

MULTILATERAL  
MATTERS

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## ASEAN-INDIA ECONOMIC LINKAGES: THE WAY FORWARD

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By Pradumna B. Rana

OF late, there has been growing interest in the evolving economic linkages between South Asia and East Asia (defined as ASEAN+3). Since 1991, when India launched its “Look East Policy”, New Delhi’s economic linkages with East Asia and also ASEAN, have grown tremendously.

Most recently, at the Singapore Symposium organised in New Delhi on July 2012, Singapore’s Prime Minister Lee Hsien Loong conveyed a strategic message that ASEAN would “welcome” India’s participation in the proposed Regional Comprehensive Economic Partnership.

Studies conducted show that India’s trade potential is the highest with the Asia-Pacific region, followed by the European Union and the North American Free Trade Agreement, and then by South Asia. As such, a broader South Asia-East Asia integration would provide large gains to South Asia as well as East Asia. Furthermore with rising real wages in the coastal provinces of China, there is substantial potential for India/South



Asia to link themselves to production networks in East Asia and the world.

**Policy recommendations:**

One, South Asian countries need to accelerate the implementation of the second generation reforms at the micro-economic (institutional) level to enhance competitiveness. These reforms are required to mobilise domestic investment as well as to reduce “behind the border costs” for trade and foreign direct investment.

Two, as in other parts of the world, there has been a proliferation of free trade agreements (FTAs) between South Asia and East Asia. Until a decade ago, there was only the Asia-Pacific Trade Agreement. Presently, six new FTAs are already in effect and over a dozen are either under negotiation or have been proposed. Wider and deeper FTAs bring significantly more benefits than narrower and trade-light FTAs.

Three, trade facilitation between South Asia and East Asia needs to be improved. Trade facilitation at the border includes reducing delays in customs inspection, cargo handling and transfer, and processing of documents. The recent political and economic reforms in Myanmar have also provided opportunities to various connectivity projects.

The above policies could go a long way in enhancing economic linkages between South Asia and East Asia and will be a win-win situation for both regions.

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*A complete version of this paper was presented at the first Roundtable of ASEAN-India Network of Think Tanks in New Delhi on 7-8 August 2012.*

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## RSIS SEMINAR ON JAPAN ENGAGING SOUTHEAST ASIA BY KEN JIMBO

On 18 July 2012, Dr Ken Jimbo, Associate Professor at the Faculty of Policy Management in Keio University and Visiting Research Fellow at RSIS, presented a seminar titled “Japan’s New Direction in Engaging Southeast Asia: Community Building or Collective Balancing?”. Held in RSIS, the seminar drew an audience of more than 20 people, including Mr Yoichi Suzuki, the Japanese Ambassador to Singapore.

Responding to observations that Japan’s policy towards Asia had undergone many shifts within the past decade, Jimbo noted the difficulty of generalising Japan’s diplomacy but stressed that Japan had been increasingly pro-active in building up ties with Southeast Asian states.

According to Jimbo, Japan’s strategy for engaging Southeast Asia rested on three pillars. They were: (i) extending its network to enhance regional security; (ii) providing Official Development Assistance to fund ASEAN’s infrastructure projects; and (iii) launching a series of capacity building schemes in ASEAN nations, in areas such as humanitarian assistance, disaster relief, and counter-piracy operations.

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### EXPERT TALK:

**In this issue, CMS spoke to Professor Iwan Aziz of the Asian Development Bank, who had visited RSIS as the NTUC Professor of International Relations:**

*Q: You had previously mentioned that integration within Asia has accelerated the past ten years. What are the prospects for the coming five years or so. Would Asia continue to witness closer economic integration or will it slow down?*

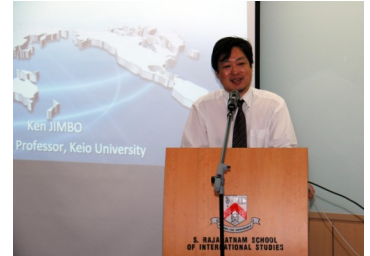
**A: The answer is yes and it will speed up.** Asia’s rapid economic and social development over the past several decades has been an inspiration for all.

*Q: What is/are the key challenges that Asia would face even as the region undergoes economic integration?*

**A:** Since the onset of the global financial crisis in 2008, developing Asia has proven its resilience. Nonetheless, **some of the fundamental structural weaknesses in developed economies are unlikely to be resolved soon**, and the region might be exposed to financial contagion. Developing Asia therefore must adapt to what could be a prolonged slowdown in mature markets.

*Q: What can/should policymakers do?*

**A:** The immediate challenge for the region’s policymakers is to **prepare for responding to a sudden economic disruption funneling into Asia through financial and trade transmission channels**. [But] even more challenging is to deal with these immediate issues with a strategic eye on **avoiding a disruption in the region’s continuing economic transformation**. The debate must include some discussion on how to **adjust the development paradigm to better accommodate global economic change** while ensuring [that] **sustained growth is possible**—growth that is more inclusive and responsible, ultimately boosting the welfare of the majority of Asia’s population.



Associate Professor Ken Jimbo speaking at the RSIS Seminar on Japan’s new direction in engaging ASEAN.



Professor Iwan Aziz delivering a distinguished public lecture at the Marina Mandarin.

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**Professor Iwan Aziz**

## WORKSHOP ON NORTHEAST ASIAN REGIONALISM

On 6 July 2012, the RSIS Centre for Multilateralism Studies held a workshop titled “Is Northeast Asian Regionalism the Centre for East Asian Regionalism?” to discuss the prospects for regional cooperation in Northeast Asia. More than 60 participants, including experts from China, Japan and South Korea, gathered at Traders Hotel for the full-day event. The workshop highlighted three main themes of Northeast Asian regionalism: (i) the overall form which regional cooperation has taken; (ii) the security aspects of such cooperation; and (iii) ASEAN’s role in the Northeast Asian regionalisation process.

On the existing regional cooperation frameworks in Northeast Asia, it was noted that due to the territorial and historical disputes between Northeast Asian states, the region’s approach to economic cooperation had been measured and informal.

Participants observed that despite the growing economic cooperation among China, Japan and South Korea, coordination on security issues had been less forthcoming. Stumbling blocks to closer security ties included the stalled Six-Party Talks, historical and maritime territorial disputes, and the strategic culture of the individual Northeast Asian states.

While speakers agreed that ASEAN had been a platform for improving relations among Northeast Asian states, they also observed that ASEAN could not resolve Northeast Asia’s problems. Specifically, ASEAN had been unable to deal effectively with instability arising from Taiwan’s disputed sovereign status, maritime territorial disputes in the East China Sea, and tensions on the Korean Peninsula.

Overall, participants concluded that Northeast Asian regional cooperation was necessary, but may be a slow process due to the different interests of the individual states.

Contributed by Sarah Teo

The full report on the conference can be accessed [here](#).

## RSIS SEMINAR ON JAPAN ENGAGING SOUTHEAST ASIA

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He assessed that Japan’s active engagement with Southeast Asian states was driven by the rise of China. In light of the power shift in Asia, Japan would benefit from a strategy involving deterrence, balancing and integration. Southeast Asia, as one of the fastest-growing regions in the world, was seen as an important strategic partner to Japan in its mission to maintain a favourable regional balance of power.

Said Dr Jimbo: “[As] ASEAN’s collective power is becoming more valid and relevant in coming years, there will be more opportunities between Japan and ASEAN for the purpose of collective balancing and community building”.

Contributed by Sarah Teo



Speakers at the workshop on Northeast Asian regionalism.

**[As] ASEAN’s collective power is becoming more valid and relevant in coming years, there will be more opportunities between Japan and ASEAN for the purpose of collective balancing and community building.**

**Dr Ken Jimbo**

## NEWS AND COMMENTARIES/SELECTED PUBLICATIONS

### [ASEAN Centrality in a Rising Asia](#)

Benjamin Ho, *RSIS Working Paper No. 249*, September 2012

### [ASEAN Centrality: Why is it Important for US and China](#)

Sarah Teo, 11 September 2012

### [US Rebalancing Strategy and the South China Sea Disputes](#)

Ralf Emmers, 4 September 2012

### [Dividing the Korean Peninsula: The Rhetoric of the George W. Bush Administration](#)

Sarah Teo, *RSIS Working Paper No. 245*, August 2012

### [ASEAN and China: Navigating Turbulent Waters Ahead](#)

Yang Razali Kassim, 13 August 2012

### [ASEAN buffeted by choppy China waters](#)

Benjamin Ho and Ristian Atriandi Supriyanto, *Global Times*, 2 August 2012

### [North Korea reforms: Real or superficial?](#)

Sarah Teo, *Lianhe Zaobao*, 2 August 2012

### [Myanmar and North Korea: Birds of a feather on different paths?](#)

Kyaw San Wai and Ong Suan Ee, *The Nation*, 30 July 2012

### [Examining Rio+20's outcome](#)

Ong Suan Ee, *Council on Foreign Relations*, 5 July 2012

### [Japan-South Korea Military Cooperation: Implications for Northeast Asia](#)

Sarah Teo, 4 July 2012

## UPCOMING EVENTS:

Council of Councils Singapore Regional Conference on "Asia at the Crossroads: Regional Priorities for the Twenty-First Century"

**Venue: Traders Hotel, 30–31 October 2012 (by invitation only)**

APU-RSIS Roundtable on "U.S. Engagement in the Asia Pacific"

**Venue: RSIS, NTU, 26 November 2012 (by invitation only)**

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## ABOUT THE CENTRE

The Centre for Multilateralism Studies (CMS) is a research entity within the S. Rajaratnam School of International Studies (RSIS) at Nanyang Technological University, Singapore. The CMS team conducts cutting-edge research, teaching/training, and networking on cooperative multilateralism in the Asia Pacific region. The Centre aims to contribute to international academic and public discourses on regional architecture and order in Asia Pacific. It aspires to be an international knowledge hub for multilateral cooperation and regional integration.