border region, which has destabilized the political situation at the border.<sup>15</sup> These predominantly illicit activities have contributed to a volatile political and financial environment that undermines safe returns on investments and therefore constrains the NER's development. Increased development and State-presence could address these issues of political instability.<sup>16</sup>

Conclusively, the LEP was originally designed as a trade policy that furthered India's integration into the global and regional economy, and whilst the positive economic impact of the LEP has been undeniable, it appears to have reached its limits in terms of the extent of integration it can facilitate. Moreover, integration has been predominantly of economical nature, and not of political nature, and the efficacy of the LEP in enhancing connectivity is limited by a series of economic, infrastructural, and partially security-related factors, which the Act East Policy seeks to address.

### Trading East

The AEP was first announced by Indian PM Modi at a regional summit in Myanmar in 2014, where he suggested that *"A new era of economic development, industrialisation and trade has begun in India. Externally, India's 'Look East Policy' has become 'Act East Policy.'"*<sup>17</sup> Since then, PM Modi has reiterated India's intent to 'act East' on numerous occasions and has described ASEAN as the "anchor" of the AEP.<sup>18</sup> Importantly, the AEP is, comparable to the LEP, not a policy that has been put into legislation, but an overarching strategy that marks a transformation in how India addresses the shortcomings of the LEP and the geopolitical challenges of the 21<sup>st</sup> century, especially in regards to China.

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<sup>13</sup> 'India Asean Trade and Investment Relations: Opportunities and Challenges', The Associated Chambers of Commerce and Industry of India, 2016, p. 44.

<sup>14</sup> 'The end of insurgency in India's north east seems nigh, but Myanmar's Terrorist groups threaten its Act East Policy', European Foundation for South Asian Studies, 29 May 2020.

<sup>15</sup> 'Growing accumulation of tensions and escalation of Maoist violence in Nepal', European Foundation for South Asian Studies, 31 May 2019.

<sup>16</sup> R. R. Ziipao. 'Look/Act East Policy, Roads and Market Infrastructure in North-East India.' *Strategic Analysis*, 42(5), 2018, p. 477.

<sup>17</sup> 'Indian media: Modi's Asean trade pitch', BBC, 13 November 2014.

<sup>18</sup> A. Pali. 'India's Act East Policy and Implications for Southeast Asia.' *Southeast Asian Affairs*, 2016, p. 84.

To address the inequitable domestic distributional implications and trade limitations, the AEP emphasizes the need to link the NER with Southeast Asia as the poor infrastructural connectivity is a major impediment in how well India connects to its eastern partners. The India-Myanmar-Thailand Trilateral Highway seeks to address this issue: the transport network, agreed on in 2009, will connect the Indian town of Moreh in Manipur to Mandalay in Myanmar to Western Thailand. Within Thailand, rail networks connect the transport chains to the East to Bangkok and to the South to Malaysia and Singapore, making Thailand subsequently operate as a distribution point for further trade networks that connect India to Southeast Asian markets, thereby reducing India's reliance on maritime traffic and choke points such as the Malacca Strait and the Lombok Strait. In the context of enhanced connectivity, there have also been talks of extending the Trilateral Highway to the bordering countries of Laos, Cambodia, and Vietnam, and the strategic significance of mainland Southeast Asia is further embodied by the growing Indian investment in these countries.<sup>19</sup>

In spatial-economic terms, a key difference between the LEP and the AEP is its geographical scope; Whereas the LEP was focused almost exclusively on Southeast Asia, the AEP extends this perspective to the economies of East Asia and the Pacific, and Japan and South Korea in particular have been key for India's growing regional ambitions. Japan and India have institutionalized 2+2 Ministerial Dialogues, and a host of bilateral arrangements regulate New Delhi's and Tokyo's coordination in terms of security, defence, energy, counterterrorism, cyber strategy, and maritime cooperation.<sup>20</sup> India and Japan also signed a free trade agreement in 2011, despite which the trade volume between both countries has slightly decreased in volume,<sup>21</sup> yet Japanese FDI into India has almost tripled between 2014 and 2017,<sup>22</sup> which mirrors India's general economic trajectory of growing trade imbalances. Japan has also been important for the AEP and India's ambitions insofar as it has openly committed itself to investing into infrastructure projects in the NER.<sup>23</sup>

Relations between Japan and South Korea have undergone a similar trajectory, aligning with Seoul's Southern Policy, which seeks to enhance South Korea's regional economic ties.<sup>24</sup> The foreign ministers of both countries have been meeting regularly since 1996, and a free trade agreement was signed in 2009, and although this agreement has not significantly boosted trade, South Korean FDI into India has steadily increased.<sup>25</sup> Again, the growing trade imbalances are hereby an issue that Indian policy-makers will need to address in the coming years.

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<sup>19</sup> Ibid., p. 85

<sup>20</sup> K.V. Kesavan. 'India's 'Act East' policy and regional cooperation'. Observer Research Foundation, 14 February 2020.

<sup>21</sup> M. M. M. Roy and R. Chanda. 'The trends in FDI inflows from Japan to India'. Indian Institute of Management, Bangalore, 2019.

<sup>22</sup> 'Japan-India Relations', Ministry of Foreign Affairs of Japan. Accessed on 10 June 2020.

<sup>23</sup> 'Tokyo Declaration for India-Japan Special Strategic and Global Partnership.' Ministry of External Affairs, Government of India, 1 September 2014.

<sup>24</sup> L. Sunnam. 'Korea's New Southern Policy: Walk to the Border, sail to the island.' *The Jakarta Post*, 15 November 2019. Accessed on 12 June 2020.

<sup>25</sup> 'Brief on India-Korea Economic and Commercial Relations', Embassy of India in Seoul, January 2020.

Australia marks another emerging economic partner for India as India has grown to be Australia's fifth-largest export market, and New Delhi derives a significant share of its enriched uranium from Australia, making cooperation with Canberra key for energy provisions.<sup>26</sup> Although the connectivity of the Australian and Indian markets has improved and is likely to further deepen in the future, economic relations are still somewhat novel and subsequently do not possess the scope and size of other economic ties. Increased Indian engagement with Australia could be incentivized by facilitating economic exchange as well as improving the connection between India and the South Asian diaspora communities in Australia. Whilst the Australian-Indian economic relation is a comparatively new one, it has emerged as a vital one for both countries.

Ultimately, the expanding geographical scope of the AEP has reformulated India's emphasis towards deepening the trade cooperation with traditional and non-traditional partners in East Asia, Southeast Asia, and the Pacific. Whilst this has stimulated New Delhi's regional trade relations, the extent of this trade remains limited as of now. Similarly, to India's engagement in Southeast Asia, relations are characterized by the penetration of Indian markets through FDI and, as with ASEAN, this is likely to exacerbate India's trade deficit in the future.

### Acting East: A Change in Posture

The AEP has also expanded the operational scope of the LEP beyond one that is merely focused on economics to one that integrates matters of security in the Indo-Pacific region. This links the AEP as a geostrategy to other regional geostrategies, resulting in a convergence of security aims and a subsequently emerging security cooperation. A particularly pertinent framework is that of the Free and Open Indo-Pacific (FOIP), pursued by Tokyo and Washington, and although most of India's security collaborations are in their infancy, they mark significant reconfigurations in the regional security architecture.

Whilst the LEP was effectively an economic strategy, the AEP expands on this by adding a geostrategic defence component: in 2016, PM Modi argued for the enhancement of the security cooperation between India and ASEAN given the shared security threats of terrorism and radicalization,<sup>27</sup> with the cooperation between ASEAN and India thus far mainly taking the form of bilateral security arrangements with ASEAN member States rather than ASEAN as such. This can be understood as a result of the partially differing security interests and strategies within ASEAN,<sup>28</sup> and Indian security cooperation has been particularly expressive with Vietnam, Indonesia, and Malaysia.

India entered a strategic partnership with Hanoi in 2007, and Vietnam has become a main importer of Indian arms owing to a set of bilateral agreements and a \$500 million line of credit

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<sup>26</sup> F. Grare. 'The India-Australia Strategic Relationship: Defining Realistic Expectations.' Carnegie Endowment for International Peace, 2014.

<sup>27</sup> N. Modi. 'ASEAN is central to India's 'Act East' policy: PM Modi addresses India-ASEAN Summit', 2016.

<sup>28</sup> K. Chongkittavorn. 'The Future of ASEAN Political and Security Cooperation.' Economic Research Institute for ASEAN and East Asia, 2013.

that was extended to Vietnam for the purchase of defence equipment.<sup>29</sup> In 2015, the two countries also announced the 'Joint Vision Statement 2015-2020', which initiated joint military exercises,<sup>30</sup> thus intensifying the security cooperation between India and Vietnam.

Similar bilateral agreements have been struck between New Delhi and the respective administrations in Jakarta and Kuala Lumpur. Indonesia and India have conducted joint naval controls since 2002, and a 2018 announcement of a strategic partnership extended this cooperation to joint military exercises, the sharing of best practices, and the enhanced coordination of military research.<sup>31</sup> Similarly, a deepened 2015 integration between India and Malaysia was to focus on engaging in joint military exercises, cyber and naval security efforts were to be coordinated, and there has been an increased exchange between top foreign policy officials.<sup>32</sup>

The geopolitical dimensions of these security arrangements are key for Indian foreign policy: Indonesia and Malaysia are situated adjacent to the Lombok Strait and the Malacca Strait, and ensuring access to these waterways is of key significance for India's economic endeavours in the region and for the general tradability on international waters. The Malacca Strait in particular is also vital for China, with 80% of Beijing's annual energy supply passing through the strait.<sup>33</sup> Control over these maritime choke points thus provides the controlling actors with leverage over countries that rely on the free tradability of waterways, indicating the geostrategic relevance of the region and the geostrategic dimension of regional security cooperation. Likewise, Vietnam has made territorial claims in the South China Sea, which is fully claimed by China and henceforth pitches Hanoi against China's expansionist territorial ambitions in the region. Beijing is indeed the common denominator in these countries' concerns as Chinese assertiveness threatens the legal status quo in the region, especially in regards to international trade, resulting in the strategic interests of regional players converging in their suspicion regarding China.

As such, the free navigability of international waterways is discursively a key tenet of the AEP, which connects India's aims to that of other liberal actors in the region, for instance Australia, Japan, and the US. In 2018, PM Modi espoused a "free, open, prosperous and inclusive Indo-Pacific Region" as one of the key goals of the AEP,<sup>34</sup> and India's rhetorical emphasis on the significance of the Pacific situates India's strategy in conversation with the joint Japanese-American strategy of the Free and Open Indo-Pacific (FOIP). First introduced by Japanese PM Shinzo Abe, the FOIP defines the rule of international law and market economics "free from

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<sup>29</sup> H. Pant. 'India and Vietnam: A "Strategic Partnership" in the Making.' S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore, 2018.

<sup>30</sup> Ibid.

<sup>31</sup> U.B. Singh. 'Emerging India-Indonesia Comprehensive Strategic Partnership.' *Journal of Defence Studies*, 12(3), 2018.

<sup>32</sup> Indian Ministry of External Affairs. 'Joint Statement on enhanced Malaysia-India Strategic Partnership', 2015. Accessed on 10 June 2020.

<sup>33</sup> A. Khan. 'The Malacca Dilemma: A Hindrance to Chinese Ambitions in the 21<sup>st</sup> Century.' *Berkeley Political Review*, 2019.

<sup>34</sup> D. Prebir. 'India's Act East Policy is slowly becoming Act Indo-Pacific policy under Modi government.' *The Print*, 27 March 2020.

force or coercion” as the root of peace and prosperity in the broader Indo-Pacific region,<sup>35</sup> which conceptually connects the economic and political spheres of an area ranging from the eastern shoreline of the African continent to the Pacific coast of the Western hemisphere.

The regionally encompassing concept of the FOIP was adapted by then US Secretary of State Rex Tillerson in 2017 before being reiterated by US President Trump in 2018. The significance of the FOIP as a guiding foreign policy framework becomes apparent in a policy paper published by the US State Department in 2019, which defines the FOIP’s four key aims: (1) respect for sovereignty and independence of all countries, (2) peaceful dispute resolution, (3) free, fair, and reciprocal trade based on open investment, transparent agreements, and connectivity, (4) adherence to international law, including the freedom of navigation and overflight.<sup>36</sup> In line with the Trump administration’s routinely aggressive rhetoric concerning Beijing’s behaviour, the report furthermore criticized China’s “unfounded, unlawful, and unreasonable” territorial claims in the South China Sea,<sup>37</sup> indicating how the FOIP is formulated in juxtaposition to Beijing’s territorial designs for the region. Although not formally integrated into the FOIP, South Korea’s Southern Policy displays overlaps with the FOIP as well,<sup>38</sup> and a general intersection of economic and geostrategic concerns and interests of multiple actors is observable in this context. As such, shared strategic interests to at least contain, if not, counterbalance Chinese influence emerge between multiple ASEAN States, Australia, India, Japan, South Korea, and the United States.

The increased integration of security cooperation and multilateralization of security arrangements is embodied by the Quadrilateral Security Dialogue (Quad) between Australia, India, Japan, and the US. Initially established in 2007, Australia left the Quad in 2009 amidst Australian fears of straining Canberra’s economic ties with China. Australia re-joined the Quad in 2017, reflecting the (re-) convergence of strategic interests between the four countries over time and how strategic interests correspond to larger geopolitical trends. Thus far, military cooperation has mainly occurred via joint military exercises: Australia and Japan have become members of Exercise Malabar, the joint American-Indian maritime military exercise that has been annually held at India’s Malabar Coast since 1992. In addition to Exercise Malabar, which countries such as Singapore and New Zealand have also partaken in an observing function, the Quad also facilitates bimonthly meetings of top security officials from Quad member States to coordinate joint policy responses, presumably in pursuit of shared strategic goals: the sustenance of free maritime trade and a containment of Chinese assertiveness.<sup>39</sup> The Quad subsequently embodies the geostrategic and geo-economic framework of the FOIP, which can be interpreted as a geopolitical alternative to China’s ambitious BRI.

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<sup>35</sup> N. Szechenyi & Y. Hosoya. “Working Toward a Free and Open Indo-Pacific.” Carnegie Endowment for International Peace, 2019.

<sup>36</sup> ‘A Free and Open Indo-Pacific: Advancing a Shared Vision.’ United States Department of State, 4 November 2019.

<sup>37</sup> Ibid.

<sup>38</sup> S. Kwak. ‘Korea’s New Southern Policy: Vision and Challenges.’ Korea Institute for International Economic Policy, 12 November 2018.

<sup>39</sup> H.D.P. Envall. ‘The Quadrilateral Security Dialogue: Towards an Indo-Pacific Order?’ S. Rajaratnam School of International Studies, Nanyang Technological University, Singapore, 2019.

Participation in the Quad signifies a significant turn in foreign policy conduct for India that is indicative of an active reformulation of India's regional security posture. Perhaps not surprisingly, the Quad has been perceived by Chinese State media as an attempt to contain China, and the suggestion "*that China retains only its proper place in the world*"<sup>40</sup> by US Secretary of State Mike Pompeo appears to support this narrative. The implied security alignment via the Quad signifies a shift for India as New Delhi pursued a policy of Nehruvian non-alignment during the Cold War, playing a key role in the establishment of the Non-Aligned Movement (NAM) and often being closer to the USSR than to the US. It remains difficult to not interpret participation in the Quad, and, to a lesser extent, cooperation with specific ASEAN States, as a form of political alignment that opposes Chinese influence, and it is unlikely that participation in the Quad has not been interpreted by Chinese policy makers as a containment effort. Thus far, New Delhi has routinely emphasized that it would not seek to contain Beijing, but concurrently operating in a manner that effectively does at least aim to contain China undermines the believability of such statements.<sup>41</sup> Regardless of how much or how little the Quad actually seeks to contain China, Beijing is highly likely to perceive initiatives such as the Quad as a containment effort, perhaps with good reason. Moreover, cognitive frameworks like the FOIP are likely to be interpreted as an opposition to China's BRI.

### Forecast

The AEP has significantly shifted India's geostrategic posture in the Indo-Pacific and has reformulated India's approach to one that is more strategically assertive. In an often realist-controversial security environment, the AEP can thus be conceptualized as a counterbalancing effort against Chinese influence in the Asia-Pacific that seeks to not openly antagonize China but does not necessarily succeed in doing so. Interestingly, the AEP simultaneously displays continuities and discontinuities in Indian foreign policy conduct: on the one hand, New Delhi is hesitant to pursue an open alliance in the regional security architecture and has avoided controversial diplomatic statements that would antagonize Beijing, and the merging approach of bilateral and often vague multilateral security cooperation arrangements epitomizes this hesitancy surrounding diplomatic alignment. Crucially, of these security agreements are strategic partnerships rather than alliances, implying a lesser security commitment.<sup>42</sup> That said, India and other traditional (e.g. the US and Japan) and non-traditional actors (e.g. Indonesia and Malaysia) display a high degree of strategic interests convergence that is rooted in Chinese assertiveness and will be exacerbated if this assertiveness is sustained and/or expanded.

As is evident now, regional policy makers have not been oblivious to this convergence and have consequently pursued amplified cooperation, a trajectory that could deepen and broaden in the future. The common denominator of this cooperation is that it seeks to ensure maritime security and territorial sovereignty, two aspects that are threatened by China's aggressive regional conduct, especially in the South China Sea. For India, Beijing's aggressive behavior had become undeniable palpable in the 2017 Doklam Standoff and subsequently

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<sup>40</sup> I. Henry. 'Finally, some plain talk on the Quad', Lowy Institute, 2019.

<sup>41</sup> R. Rajagopalan. 'Evasive balancing: India's unviable Indo-Pacific strategy.' *International Affairs*, 96(1), 2020.

<sup>42</sup> W. C. Ludwig III & A. Mukherjee. 'The United States, India, and the Future of the Indo-Pacific Strategy.' *The National Bureau of Asian Research*, 2019.

during the deadly 2020 border clashes as China continues to challenge Indian territoriality. If China sustains its prevalent behavioral pattern in the future, India is thus likely to meet increased opportunities for concurrently broadening and deepening strategic connectivity with regional partners, and, as the recent anti-Chinese protests have highlighted, the Indo-Sino rivalry could grow into a more defining feature of domestic politics and discourses as well notwithstanding that India is weaker compared to China in economic and military terms, and the margin in military capacities appears to be too big to be easily bridged, especially when the differing economic systems are considered.

From a Chinese perspective, however, sustained assertiveness might emerge as a counterproductive behavioral pattern as it will reiterate the necessity and urgency of security coordination for China-skeptical regional actors. Indeed, Chinese aggression could accelerate the pace at which other States would seek to integrate, perhaps in the form of the democratic security diamond that was envisioned by Shinzo Abe in 2012: the diamond, consisting of regional powers opposed to Chinese assertiveness, would contain China's naval influence through a set of coordinated security responses that would ultimately encircle China. China would undoubtedly fear such an encirclement, and the BRI could indeed be interpreted as an attempt to reduce its dependency on international waterways and thus mitigate the negative impact of a potential encirclement. India becomes a key player in this China-containment endeavor through its new-found assertiveness, which, importantly, is of a bilateral/multilateral character and does not push for unilateral hegemony in the region.

Chinese behavior will be the key variable shaping the trajectory of the region in the years and decades to come as increased Chinese assertiveness is likely to trigger further defensive responses, for instance in the form of bilateral security arrangements or the deepening of multilateral initiatives such as the Quad. Although initiatives such as the Quad currently lack internal cohesion and operability, persistently assertive Chinese behavior could consolidate the Quad and make it more cohesive in the future by exacerbating the shared strategic concerns. Strategic responses by India and other actors are likely to incorporate economic and political aspects that could divide third parties along the BRI/FOIP divide. Additionally, strategic engagements must seek to balance the economic and infrastructural dimensions of the BRI, embodied by projects such as the China Pakistan Economic Corridor (CPEC) and investments in the ports in Hambantota (Sri Lanka), Kyauk Pyo (Myanmar), Chittagong (Bangladesh), and projects in the Maldives,<sup>43</sup> which have initiated a process of encirclement of India by China. Furthermore, increased Chinese assertiveness could incentivize other China-skeptical regional actors, for instance Indonesia and Singapore, to integrate into a multilateral organization such as Quad. Such a development is not necessarily bound to occur and will correlate to Chinese behavior, which could be subject to change depending on internal and external developments.

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<sup>43</sup> 'China's 'String of Pearls' exhibits The Dragon's Great Game of Loans and Debts', European Foundation for South Asian Studies, May 2019.

## Conclusion

In his influential 2017 work *Easternisation: War and Peace in the Asian Century*, journalist Gideon Rachman described easternisation, namely the notion that the growing wealth of Asian nations is transforming the international balance of power, as the defining trend of the contemporary global age.<sup>44</sup> The centrality of Asia to global power politics is nowhere more apparent than in the contemporary relations between India, China, and other regional actors as China's BRI has formulated an ambitious and expansive plan for the Indo-Pacific that threatens to undermine the strategic and economic interests of other regional actors, including India. As such, this paper has shown how the AEP formulates India's ambition as a main geostrategic player in the 21<sup>st</sup> century and 'couples' the maritime spaces of the Indian and Pacific Ocean, henceforth reconfiguring India's geostrategic role to one that claims stakes in both spheres. In this endeavor, India has formulated its role not in hegemonic terms, but as an actor amongst others that seeks to ensure the preservation of a rule-based order. In line with the discourse of the FOIP, such a geostrategic approach can subsequently be viewed as a geopolitical design for the region that emphasizes different actors and different structures, and the contemporary opposition between China and regional States is hence not just a conflict about current conditions, but also about the political norms and structures that will govern the region in the future. Due to its economic and strategic role, India is in a position where it can decisively shape the future of the broader region, and India will have to assume an active role if it intends to sustain its regional interests.

Although India's AEP is situated in this geostrategic framework and subtly seeks to contain China's influence in the region, balancing is a behavior rather than an outcome.<sup>45</sup> The fact that India is engaging in balancing ways thus does not mean that such a balance is also achieved, and the differing trade footprints of both countries and differing military capacities indicate that Beijing has topped New Delhi in this regard. Furthermore, most of India's security arrangements are in stages of infancy and hence do not (yet) have the capacity to reject Chinese aggression if conflict was to occur. However, as this paper has argued, continued Chinese assertiveness at the Indo-Sino border could trigger a further consolidation of Chinese-skeptical regional parties. In this sense, Beijing holds the key to regional security, and as China has appeared adamant about its territorial claims in the region, spaces such as Aksai Chin, Arunachal Pradesh and the South China Sea could consequently become future theatres for further confrontation and potential conflict. Through its proactive stance and regional interests, India is increasingly drawn into these geopolitical conflicts and the fact that India has so far been steadfast in its reluctance to become so closely associated with the US that the relationship threatens China, might change after the recent and deadly border clashes between the two countries.

Whilst the AEP predominantly repositions India in security affairs abroad, its domestic dimensions must not be ignored. The 21<sup>st</sup> century has seen New Delhi increase its trade deficit with trading partners in Eastern and Southeastern Asia, a disposition that PM Modi's administration will need to address in the long run, especially as the economic impact of the

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<sup>44</sup> G. Rachman. *Easternisation: War and Peace in the Asian Century*. London: Vintage Books, 2017.

<sup>45</sup> R. Rajagopalan. 'Evasive balancing: India's unviable Indo-Pacific strategy.' *International Affairs*, 96(1), 2020, pp. 83-84.

COVID-19 crisis is yet to be comprehended sufficiently. To address trade imbalances and economic underdevelopment, the infrastructure development in the NER and the increased connectivity between Indian and Eastern/Southeastern markets could be of key relevance, and the Indian government will need to ensure that the benefits of the NER's increased trade exposure benefit the local communities within the NER to guarantee the sustainability of these projects. India's ability to act on its geopolitical ambitions is ultimately also informed by its domestic cohesion, and although the AEP is unlikely to fully address the socio-economic grievances in India's marginalized Northeast, it can contribute to the improvement of material living standards. To ensure that this process is pursuable, the government must also mitigate the spillover effects of political instability from neighboring countries such as Myanmar and Nepal.

All things considered, the AEP marks an ambitious reformulation of India's security policy abroad, and, if successful, can enhance India's economic and political role in the regional security architecture. The path there is uncertain, and may intensify the historical geopolitical rivalry between China and India. However, one thing is certain; China's strategic and aggressive opportunism may result in the new reality that India, formally and openly entrenches itself in the opposite camp, thereby tilting the balance of power further to Beijing's disadvantage.

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