



# Delhi Policy Group

Advancing India's Rise as a Leading Power

## EAST ASIA EXPLORER SEPTEMBER 2024

### *Authors*

Prabir De

Anshita Shukla

Jayantika Rao T V

Biren Nanda

Volume II, Issue 9



Delhi Policy Group

Core 5A, 1st Floor, India Habitat Centre, Lodhi Road, New Delhi- 110003

[www.delhipolicygroup.org](http://www.delhipolicygroup.org)



# Delhi Policy Group

Advancing India's Rise as a Leading Power

## East Asia Explorer

Vol. II, Issue 9

September 2024

### ABOUT US

Founded in 1994, the Delhi Policy Group (DPG) is among India's oldest think tanks with its primary focus on strategic and international issues of critical national interest. DPG is a non-partisan institution and is independently funded by a non-profit Trust. Over past decades, DPG has established itself in both domestic and international circles and is widely recognised today among the top security think tanks of India and of Asia's major powers.

Since 2016, in keeping with India's increasing global profile, DPG has expanded its focus areas to include India's regional and global role and its policies in the Indo-Pacific. In a realist environment, DPG remains mindful of the need to align India's ambitions with matching strategies and capabilities, from diplomatic initiatives to security policy and military modernisation.

At a time of disruptive change in the global order, DPG aims to deliver research based, relevant, reliable and realist policy perspectives to an actively engaged public, both at home and abroad. DPG is deeply committed to the growth of India's national power and purpose, the security and prosperity of the people of India and India's contributions to the global public good. We remain firmly anchored within these foundational principles which have defined DPG since its inception.

### Authors

**Prabir De**, Professor, Research and Information System for Developing Countries (RIS)

**Anshita Arvind Shukla**, Research Associate, Delhi Policy Group

**Jayantika Rao T. V.**, Research Associate, Delhi Policy Group

**Ambassador Biren Nanda**, Senior Fellow for Act East Diplomacy, Delhi Policy Group

*The views expressed in this publication are those of the authors and should not be attributed to the Delhi Policy Group as an Institution.*

### Cover Image:

Indian Prime Minister Narendra Modi with Prime Minister of Singapore, Lawrence Wong, in Singapore on September 4, 2024.

(Source: [PM Wong/Official X Account](#))

Indonesian President-elect and incumbent Defence Minister, Prabowo Subianto with the Prime Minister of Vietnam, Phạm

Minh Chính, in Vietnam on September 14, 2024. (Source: [Prabowo Subianto/Official X Account](#))

Dr. S. Jaishankar, External Affairs Minister of India, with Foreign Ministers of ASEAN member states at the ASEAN-India

Foreign Ministers' Meeting in Vientiane, Laos on July 26, 2024. (Source: [Dr. Jaishankar/Official X Account](#))

© 2024 by the Delhi Policy Group

### Delhi Policy Group

Core 5A, 1st Floor,

India Habitat Centre,

Lodhi Road, New Delhi- 110003.

[www.delhipolicygroup.org](http://www.delhipolicygroup.org)

# East Asia Explorer

Vol. II, Issue 9

September 2024

## Contents

### The 21st ASEAN-India Summit

Prabir De .....1

### PM Modi's Visit to Brunei and Singapore: Acting East

Anshita Shukla..... 7

### Indonesia's New Foreign Policy Alignment

Jayantika Rao T.V..... 14

### Long-Term Geopolitical Trends in Southeast Asia

Biren Nanda ..... 19

## The 21st ASEAN-India Summit

by

Prabir De

### Introduction

A week from now, the 21<sup>st</sup> ASEAN-India Summit is going to take place in Vientiane. Started in 2002 in Cambodia, the ASEAN-India annual summit process has entered into the third decade of partnership. ASEAN-India relations have grown from strength to strength and the two sides have never been so close, with growing trade and investment flows, friend-shoring and people-to-people contacts.

The Indian Prime Minister will participate in several key summits, including the East Asia Summit and the 21<sup>st</sup> India-ASEAN Summit on 10 and 11 October 2024. The Indian PM's presence underscores the continuity of India's proactive engagement with ASEAN and the East Asia Summit (EAS).

The world is passing through uncertainties and leaders are looking for resilient solutions. Therefore, the theme of this year's ASEAN Summit is "ASEAN: Enhancing Connectivity and Resilience". It is reported by the ASEAN Secretariat that

"The ASEAN region, like other regions around the world, continues to face myriad challenges, including lingering economic and financial difficulties, even though the region has been gradually recovering from multidimensional disturbances, and yet this recovery remains fragile. Additionally, climate change, natural disasters, and traditional and non-traditional security issues are still pressing challenges. Against this backdrop, enhancing connectivity and resilience is of utmost importance to ensure ASEAN collective efforts in the strengthening of the ASEAN Community to seize opportunities and address present and emerging challenges effectively."

Why is it so important for a Head of State/Government to attend the summit meetings? The summit meetings hold high significance as they offer opportunities for leaders of participating countries to meet and gain from dialogue and interactions. Since 2002, India has not missed a single ASEAN-India summit.

## ASEAN-India Regional Engagements

ASEAN and India share both land and maritime borders. They are civilizational partners. India has been enjoying its strategic location, democracy, market size, natural resources, access to the coast, and the advantage of a young population. So also ASEAN. ASEAN and India together share 7 per cent of the world GDP and 26 per cent of the world population. Their combined strength is, therefore, phenomenal. ASEAN is currently India's 4<sup>th</sup> largest trading partner, and India is ASEAN's 7<sup>th</sup> largest trade partner. ASEAN has truly become a global economy, where FTAs have played a key role in the integration.

ASEAN-India relations have been elevated to a 'Comprehensive Strategic Partnership' (CSP). They have agreed to establish the ASEAN-India CSP that is meaningful, substantive, and mutually beneficial. Both of them have reaffirmed the importance of maintaining ASEAN Centrality in the evolving regional architecture in the Indo-Pacific and deepening dialogue and coordination through existing ASEAN-led mechanisms and fora, including the ASEAN-India Summit, the East Asia Summit (EAS), the Post Ministerial Conference with India (PMC+1), the ASEAN Regional Forum (ARF), the ASEAN Defense Ministers' Meeting-Plus (ADMM-Plus), the Expanded 'ASEAN Maritime Forum' (EAMF), and to cooperate on initiatives to support and contribute to the ASEAN Integration and the ASEAN Community-building process. These all initiatives are strengthening ASEAN-India relations through an in-depth set of programs as identified under the 'ASEAN-India Plan of Action' and its Annex.

After Prime Minister Modi was sworn in for the third term in June 2024, he visited Brunei and Singapore. The Prime Ministers of Vietnam and Malaysia also visited India during this period. The Prime Minister also inaugurated the campus of the Nalanda University – rebuilt in partnership with several Southeast and East Asian countries. India's External Affairs Minister (EAM) also visited ASEAN member states during the last year since September 2023. The Indian Defense Minister attended the 10<sup>th</sup> ASEAN Defense Ministers' Meeting-Plus (ADMM-Plus) in November 2023. The ASEAN Secretary-General visited India in February 2024. The '24<sup>th</sup> ASEAN-India Joint Cooperation Committee (AIJCC) Meeting was held in March 2024. In May 2024, the 26<sup>th</sup> ASEAN-India Senior Officials' Meeting (AISOM) took place. India's External Affairs Minister, Dr. S.Jaishankar attended the 'ASEAN-India Foreign Ministers' Meeting and the PMC+1 Meeting in July 2024'. Indian Commerce and Industry Minister co-chaired the 21<sup>st</sup> ASEAN-India Economic Ministers in September 2024. It has been a very hectic engagement between ASEAN and India since September

2023 despite general elections in India and Indonesia – the two largest economies in the region.

ASEAN and India have been witnessing the best phase of their relations in the post-pandemic period. The bilateral trade between them was just US\$ 9 billion when they had their first summit way back in 2002, and now their trade is likely to cross the US\$ 150 billion mark by the end of 2024. India and some of the ASEAN member states such as Malaysia have agreed to trade in local currency. More ASEAN member states are likely to follow suit. The gross cumulative investment flows between ASEAN and India exceeded US\$ 125 billion during 2000-2023.

In an integrated regional block, what matters is the strength of connectivity. Weak connectivity nullifies the advantages of FTA. India has come up with a series of physical and digital connectivity initiatives with ASEAN member states such as the Kaladan multi-modal transit transport project, Trilateral Highway, and digital payment arrangement with Singapore, to mention a few.

To boost, India-ASEAN economic relations, the Indian Prime Minister announced the 12-point agenda at Jakarta in 2023. The 12-point agenda covers a wide set of areas crucial for economic engagement, thus reflecting India's high commitment to ASEAN-India relations.

To enhance the connectivity, India's Prime Minister has invited the ASEAN to join the IMEC (India-Middle East-Europe Economic Corridor). To speed up digital transformation, the Indian Prime Minister has offered to share India's digital public infrastructure stack with ASEAN partners. This initiative aims to facilitate digital transformation across sectors, promoting innovation and efficiency in businesses. Besides, India has offered to set up 'ASEAN-India Fund' for a Digital Future.

India's Digital Public Infrastructure (DPI) is a cornerstone of India's economic transformation and is projected to contribute nearly 4.2 per cent to India's GDP by 2030. It provides a range of benefits, including access to services, financial inclusion, economic transformation, Global recognition, Open source and Innovation, and Collaboration. Some of the platforms that are part of India's DPI include Aadhaar, UPI, FASTag, ONDC, National Digital Library, and National Knowledge Network. There are ample opportunities for cooperation between ASEAN and India in the area of DPI.

The Indian Prime Minister has also invited ASEAN member states to join the Global Centre for Traditional Medicine, established by the WHO in India. India



and ASEAN have been working to promote Mission LiFE, combat terrorism, and strengthen maritime security. Enhanced cooperation on maritime safety, security, and domain awareness is vital for businesses engaged in maritime trade and logistics. Indian Prime Minister has invited ASEAN member states to join the Coalition for Disaster Resilient Infrastructure (CDRI). India remains committed to freedom of navigation, over-flight and unimpeded lawful commerce in international waters. India issued two important joint statements – one is on maritime cooperation and the other one is on food security.

Out of the 12-point proposal, digital cooperation has witnessed some progress. The real-time, cross-border linking of India's Unified Payments Interface (UPI) and Singapore's PayNow has been implemented in 2023 and both sides are planning to expand the operation. ASEAN has shown interest in India's UPI and so has India expressed an interest in ASEAN's fast payment systems (FPSs). In June 2024, the Reserve Bank of India (RBI) officially joined "Project Nexus", marking a milestone in India's integration with ASEAN's financial infrastructure. By aligning itself with Project Nexus, India has agreed to not only enhance its cross-border payment capabilities but also expand its economic ties with some of the region's most dynamic economies. The project's main advantage lies in its ability to connect multiple countries' payment systems under one platform, eliminating the need for individual, custom connections between nations.

ASEAN and India have started reviewing the AITIGA and they have had a couple of rounds of negotiations in 2024

Since 2023, impressive progress has been observed in the area of people-to-people contacts through cooperation in higher education and tourism, etc., and the ASEAN member states have shown a deep interest in the areas of science and technology cooperation with India.

The twenty ASEAN-India summits held so far reflect India's energetic engagement with ASEAN, which has transformed their relationship. India and ASEAN advocate a free, open, rules-based and inclusive order in the Indo-Pacific region, and call for the peaceful resolution of disputes while respecting the sovereignty and territorial integrity of all nations. Both sides have agreed to continue to work on shared interests and aspirations in ensuring regional peace, security, and stability.

## Some Critical Economic Challenges

What are the major critical economic challenges that India faces in ASEAN? First, unlike the EU, ASEAN is not a single market. Second, trade barriers are very high in borders and NTMs have been rising. An increase in NTMs could raise trade costs, inhibiting trade expansion and GVCs. Besides, there are restrictions on the movement of professionals, capital, and goods. Well, some of them are not India-specific, but some discriminate against India over ASEAN's other trade partners. On the other hand, ASEAN too faces several trade and investment barriers in India. Besides, ASEAN also faces rising tariffs and domestic protections.

## The Way Ahead

ASEAN-India relations have been getting transformed into an Indo-Pacific partnership. ASEAN and India have agreed to collaborate on the Indo-Pacific. AOIP's convergence with the Indo-Pacific Oceans Initiative (IPOI) provides a strong basis for the next phase of ASEAN-India cooperation.

Both ASEAN and India need to add momentum to the implementation of the 'ASEAN-India Joint Statement on Cooperation on the ASEAN Outlook on the Indo-Pacific' (AOIP) for Peace, Stability, and Prosperity in the Region. Under the AOIP framework, there are four areas of priority: maritime cooperation, connectivity, sustainable development, and economic cooperation. There are several common areas of cooperation between ASEAN's AOIP and India's IPOI. India and ASEAN should scale up their engagements in implementing the AOIP-IPOI projects.

Today, digital cooperation is the best part of ASEAN-India economic engagements and it will continue to add further momentum. India's startup ecosystem is the third-largest globally, having over 113 unicorns. The digital economy in India alone contributes more than 13 per cent to the national GDP. India's telecommunications sector is set to reach 1 billion smartphone users by 2026, with a rapidly expanding 5G network. India is pushing the adoption of block-chain-enabled e-commerce platforms to facilitate secure and transparent supply chains, critical for the seamless flow of trade.

India has been and will remain a major partner in the digitalization of trade documents, enhancing information access to MSMEs, a framework to map global value chains, and best practices on mutual recognition agreements for professional services. Cross-border e-commerce and fintech innovations are key sectors where MSMEs are expected to thrive. Therefore, there are ample



opportunities to collaborate. Both ASEAN and India must continue to work in these areas.

ASEAN and India should also work together to forge green infrastructure and resilient supply chains, explore cooperation on the Single Window platform to enhance trade facilitation and integration and promote the development of MSMEs and start-ups. The areas that offer high prospects are pharmaceuticals, health, cyber, financial, and maritime security domains. India's International Solar Alliance (ISA) or the Coalition for Disaster Resilient Infrastructure (CDRI), etc. offer many solutions to ASEAN's current changes.

In the next round of discussions, both ASEAN and India may like to promote quality trade and resilient production networks and supply chains. The implementation of services and investment agreements is long overdue. Concluding the negotiation of the AITIGA review may take time but ASEAN and India may intensify their efforts to achieve a substantial conclusion even before the new deadline of 2025. After the completion of the summit meetings, the ASEAN chairmanship will transfer from Lao PDR to Malaysia, thus providing another opportunity to conclude a substantial part of the AITIGA review before the 22<sup>nd</sup> ASEAN-India Summit to be held in 2025.

Needless to add, the outcomes of the recently held 'Fourth in-person Quad Summit' may provide indications of the future direction for ASEAN-India relations. At this summit, Quad has launched the historic Quad Cancer Moonshot, a collective effort to leverage public and private resources to reduce the number of lives lost to cancer in the Indo-Pacific, with an initial focus on cervical cancer.

Today, global uncertainties are looming large. The growing differences between countries over trade and investment are undermining growth and trust. ASEAN and India may further intensify their cooperation to stabilize the global order.

### Concluding remarks

India has carved out its place in ASEAN's strategic outlook and so also has ASEAN in India's foreign policy vision. The relationship between them is truly irreversible. Therefore, the coming 21<sup>st</sup> ASEAN-India Summit is expected to bring significant decisions adding further momentum to ASEAN-India relations and cooperation in the Indo-Pacific.

\*\*\*

## PM Modi's Visit to Brunei and Singapore: Acting East

by

Anshita Shukla

Over the past decade, India's 'Act East' diplomacy has fostered closer ties of mutually beneficial cooperation with the fastest growing nations of Southeast Asia. Since the commencement of his third term in office, Prime Minister Narendra Modi has hosted his counterparts from Vietnam and Malaysia in New Delhi, and has visited Brunei and Singapore, underlining India's commitment to continue 'acting' East.

Several reasons could be attributed to India's recent efforts to reemphasise its relations with Southeast Asia. The visits to and from leaders of ASEAN countries come at a time when contemporary discourse alleges that India has shifted its foreign policy focus away from Southeast Asia to the Gulf region<sup>1</sup>. Another emerging narrative within Southeast Asia states that New Delhi faces dwindling political and economic relevance in the region, attributed to India's "inability to project capacity or political will for global leadership" and that India is "distracted with its internal and sub-continental affairs", as revealed by the State of Southeast Asia Survey 2024<sup>2</sup>. Domestically, Modi has returned to the office with a coalition government, unlike the absolute majority secured in 2014 and 2019. The leader faces a two-front challenge - navigating coalition politics, and ensuring no derailment in the foreign policy agendas and actions laid out in his previous terms. The recent visits could be aimed at placating concerns regarding changes in foreign policy direction by signalling continuity while also showcasing its foreign policy agenda for the next five years.

### Visit to Brunei

The Prime Minister commenced a two-nation visit to Southeast Asia with Brunei from September 3 - 4, 2024, making it the first visit of an Indian Prime Minister to the country<sup>3</sup>. In his meeting with the Prime Minister of Brunei,

---

<sup>1</sup> "The Gulf Region's Growing Importance for India." n.d. IISS. <https://www.iiss.org/en/online-analysis/online-analysis/2024/02/the-gulf-regions-growing-importance-for-india/>.

<sup>2</sup> Wong, Lydia. 2024. "The State of Southeast Asia: 2024 Survey Report - ISEAS-Yusof Ishak Institute." ISEAS-Yusof Ishak Institute. April 2, 2024.

<https://www.iseas.edu.sg/centres/asean-studies-centre/state-of-southeast-asia-survey/the-state-of-southeast-asia-2024-survey-report/>.

<sup>3</sup> "Prime Minister Arrives in Brunei on an Official Visit." n.d. Ministry of External Affairs, Government of India. <https://www.mea.gov.in/press-releases.htm?dtl/38250/Prime+Minister+arrives+in+Brunei+on+an+Official+Visit>.

Hassanal Bolkiah, the two leaders upgraded the bilateral relations between India and Brunei to an 'Enhanced Partnership'. They discussed ways to enhance cooperation in areas of defence, connectivity, trade and investment, energy including renewables, space, ICT, health and pharmaceuticals, education and capacity building, culture, tourism, youth and people-to-people exchanges. PM Modi repeated his comment "India backs policy of development, not expansionism", in Brunei, a claimant state in the South China Sea dispute<sup>4</sup>. He first made this remark during Vietnamese Prime Minister Pham Minh Chinh's visit to New Delhi in August 2024<sup>5</sup>. The visit concluded with the signing of an 'MoU on Cooperation in the operation of Telemetry, Tracking and Telecommand Station for Satellite and Launch Vehicles' by External Affairs Minister Dr. S. Jaishankar and Brunei's Minister of Transport and Info-communications Pengiran Dato<sup>6</sup>.

Brunei, a tiny, energy-rich, maritime country, forms an important pillar of India's Act East policy and its Indo-Pacific Strategy. The small island state is of consequence to India in three areas- space, energy, and the maritime sector. The space sector is a long-standing area of cooperation between India and Brunei. The geographical location of Brunei near the equator makes it favourable for satellite ground stations and space monitoring infrastructure. The Secretary East of the Ministry of External Affairs of India, Jaideep Mazumdar, signalled at possible future bilateral cooperation by stating that "as technology develops, as our requirements develop, so also the need for enhancing those capabilities in the various centres we have worldwide for our telemetry, tracking and command increase or change"<sup>7</sup>.

The second area of India-Brunei cooperation is energy trade. India, as the fastest-growing economy, has a burgeoning requirement making it the third-largest consumer of energy in the world<sup>8</sup>. Previously, oil imports have been a

<sup>4</sup> Roy, Shubhajit. 2024. "Eye on China, Modi in Brunei: India Backs Policy of Development, Not Expansionism." *The Indian Express*, September 5, 2024. <https://indianexpress.com/article/india/pm-modi-brunei-visit-bilateral-ties-enhanced-partnership-act-east-policy-9549472/>.

<sup>5</sup> Bhattacharjee, Kallol. 2024. "India Does Not Believe in 'Expansionism': PM Modi." *The Hindu*. August 2, 2024. <https://www.thehindu.com/news/national/india-does-not-believe-in-expansionism-pm-modi/article68474416.ece>.

<sup>6</sup> "Prime Minister's Meeting With His Majesty Sultan Haji Hassanal Bolkiah of Brunei." n.d. Ministry of External Affairs, Government of India. [https://www.mea.gov.in/press-releases.htm?dtl/38253/Prime\\_Ministers\\_meeting\\_with\\_His\\_Majesty\\_Sultan\\_Haji\\_Hassanal\\_Bolkiah\\_of\\_Brunei](https://www.mea.gov.in/press-releases.htm?dtl/38253/Prime_Ministers_meeting_with_His_Majesty_Sultan_Haji_Hassanal_Bolkiah_of_Brunei).

<sup>7</sup> "MEA | Visits | Outgoing Visit | Visit Detail." n.d. Ministry of External Affairs, Government of India. <https://www.mea.gov.in/outgoing-visit-detail.htm?38247/Transcript+of+Special+Briefing+by+Secretary+East+on+Prime+Ministers+visit+to+Brunei+and+Singapore+September+02+2024>.

<sup>8</sup> "India - Renewable Energy." 2024. International Trade Administration | Trade.Gov. January 12, 2024. <https://www.trade.gov/country-commercial-guides/india-renewable-energy>.

strong area of cooperation between the two countries. India is one of the largest importers of crude oil from Brunei and has been importing crude oil worth approximately USD 500-600 million every year<sup>9</sup>. However, since the inception of the Russia-Ukraine war, Moscow emerged as a more economical energy partner, supplying a significant portion of India's energy imports. During his recent visit, PM Modi discussed the possibilities of "long-term cooperation in LNG" to reinvigorate the bilateral energy partnership with Brunei.<sup>10</sup>

The third potential untapped area of cooperation is in maritime engagement. India has undertaken investment in port development, under the SAGAR (Security and Growth for All in the Region) initiative, to facilitate its growing trade with Southeast Asian countries. The Indonesian port in Sabang<sup>11</sup> and the Sittwe port in Myanmar<sup>12</sup> are successful examples of this. India could pursue the same with Brunei to develop the deep-water Muara port, which connects all major ports of Southeast and East Asia.

### Visit to Singapore

Following Brunei, Prime Minister Modi visited Singapore from September 4 - 5, 2024. This was Modi's fifth visit to Singapore as Prime Minister and the first visit since Lawrence Wong was appointed the PM of the island nation. The two leaders upgraded the bilateral ties between India and Singapore to a "Comprehensive Strategic Partnership". During his visit, PM Modi held meetings with Prime Minister and Minister for Finance Lawrence Wong, Senior Minister Lee Hsien Loong, Emeritus Senior Minister Goh Chok Tong, and called on President Tharman Shanmugaratnam. The visit concluded with the signing of four MoUs on Cooperation in Digital Technologies; Semiconductor Ecosystem Partnership; Cooperation in Health and Medicine, and Educational Cooperation and Skills Development. The groundwork for the PM's visit was laid by the India - Singapore Ministerial Roundtable (ISMR) on August 26, 2024, which unveiled six pillars of cooperation between India and Singapore-

<sup>9</sup> "High Commission of India, Brunei Darussalam : India-Brunei Bilateral Brief." n.d. <https://www.hcindiabrunei.gov.in/page/india-brunei-bilateral/>.

<sup>10</sup> Laskar, Rezaul H. 2024. "India, Brunei to Expand Space Cooperation, Discuss Long-term LNG Supplies." Hindustan Times, September 4, 2024. <https://www.hindustantimes.com/india-news/india-brunei-to-expand-space-cooperation-discuss-long-term-lng-supplies-101725437984996.html>.

<sup>11</sup> Chaudhury, Dipanjan Roy. 2019. "Eyeing Southeast Asia, India Builds Port in Indonesia." The Economic Times, March 20, 2019. <https://economictimes.indiatimes.com/news/defence/eyeing-southeast-asia-india-builds-port-in-indonesia/articleshow/68490478.cms?from=mdr>.

<sup>12</sup> Business Standard. 2024. "India Secures Second Overseas Port: Sittwe Agreement Approved by MEA." Wwww.Business-Standard.Com. April 7, 2024. [https://www.business-standard.com/economy/news/india-secures-second-overseas-port-sittwe-agreement-approved-by-mea-124040700550\\_1.html](https://www.business-standard.com/economy/news/india-secures-second-overseas-port-sittwe-agreement-approved-by-mea-124040700550_1.html).

sustainability, digitalization, skill development, healthcare and medicine, advanced manufacturing and connectivity.

One of the primary objectives of the Prime Minister's visit was to encourage foreign investments in India. While India continues to receive the highest Foreign Direct Investment (FDI) from Singapore, the numbers dipped in 2023-24 by 31.55% to \$11.77 billion<sup>13</sup>. In his meeting with the business leaders from Singapore, he highlighted India's skilled talent pool, expansive market opportunities, and impressive economic growth<sup>14</sup>. Prime Minister pitched India as the "best alternative" for building resilient supply chains. He urged the leaders to explore investment opportunities and to increase their presence in India.

The second critical reason behind the visit to Singapore emanates from the emergence of a new leadership in the island nation. PM Modi, during his first two terms in office, has shared a friendly relationship with the former Prime Minister of Singapore, Lee Hsien Loong. During his recent visit, PM Modi remarked that the former leader has been a "strong votary of close India-Singapore ties"<sup>15</sup>. The ex-Singaporean Prime Minister characterised India as "a natural partner" with which Singapore shares an "instinctive familiarity and comfort"<sup>16</sup>. However, for the first time in two decades, leadership has changed in Singapore outside of the Lee family dynasty. The incumbent PM Lawrence Wong was not the initial designated choice for prime ministerial succession. He has inherited a domestic political system recently plagued with political scandals<sup>17</sup> and a "messier, riskier and more violent world"<sup>18</sup>, characterised by the leader himself. Since taking charge, PM Wong in his congratulatory message to PM Modi on securing a third term noted that Modi had "shepherded

<sup>13</sup> Pti. 2024. "India Receives Highest FDI From Singapore in 2023-24; Mauritius Second Biggest Investor: Government Data." The Hindu. June 2, 2024. <https://www.thehindu.com/business/Economy/india-receives-highest-fdi-from-singapore-in-2023-24-mauritius-second-biggest-investor-government-data/article68242434.ece>.

<sup>14</sup> "Prime Minister's Interaction With Singaporean Business Leaders." n.d. Ministry of External Affairs, Government of India. [https://www.mea.gov.in/press-releases.htm?dtl/38264/Prime\\_Ministers\\_interaction\\_with\\_Singaporean\\_Business\\_Leaders](https://www.mea.gov.in/press-releases.htm?dtl/38264/Prime_Ministers_interaction_with_Singaporean_Business_Leaders).

<sup>15</sup> Pti, and Pti. 2024. "PM Modi Meets Former Singapore PM Lee." ThePrint. September 5, 2024. <https://theprint.in/world/pm-modi-meets-former-singapore-pm-lee/2253959/>.

<sup>16</sup> Lai\_Hanwei. n.d. "PM Lee Hsien Loong at the Book Launch of 'India on Our Minds.'" Prime Minister's Office Singapore. <https://www.pmo.gov.sg/Newsroom/PM-Lee-Hsien-Loong-book-launch-India-On-Our-Minds>.

<sup>17</sup> Lim, Kimberly, and Kimberly Lim. 2024. "Singapore's Turbulent yet Tantalising 2023: From Political Scandals to Pop Sensations." South China Morning Post, January 4, 2024. <https://www.scmp.com/week-asia/article/3246278/singapores-turbulent-yet-tantalising-2023-political-scandals-pop-sensations>.

<sup>18</sup> "Singapore's First New Leader in Two Decades Vows to 'lead in Our Own Way.'" 2024. NBC News. May 16, 2024. <https://www.nbcnews.com/news/world/singapore-new-prime-minister-lawrence-wong-rcna152527>.

India's remarkable transformation and uplifted the lives of millions of people" over the past decade<sup>19</sup>. The timing of the visit was thus, crucial for India to secure its partnership with Singapore and build a relationship with the new Prime Minister.

Singapore is India's largest trading partner among ASEAN nations, the 6th largest trade partner globally (2023-24) with a share of 3.2 % in India's overall trade and the top source of FDI into India<sup>20</sup>. Indian Minister for External Affairs Dr. S. Jaishankar singled out technologies such as semiconductors, green technologies and electric mobility as the future of India-Singapore collaboration.

India and Singapore have shared a long, historic partnership marked by comprehensive engagement in traditional areas of security. The security partnership has now been expanded to include cooperation in areas of non-traditional security "to become more contemporary", an objective behind the PM's visit, as highlighted by External Affairs Minister of India, Dr. S Jaishankar<sup>21</sup>.

On the defence front, the Singapore-India Maritime Bilateral Exercise (SIMBEX), is India's longest-running naval exercise with any country<sup>22</sup>. Singapore's Armed Forces (SAF), the only military to have bilateral agreements with India for all its service arms, has been granted access to Indian military facilities for training purposes<sup>23</sup>.

Lastly, Singapore hosts a sizeable Indian diaspora, comprising about 9.1% of Singapore's population<sup>24</sup>.

<sup>19</sup> Pti. 2024. "Singapore PM Wong Says Prime Minister Modi 'shepherded India's Remarkable Transformation.'" The Economic Times, June 10, 2024.

<https://economictimes.indiatimes.com/news/india/singapore-pm-wong-says-prime-minister-modi-shepherded-indias-remarkable-transformation/articleshow/110873414.cms?from=mdr>.

<sup>20</sup> Modi, Narendra. 2024. "India - Singapore Relations."

<https://www.mea.gov.in/Portal/ForeignRelation/India-Singapore-Bilat-Brief-2024.pdf>.

<sup>21</sup> Pti. 2024. "EAM Jaishankar: Time Ripe for India-Singapore Bilateral Relations to Raise to Next Level." September 3, 2024. <https://www.thehindu.com/news/national/time-ripe-for-india-singapore-bilateral-relations-to-raise-to-next-level-eam-jaishankar/article68600437.ece/amp/>.

<sup>22</sup> "INDIAN NAVAL SHIPS, SUBMARINE & LRMP AIRCRAFT REACH SINGAPORE TO PARTICIPATE IN SIMBEX 23." n.d. <https://pib.gov.in/PressReleasePage.aspx?PRID=1959176>.

<sup>23</sup> "Singapore Signs Deal to Use Indian Naval Facilities for Training." 2017. Theweek.In. November 29, 2017. <https://www.theweek.in/news/india/singapore-to-use-naval-facilities-for-training.html>.

<sup>24</sup> "Welcome to High Commission of India in Singapore." n.d. <https://www.hcisingapore.gov.in/pages?id>



## India

The active diplomatic outreach to Southeast Asia pursued by PM Modi at the onset of his third term is expected to sustain its pace going forward. The end of the first '100 days' of Prime Minister Modi's third term was marked by India being the first responder to the devastation wreaked by Typhoon Yagi, by launching Operation Sadbhav to provide humanitarian assistance to the affected countries in Southeast Asia. A shipment of 21 tons, followed by a second shipment of 32 tonnes was provided to Myanmar<sup>25</sup>, 35 tons to Vietnam<sup>26</sup> and 10 tonnes to Lao PDR<sup>27</sup>. The Prime Minister is also scheduled to attend the 44<sup>th</sup> ASEAN Summit and Related Meetings from October 6-11, 2024, in Laos PDR, and hold bilateral meetings with counterparts on the side.

These recent efforts by India in fortifying ties with Southeast Asia, coincide with rising instability in the subcontinent of South Asia, demonstrating the Kautilyan proverb "a neighbour's neighbour is a friend". The ousting of Sheikh Hasina in Bangladesh, a political and economic crisis in Pakistan and Sri Lanka, a pro-China tilt in Maldives, the military coup in Myanmar, the border dispute with China and the financial downturn in Nepal and Bhutan, all add up to a volatile immediate neighbourhood for India. This coupled with the close geographical proximity of Southeast Asia to India and its position as a hub of major shipping routes, render the region critical in India's foreign policy calculations.

The timing of India's engagement with the Southeast Asian region is also critical as concerns rise over the slowdown of the Chinese economy<sup>28</sup>. Given the expansive Chinese economic influence in the region, Southeast Asia stands vulnerable to the potential impact of pressures on the Chinese national economy. It could witness a decline in trade and investments and receive less

<sup>25</sup> "Operation Sadbhav: India Sends 53 Tonnes of Emergency Flood Relief Assistance Worth US\$ 1 Million to the Union of the Republic of Myanmar." n.d. Ministry of External Affairs, Government of India. <https://www.mea.gov.in/press-releases.htm?dtl/38300/Operation+Sadbhav+India+sends+53+tonnes+of+emergency+flood+relief+assistance+worth+US+1+million+to+the+Peoples+Republic+of+Myanmar>.

<sup>26</sup> "Operation Sadbhav: India Sends US\$ 1 Million Worth Humanitarian Relief Assistance to Vietnam." n.d. Ministry of External Affairs, Government of India. <https://www.mea.gov.in/press-releases.htm?dtl/38294/Operation+Sadbhav++India+sends+US+1+million+worth+humanitarian+relief+assistance+to+Vietnam>.

<sup>27</sup> Team, ThePrint, and ThePrint Team. 2024. "India Extends \$100,000 Aid to Flood-hit Laos." ThePrint. September 16, 2024. <https://theprint.in/world/india-extends-100000-aid-to-flood-hit-laos/2269563/>.

<sup>28</sup> Liu, Zongyuan Zoe. 2024. "China's Real Economic Crisis: Why Beijing Won't Give up on a Failing Model." Foreign Affairs, August 29, 2024. <https://www.foreignaffairs.com/china/chinas-real-economic-crisis-zongyuan-liu>.

infrastructure lending and development assistance. While India cannot replace the heavyweight Chinese economic presence in the region, it positions itself well as a formidable alternative through consistent cooperation to balance an increasingly strained great power competition in the region. The relationship between India and ASEAN nations had suffered a blow when India decided to withdraw from RCEP (Regional Comprehensive Economic Partnership) in November 2019. However, this setback is set to be counteracted by the review of the ASEAN-India Free Trade Agreement (FTA), scheduled to be concluded by 2025<sup>29</sup>. This could further enhance engagement and deepen the economic integration of India with the region, facilitating India's 'Act East' Policy.

If the first 100 days of Modi's administration are an accurate preview of the upcoming five years, Southeast Asia will remain high on India's foreign policy agenda. The Indo-Pacific region, crucial for the stability and growth of both India and ASEAN, continues to be a shared area of interest. While India engages in minilaterals like the Quad, it remains committed to ASEAN centrality and prioritizes bilateral relations with regional countries. The recent upgradation of bilateral relations with Malaysia, Brunei, and Singapore, along with the new action plan to bolster comprehensive strategic cooperation with Vietnam, underscores New Delhi's dedicated efforts to deepen partnerships in the region.

\*\*\*

---

<sup>29</sup> Business Standard. 2023. "India, Asean to Conclude Review of Existing Free-trade Agreement by 2025." [Www.Business-Standard.Com](https://www.business-standard.com/economy/news/india-asean-likely-to-conclude-free-trade-agreement-review-by-2025-123082100820_1.html). August 21, 2023.  
[https://www.business-standard.com/economy/news/india-asean-likely-to-conclude-free-trade-agreement-review-by-2025-123082100820\\_1.html](https://www.business-standard.com/economy/news/india-asean-likely-to-conclude-free-trade-agreement-review-by-2025-123082100820_1.html).

## Indonesia's New Foreign Policy Alignment

by  
Jayantika Rao T.V.

In the seven months since winning more than 59 percent of votes, Indonesian President-elect and incumbent Defence Minister, Prabowo Subianto has visited over 10 countries, including Singapore, China, Vietnam, Japan, Russia and Australia. In the month of September only, he has travelled to six countries and met with their leaders. Despite officially travelling in his capacity as the defence minister, he has been presented as Indonesia's 'president-elect' affording him the customary privileges reserved for a nation's leader. Consequently, he has been able to meet with key ministers and heads of states and make commitments on behalf of Indonesia. Although his administration's official foreign policy will be disclosed after his inauguration as Indonesia's eighth president since independence, on October 20, his approach to foreign policy and his perspective on how to situate Indonesia amid the current tumultuous global dynamics has become evident. The most important takeaway from his visits was expressed in a popular quip within Indonesia which says that when the country elected Prabowo Subianto as its next president, Indonesia unknowingly chose its 'new de facto foreign minister'<sup>30</sup>.

Before assuming office as the next president, it is evident from his international visits and public addresses that Prabowo's presidency will entail a more hands-on and assertive role in foreign policy as compared to his predecessor, Joko 'Jokowi' Widodo. Prabowo will actively engage in global affairs and adopt a more personalised approach to foreign policy, signifying a notable departure from Jokowi, who, with some exceptions, prioritised domestic affairs. Prabowo's privileged background and Western education afford him greater comfort and eloquence in using the English language, particularly in public forums and high-level diplomatic settings.<sup>31</sup> From his various meetings, Prabowo's "personalistic style of doing foreign policy" has been noted by many, emphasising Prabowo's preference for in-person and bilateral meetings with leaders. Thus, allowing Prabowo to actively participate in diplomatic exchanges with leaders from around the world as opposed to Jokowi, who preferred a low-profile, less engagement at a presidential level and a multilateral approach.<sup>32</sup> Prabowo's proactive style presents a marked contrast with his predecessor

<sup>30</sup> "Prabowo has big plans for Indonesia on the world stage". The Strait Times. September 21, 2024. <https://www.straitstimes.com/multimedia/graphics/2024/09/indonesia-presidential-handover-prabowo/index.html?shell>

<sup>31</sup> Umar, Ahmad Rizky. "Prabowo Puts The "I" In Foreign Policy". The Interpreter, August 19, 2024. <https://www.lowyinstitute.org/the-interpreter/prabowo-puts-i-foreign-policy>

<sup>32</sup> Ibid

which will influence how Indonesia cultivates its relationships with other countries going forward.

In the past seven months, Prabowo has been very active visiting numerous countries in Europe and his neighbours in Asia. This has allowed him to promote and establish himself as a respectable, firm and strong statesman on the international stage. He has introduced a new diplomatic tradition by meeting with leaders of Indonesia's neighbouring countries bilaterally instead of through the multilateral forum of ASEAN before his inauguration. He has held meetings with Bruneian Sultan Hassanal Bolkiah, in Brunei (September 5), Laotian President Thongloun Sisoulith and Laotian Prime Minister Sonexay Siphandone, (September 6), Cambodian Prime Minister Hun Manet and his father and predecessor Hun Sen, now Senate president, in Cambodia (September 6), Malaysian Sultan Ibrahim and Prime Minister Anwar Ibrahim, in Malaysia (September 7), and had an unofficial meeting with Thailand's new Prime Minister Paetongtarn Shinawatra and her father, former Thai Prime Minister Thaksin Shinawatra.<sup>33</sup> A week after the five-nation visit, Prabowo also visited Vietnam where he met with a number of high-ranking Vietnamese leaders, namely the President of Vietnam HE Tô Lâm, the Chairman of the National Assembly of Vietnam HE Tran Thanh Man, and the Prime Minister of Vietnam HE Pham Minh Chinh<sup>34</sup>. This was followed by a visit to the Philippines where he met President Ferdinand Romualdez Marcos Jr., on September 20. These interactions were just in the month of September. Prabowo has had important interactions with all his neighbours in the region, including Singapore's Prime Minister Lawrence Wong (June 1)<sup>35</sup>, Chinese President Xi Jinping (April 1) and Japanese Prime Minister Fumio Kishida (April 3). It was evident that Prabowo was using his introductory visits with the regional leaders and global institutions to reaffirm his determination to continue to push Indonesia to the global stage and showcase himself as a global leader. He has showcased that Indonesia will not be an inward-looking nation as it has been under Jokowi but become a more proactive middle power shaping international politics.

<sup>33</sup> "Indonesia President-elect Prabowo completes tour of ASEAN countries". Asia News Network, September 10, 2024. <https://asianews.network/indonesia-president-elect-prabowo-completes-whirlwind-tour-of-asean-countries-ahead-of-inauguration/>

<sup>34</sup> "Prabowo Official Working Visit to Vietnam". Ministry of Defence Republic of Indonesia. September 13, 2024. <https://www.kemhan.go.id/2024/09/13/menhan-prabowo-kunjungan-kerja-resmi-ke-vietnam.html>

<sup>35</sup> "Visit of President-elect and Minister of Defence of the Republic of Indonesia Prabowo Subianto". Ministry of Foreign Affairs, Singapore. June 1, 2024. [https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2024/06/Prabowo-Visit-SLD\\_240601](https://www.mfa.gov.sg/Newsroom/Press-Statements-Transcripts-and-Photos/2024/06/Prabowo-Visit-SLD_240601)

As this is the first time Indonesia's is witnessing a power transition between two administrations of the same political alliance, Prabowo has been given significant leeway like visiting important leaders to promote himself and his policies. While Prabowo has stated that he would continue Jokowi's short and medium-term economic diplomacy, it is clear that foreign policy will be more defence focused. Prabowo's public comments and press statements after his meetings show a clear focus on defence and security issues. For instance, during his meeting with Vietnamese leaders, it was announced that bilateral cooperation would be strengthened in various sectors, including defence and security.<sup>36</sup> Similarly, during his meeting with the Philippines President Marcos Jr, Prabowo emphasised Indonesia and the Philippines as strategic partners, especially in the defence sector.<sup>37</sup> Moreover, during an event in Indonesia, Prabowo made it clear that for Indonesia to remain a neutral country and stay on its path of non-alignment, Indonesia needs to become strong. Therefore, there has been speculation in Indonesia suggesting that Prabowo plans to significantly increase defence spending. The proposed state budget for 2025 reflects this commitment, with defence spending expected to rise by 22 percent, from 135 trillion rupiah (US\$ 8.94 billion) in 2024 to 165.2 trillion rupiah (US\$10.94 billion)<sup>38</sup>. This commitment, which has also been reflected in Indonesia's domestic budget, speaks to Prabowo's promise to strengthen Indonesia's military. As such, there is a possibility of not only increased spending on defence but also a reshaping of trade and economic policy to fit Prabowo's conceptions of national security.

Prabowo's recent visits have underscored Indonesia's commitment to a non-aligned policy and its stance as a non-bloc power that seeks to nurture friendly relations with all countries. Emphasizing Prabowo's pledge to uphold the "good neighbour" policy, defined by Prabowo as the preservation of positive relations with all powers,<sup>39</sup> his meetings with a diverse array of foreign leaders, including those aligned with the United States such as the Philippines, and others with

---

<sup>36</sup> "Defense Minister Prabowo Meets Vietnamese President HE Tô Lâm to Discuss Bilateral Relations". Ministry of Defence Republic of Indonesia. September 14, 2024. <https://www.kemhan.go.id/2024/09/14/menhan-prabowo-temui-presiden-vietnam-h-e-to-lam-bahas-hubungan-bilateral.html>

<sup>37</sup> "Meeting with Philippine President, Defense Minister Prabowo Discusses Participation in Bilateral Forum". Ministry of Defence Republic of Indonesia. September 20, 2024, <https://www.kemhan.go.id/2024/09/20/bertemu-dengan-presiden-filipina-menhan-prabowo-bahas-partisipasi-dalam-forum-bilateral.html>

<sup>38</sup> "How the 2025 State Budget Accommodates Prabowo Subianto's Programs". Tempo, August 25, 2024. <https://majalah.tempo.co/read/ekonomi-dan-bisnis/172233/apbn-2025-prabowo-subianto>

<sup>39</sup> "Presidential Debate: Prabowo Subianto Pledges to Continue Indonesia's 'Good Neighbor' Foreign Policy". Tempo. January 7, 2024. <https://en.tempo.co/read/1818388/presidential-debate-prabowo-subianto-pledges-to-continue-indonesias-good-neighbor-foreign-policy>

closer ties to China like Vietnam, served to highlight Indonesia's intention to maintain amicable relations with all international powers.

Numerous analysts have underscored Prabowo's formidable and volatile personality which has already been emphasised with Prabowo's harshly worded message to the West on his perceived "double standard" in the handling of the Israel-Hamas conflict and pointing how the Ukrainian war victims seemed to be valued more than those in Gaza.<sup>40</sup> This scathing critique has been regarded as a significant departure from Indonesia's traditional 'bebas-aktif', or free and active, foreign policy, where the nation typically avoids siding with any global power blocs. Consequently, Prabowo's unpredictability in addressing issues continues to be a subject of consideration, with potential implications for Indonesia's diplomatic relations in contrast to Jokowi's approach.

Moreover, one cannot underestimate Jokowi's legacy, particularly his key policies such as infrastructure development and the relocation of the capital to Nusantara (the island of Borneo)<sup>41</sup>, and their influence on Prabowo's ability to maintain a balancing act. Contrary to the assumption that Prabowo's assertive approach would lead to a firm stance against the threat posed by China's nine-dash line—through which Beijing asserts claims over much of the South China Sea, including land territories - in light of the importance attached to China's foreign investments to Indonesia, such a course of action may not be politically feasible. Despite Prabowo's commitment to maintaining a neutral position in the power competition between the US and China, this prospect presents challenges, given Indonesia's substantial reliance on Chinese investments for the various initiatives and programs initiated by Jokowi. Consequently, it is improbable that Prabowo will be able to unequivocally take a stand against China's aggressive assertions. While Prabowo may, at times, continue Jokowi's approach of balancing relations with both the US and China, there are likely to be instances where he refrains from confronting China in order to avoid antagonising the country.

Considering Prabowo's changing foreign policy stance and the historic occasion of India and Indonesia marking 75 years of Diplomatic Relations, there is a significant opportunity for the two countries to strengthen their ties and explore collaboration prospects. Prabowo's foreign policy vision and political commitments suggest a positive outlook for the future relations

<sup>40</sup> "Indonesia's President-Elect Accuses The West Of Double Standards" The Economist. April 26, 2024. <https://www.economist.com/by-invitation/2024/04/26/indonesias-president-elect-accuses-the-west-of-double-standards>

<sup>41</sup> "Nusantara: A New Beginning". Reuters. <https://plus.reuters.com/nusantara-a-new-beginning/p/1>



between India and Indonesia. Both being countries of the Global South aspiring to be global players and sharing common ideals, India and Indonesia have multiple areas for potential cooperation. With Prabowo at the helm, the likelihood of stronger India-Indonesia ties is substantial, as he aims to adopt India's social welfare programs, like the free lunch program for students, in Indonesia.<sup>42</sup> This indicates a strong possibility of increased communication between the two countries, as evidenced by Vice-President-elect Gibran Rakabuming Raka sending an Indonesian team to India to study the country's free lunch program. Furthermore, Prabowo's focus on defence diplomacy, demonstrated in his meetings with future counterparts in Asia, suggests a significant chance of enhanced military exercises and defence industrial cooperation between the two countries, in line with Prabowo's plans for Indonesia. Therefore, based on Prabowo's foreign policy direction and strong commitment to bilateralism, India-Indonesia ties have the potential to grow stronger under Prabowo's administration.

\*\*\*

---

<sup>42</sup> Sood, Amy. "Indonesia taps Japan, India, China expertise for free school meals as Prabowo battles cost concerns". South China Morning Post, July 12, 2024. <https://www.scmp.com/week-asia/economics/article/3270155/indonesia-taps-japan-india-china-expertise-free-school-meals-prabowo-battles-cost-concerns>

## Long-Term Geopolitical Trends in Southeast Asia

by  
Biren Nanda

Why is Southeast Asia so important? Southeast Asia is a dynamic and diverse region that owes its importance to its strategic location, economic potential and cultural values. From the geopolitical perspective, it is bookended by two major powers - China in the east and India in the west. ASEAN is the fifth largest economy globally with a combined population of 650 million, a rising middle class, and a massive consumer market. Larger ASEAN countries like Indonesia, Malaysia, Singapore, Thailand, and Vietnam have become an important part of the global supply chain, attracted significant amounts of investment (FDI), and have successfully leveraged Free Trade Agreements to boost their foreign trade and integration with the global economy. ASEAN - particularly Singapore, Indonesia, Vietnam and Malaysia - have benefitted from the limited decoupling between the US and Chinese economies as some US manufacturers have moved production processes out of China. Finally, ASEAN has become an important regional grouping and is at the core of the regional security architecture in Asia.

The strategic outlook of Southeast Asian nations will be influenced by the outcomes of the elections taking place during the current year. Presidential elections have taken place in Taiwan, Indonesia and Sri Lanka. India and Pakistan have had general elections during the current year. There is a possibility of elections in Japan and South Korea if the incumbent party decides to call for snap elections.

Underlying economic trends and risks to economic growth and development are also a concern to Southeast countries. These countries remain concerned that there are increasing tensions between their main security provider – the United States- and their most important economic partner – the PRC. These tensions put their prosperity at risk. In 2021, speaking after the announcement of the AUKUS agreement, Singapore FM Balakrishnan described ASEAN's dilemma very succinctly,

“....The real strategic question remains the relationship between the US and China, and how they manage this strategic realignment, rebalancing and recalibration of that relationship.”

With the outbreak of the Covid-19 pandemic, supply chain resilience has emerged as a policy priority of all countries. The issue of supply chains has also raised the profile of emerging economies that offer possible alternatives to China as production platforms for multinational firms. All major emerging economies – Vietnam and India are prime examples – are attempting to take advantage of this new focus on supply chain resilience, while (to varying degrees) balancing the economic security risks posed by China's rise. The challenge is to craft trade, investment, and technology policies in ways that promote mutual economic security and enhance international economic rules and norms.

Southeast Asian prosperity is also threatened by a numbering of festering conflicts in the region. In the South China Sea, there has been an escalation of tensions between China and the Philippines over conflicting territorial claims. China's territorial assertions in the South China Sea have brought China into direct contestation against the United States. On both sides, there is a scramble for partners and allies and middle powers in the region are getting sucked into the vortex of geopolitical competition between China and the United States. The face-off between China and the United States is about which country will be the hegemon in Asia in the future.

The situation is both dynamic and increasingly complex. Some Southeast Asian countries like Cambodia and Laos have found comfort in the Chinese embrace. All of them have trodden cautiously and sought to balance their relations with China and the United States. They are also influenced by their need for Chinese investment under the BRI. They must balance this requirement of Chinese capital with the risk of falling into a BRI-induced debt trap. The latter is not merely an economic choice because the BRI leverages ASEAN's dependence on China for funds to acquire strategic real estate in order to bolster and where possible dominate the Sea Lines of communication in the Indian Ocean.

For example, the China-Myanmar Economic Corridor (CMEC) – a spur of the BRI - will connect Yunnan province with the Bay of Bengal. A major "pillar of the CMEC" is the US \$ 1.3 billion investment in the Kyaukphyu Port and Special Economic Zone being built with Chinese assistance. By developing and eventually leasing ports like Hambantota in Sri Lanka and Kyaukphyu in Myanmar, China has diminished its vulnerability in the Malacca Straits

Southeast Asian countries which have been heavily dependent on China for infrastructure and other development needs – Cambodia and Laos – are likely to become even more prone to Chinese influence in the future. Even the larger

Southeast Asian countries like Indonesia and Malaysia have been significant recipients of Chinese medical aid<sup>43</sup> and loans for infrastructure development. These countries may appear to be pushing back against Chinese assertions, but their actions always remain within the bounds of “managing” their relationship with their most powerful neighbor.

The new Asian Geopolitics is markedly different from that which existed during the Cold War. Then, during the fight against communism, the US extended its security umbrella and allowed ASEAN members to focus on economic growth and domestic stability. Now, China has displaced Japan as Asia's largest economy and China's GDP is 5 times that of the ASEAN. ASEAN's capacity to offer a combined response to this new geopolitics is under challenge. Membership expansion from the original five states has made reconciling national positions even more difficult.

Confrontation, competition and cooperation with China continue to be the paradigm for the United States Strategic policy towards China and represent a tectonic shift from the pattern that has persisted since 1971. Chinese scholars increasingly believe that the current state of US-China relations is the “new normal”<sup>44</sup>. The strategic determination and resilience of both China and the United States is being put to the test.

It is possible to discern a number of regional trends. **First**, China's assertive behaviour in the South China Sea will likely continue over time. **Second**, there will continue to be concerns over the reliability and consistency of the United States as an ally or a partner. The United States must frame the narrative around realizing the goal of a “Free and Open Indo-Pacific” rather than the objective of “containing China”. **Third**, the ability of the United States and its partners to offer an alternative to the BRI will be a key factor in influencing outcomes which will determine which country will be the preeminent power in Asia. **Fourth**, middle powers in the region – Japan, India and Australia - have a vital role to play in maintaining the regional balance of power. The heightened profile and policy coordination within the Quad, mini-laterals and 2+2 Dialogues is a positive development – and so is the deterrent symbolism of naval exercises like the Malabar.

\*\*\*

---

<sup>43</sup> Tamara Esther N S ( 2020. August 31 ) US, China Virus Aid: Who Gives More To SEA? ASEAN POST. <https://theaseanpost.com/article/us-china-virus-aid-who-gives-more-sea>

<sup>44</sup> [Tiezzi](#). Shannon (, 2021. March 19) Do the Anchorage Talks Represent a New Normal for US-China Relations? The Diplomat. <https://thediplomat.com/2021/03/do-the-anchorage-talks-represent-a-new-normal-for-us-china-relations/>



**Delhi Policy Group**  
Core 5A, 1st Floor,  
India Habitat Centre, Lodhi Road  
New Delhi - 110003  
India

[www.delhipolicygroup.org](http://www.delhipolicygroup.org)