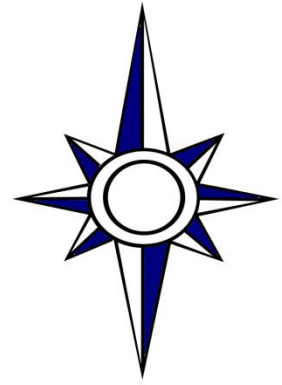


Comparative Connections

A Triannual E-Journal on East Asian Bilateral Relations



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India-East Asia Relations:

Acting East under Prime Minister Modi?

India-East Asia relations from May 2014 (when the last article in this series was published) through December 2014 are distinctive for two main reasons. First, Narendra Modi was inaugurated as India's new prime minister on May 26 following a landmark and landslide election. In the months since, the Modi-led government has conducted robust and wide-ranging bilateral meetings with East Asian leaders and attended multilateral summits such as the East Asia Summit (EAS), the India-ASEAN Summit, and the G-20 Summit. Modi is seeking to create a new narrative for India-East Asia relations, saying at the EAS that “[s]ince entering office six months ago, my government has moved with a great sense of priority and speed to turn our ‘Look East Policy’ into ‘Act East Policy’.” The adoption of this theme itself acknowledges criticism in East Asia and the US that India's East Asia role has so far been limited and inconsistent. A second distinctive element of the present period of India-East Asia relations is that it marks the third decade of India's “Look East” policy launched in the early 1990s. This is, then, the third decade of India's “third incarnation” as an Asian player – the first incarnation covering the millennia of historical, religious, and civilizational connections and the second incarnation covering the immediate post-1947 independence period until the early 1960s.

India-China: “INCH towards MILES” or India-China millennium of exceptional synergy

Among Prime Minister Modi's first telephone calls with a foreign leader upon taking office was with China's Premier Li Keqiang. China followed up by sending Wang Yi, foreign minister and special envoy of President Xi Jinping, to India in early June to engage the new government. And from June 26-30, India's Vice President Hamid Ansari visited China to mark the 60th anniversary of *Panchsheel* (Sanskrit: five virtues) or the five principles of mutual co-existence. But the most important event of the period was President Xi's state visit to India in mid-September. (Modi and Xi had met briefly on the sidelines of the BRICS Summit earlier). This was Xi's third visit to India – the first in 1996 and the second in 2006. Instead of a decade between such visits, the frequency has fallen to eight years. In 2013, officials noted that for the first time both the Indian prime minister and the Chinese premier exchanged visits in the same calendar year.

In a pre-visit briefing to Chinese journalists, PM Modi provided a mix of symbols to describe relations, saying the “arithmetic and chemistry of our relations convince me that together we can script history and create a better tomorrow for all of mankind.” He declared, “I would like to give a new terminology to my tomorrow's meeting with the Chinese President. I call it ‘Inch towards Miles’. INCH that is ‘India-China’; towards MILES that is – ‘Millennium of Exceptional Synergy’.”

The prime minister articulated what could be construed as India's general principles for bilateral relations, telling Chinese media representatives that "For enhancing and further strengthening bilateral relations, we should *show mutual sensitivity to each other's concerns and aspirations, follow the principle of mutual and equal security, seek closer developmental partnership and enhance people-to-people exchanges to create better understanding* [emphases added]."

India-China economic relations

Prime Minister Modi's focus on India's economy is seen as the key driver of his approach to China. Modi told Chinese media that "We seek a closer developmental partnership. India can benefit from China's strength in hardware such as creation of infrastructure and development of our manufacturing sector. These are the areas where India wants to make rapid progress. On the other hand, India's strength in software can help Chinese companies to become more efficient and competitive. It offers opportunity for Indian companies to export services to China." This emphasis was evident in the 28-point joint statement in which roughly the first 10 substantive points were about economic relations (the border dispute was addressed in points 16 and 17). However, no new or substantive trade and investment agreements were announced. Bilateral trade is currently about \$65 billion with India's deficit at some \$30 billion. The long-running trade imbalance issue was dealt with only generally with the joint statement saying "The two sides agreed to take positive steps towards rebalancing bilateral trade and addressing the existing structural imbalance in trade that has a bearing on its sustainability." The "positive steps" include addressing Indian complaints about access for its pharmaceutical and information technology exports – though nothing specific was announced. More concretely, India did express appreciation for "China's willingness to import a greater number of Indian films for commercial release in its market." Meanwhile, China announced the establishment of two industrial parks – one in PM Modi's home state of Gujarat and the other in neighboring Maharashtra. The industrial parks outcome follows up on a Memorandum of Understanding (MoU) that had been signed during Indian Vice President Hamid Ansari's visit to Beijing in June.

China seemed to respond to PM Modi's appeal for more infrastructure investment. The joint statement noted that the "Chinese side would endeavor to realize an investment of US\$20 billion in India in the next five years in various industrial and infrastructure development projects." Speaking separately, India's Ambassador to China [Ashok Kantha, said](#) "There is a happy convergence of Chinese policy of escalating overseas investments and the 'Make in India' campaign that is focused on attracting large-scale foreign investments."

India-China border issues

The border dispute continued as a topic during the period under review with several press allegations of mutual incursions. But there was apparently no further progress on how to handle the issue much less resolve these tensions. It is telling that the two points in the September joint statement focused only on acknowledging various already-existing mechanisms (e.g., Agreement on the Political Parameters and Guiding Principles for Settlement of the Boundary Question from 2005, the "utility and significance" of the mechanism of Special Representatives, and the Working Mechanism for Consultation and Coordination on India-China Border Affairs or WMCC). Surprisingly, no reference was made in the joint statement to the Border Defense

Cooperation Agreement (BDCA) that was signed during PM Manmohan Singh's October 2013 visit to Beijing. In an Indian Ministry of External Affairs (MEA) briefing prior to President Xi's arrival, a journalist asked, "Do you think that the BDCA between India and China has failed to check repeated intrusions by the Chinese?" An unnamed official replied simply "I do not think so." Later, in October, India's newly appointed defense minister told Parliament that a hotline between the two countries' military headquarters was being considered as called for in the 2013 BDCA and that the matter had been discussed on previous occasions "including during the visit of Chairman, Chiefs of Staff Committee to China in July 2014 and 7th meeting of the Working Mechanism for Consultation and Coordination (WMCC) held in New Delhi on 16–17 October 2014." In late-November, the newly appointed Indian defense minister made a statement in the Rajya Sabha explaining that while "China is carrying out infrastructure development including upgradation [sic] and construction of roads upto [sic] and along Line of Actual Control (LAC)," it was not a matter of great concern because "there is no commonly delineated LAC and there are differing perceptions of the LAC" and in fact "[t]ransgressions occur on account of both sides undertaking patrolling upto their respective perception of the LAC." The bottom line seems to be that notwithstanding the multiple mechanisms that exist to discuss and resolve the border issue, very little progress is being made and mutual incursions will continue in the absence of a demarcated border.

Overall, India-China relations remain suffused with suspicion – especially from the Indian side. One former diplomat noted "Xi's desire to pull India away from the American and Japanese strategic orbits" and further attributed China's desire for improved India ties as "either a sign of the transforming power matrix in Asia or a way to keep the border quiescent while China seizes small islands and reefs with multiple claimants in the South and East China seas." Even Beijing's invitation to India to attend the Asia-Pacific Economic Cooperation (APEC) Economic Leaders Meeting was deemed by this commentator as "significant only if Beijing discontinues its tactics of obstructing India's membership in multilateral and regional institutions, including the United Nations Security Council." India is still not a member of APEC and did not take up the Chinese invitation to be an observer at the Beijing-hosted meeting in November 2014.

India-Japan relations: a "visit of great expectations"

Prime Minister Modi's first trip outside South Asia was to Japan in late-August and early-September. On the eve of his departure he was effusive about Japan and India-Japan relations, telling a group of Japanese journalists that Japan is the land of the rising sun and India the land of the shining sun and that the two countries have the "relationship of an umbilical cord." He recalled Japan's participation in the Vibrant Gujarat Summits, and noted that it was the only country partner for all the Vibrant Gujarat Summits. He said "It is important to know that Japan even as a big country, would still encourage the small state of Gujarat and partner with it. This I think is a result of the visionary leadership of Japan." Before departing India he also tweeted – in Japanese – "Excited to meet PM Shinzo Abe."

The primary impetus for PM Modi's attention to Japan, as he explained, is because "Japan is a vital partner for India's transformation" But in Japan's case a strategic component was also clearly evident in his comment that "India and Japan as two peace-loving and democratic nations can play an influential role in shaping the future of Asia and the world." While there were no

ground breaking developments in bilateral relations, there was progress as laid out in the 39-point Tokyo Declaration.

It is worth noting that political, defense, and security relations was the first subject area highlighted in the Tokyo Declaration; a contrast with the heavily economic focus of the September India-China joint statement. PM Modi declared “[w]e intend to give a new thrust and direction to our defense cooperation, including collaboration in defense technology and equipment....” A specific result was Japan’s decision to “remove six of India’s space and defense-related entities from Japan’s Foreign End User List” that prohibits certain technology from being exported to these entities.

Another agreement was a MoU on defense exchanges. The “fruit” of this particular MoU was visible in the visit of India’s chief of Air Staff to Tokyo in October to participate in events marking the 60th anniversary of the Japanese Air Self-Defense Force (JASDF). Such relatively modest progress was declared to “reflect the new level of mutual trust and commitment to deepen our strategic partnership in all directions.” There are now several mechanisms for India-Japan security and defense discussions including the Foreign Ministers Strategic Dialogue and Defense Ministers Dialogue, a new dialogue between the respective national security advisors – launched following the establishment of Japan’s National Security Secretariat, and a so-called 2+2 Dialogue amongst their foreign and defense secretary levels (i.e., not at full ministerial level). At a lower level, there is an existing dialogue mechanism and joint exercises between Indian and Japanese Coast Guards and a working group focusing on cooperation regarding the Japanese-produced *US-2* amphibious aircraft. The latter working group was called on to accelerate its deliberations. Additional efforts are supposed to be made regarding “regularization of bilateral maritime exercises.” Both sides welcomed “Japan’s continued participation in India-US *Malabar* series of exercises” and the launching of “working-level consultations ... to promot[e] defense equipment and technology cooperation.” While these represent useful new directions in the relationship, it has been process-oriented rather than delivering outcomes.

Unlike modest progress on defense and security ties, less progress was made on reaching an agreement on civilian nuclear cooperation. A pre-visit brief by an Indian Foreign Ministry official hinted at exasperation saying that “you are all aware that the Civil Nuclear Agreement talks started in 2010. It’s now four years of engagement. More recently that engagement has speeded up.” While claiming “substantive results,” he attributed the lack of progress to the “immense technical complexity” and made no reference to long-standing sticking points that are primarily political, not technical. PM Modi himself stated that “in recent months, we have made significant progress ... reached better understanding of each other’s positions ... [and] agreed to instruct our negotiators to work expeditiously to conclude the negotiations at an early date so that we can further strengthen our strategic partnership.” The Tokyo Declaration issued at the end of the visit noted that “Prime Minister Abe commended India’s efforts in the field of non-proliferation including the affirmation that goods and technologies transferred from Japan would not be used for delivery systems for WMD.”

Given PM Modi’s repeated declarations of Japan’s importance to India’s economic transformation and development, a heavy emphasis and important results were achieved on the economic front. Modi told a press briefing that “Today, Prime Minister Abe has pledged a

qualitatively new level of Japanese support and partnership for India's inclusive development, including transformation of India's manufacturing and infrastructure sectors." Abe "announced his intention to realize [sic] ... \$35 billion in public and private investment and financing to India over the next five years." Meanwhile, Modi pledged to "introduce special mechanisms like Japan Fast Track Channel for Japanese Investors in India."

The bonhomie between Abe and Modi and verbal commitments on Japan's economic assistance to India constitute key features of India-Japan relations. Concrete results in other areas have yet to materialize. Especially noteworthy is the long, slow discussion of civil nuclear cooperation, India's apparent continuing resistance to holding a 2 + 2 dialogue at the minister-level (as opposed the vice-minister-/secretary-level), and the ongoing talks on sales of defense-related equipment. The full potential of the India-Japan Special Strategic and Global Partnership remains to be fulfilled.

India-South Korea relations: a "friction-free relationship"

The main event for India-South Korea relations in the eight months since PM Modi took office has been the November meeting between Modi and President Park Geun-hye on the sidelines of the East Asia Summit in Nay Pyi Taw, Myanmar. This was their first bilateral meeting and follows a very recent tradition of prime ministerial and presidential visits – including by Park to India in January 2014. Prior to the meeting, the fourth round of the Foreign Policy and Security Dialogue (FPSD) was held in August. "Both sides reiterated their commitment to speed up the implementation of other decisions [having implemented, for example, Indian visa on arrival for Korean tourists], including upgradation of CEPA [Comprehensive Economic Partnership Agreement], setting up CEOs Forum and other investment projects." The CEO Forum was agreed to during Park's January 2014 visit to India.

Another important visit was by India's EAM Sushma Swaraj to Seoul from Dec. 28-30 for the eighth meeting of the India-South Korea Joint Commission. This was the highest-level Indian visit to Korea since PM Modi took office.

Economic relations continue to be active following operationalization of the CEPA at the beginning of January 2010. Bilateral trade is about \$16 billion. On the investment side, each country has invested about \$3 billion in the other. In a press briefing, Indian officials said about 300 Korean companies operate in India, employing some 40,000 people. During EAM Swaraj's late-December 2014 visit, Indian officials downplayed a running trade deficit, saying "... Korea is a major exporting country. It has surplus with a large number of countries including India. The effort is to seek Korean investments in India, request Korean companies to consider building in India, manufacturing in India as part of the Make in India campaign." Clearly, as with China and Japan, India's focus is on attracting foreign direct investment (FDI) from Korea.

On defense relations, a five-member Indian delegation at the secretary-level (i.e., vice minister) travelled to Seoul for the fifth Joint Commission Meeting in November. The JCM is designed to improve bilateral cooperation in the field of defense industries and logistics. But clearly there are limits on cooperation. At the time of EAM Swaraj's visit to Seoul, a journalist noted that "India had recently canceled a proposed defence deal with South Korea for eight minesweeper vessels

from the Kangnam Corporation, and the Koreans were really upset about it ...” and asked about India’s plans. An Indian official replied that India is “extremely keen that Korean shipyards participate in our shipbuilding activities including in the defence sector as again part of what I have mentioned to you specifically – the Make in India campaign which also provides for 49 per cent foreign investment in the defence sector. Therefore, we welcome Korean participation in defence manufacturing joint ventures and to participate in our defence acquisition programmes. We feel that such cooperation will engender an ecosystem that will help both India and Korea in this important sector.” Clearly, the focus is on joint production and development rather than direct purchases.

Finally, on civil nuclear cooperation, Indian officials stated that under the existing bilateral agreement areas identified for cooperation include research and development, training of Indian scientific personnel, and working together on next-generation reactors. However, no specific plan to conduct these activities was announced.

India-Southeast Asia relations

PM Modi took office just months before important ASEAN-led gatherings such as the ninth East Asia Summit and the 12th India-ASEAN Summit, both of which were held in Nay Pyi Taw, Myanmar – the 2014 chair of ASEAN – in November 2014. Earlier in the year, India’s EAM Swaraj travelled to Myanmar for the 21st ASEAN Regional Forum (ARF), the 12th ASEAN-India Foreign Ministers Meeting, and the fourth East Asia Summit (EAS) Foreign Ministers Meeting to pave the way for Modi’s attendance and provided useful indications of India’s agendas and priorities in Southeast Asia.

During EAM Swaraj’s visit, she noted that there are now 26 dialogue mechanisms in seven topic areas between India and ASEAN. She suggested that science and technology cooperation should be elevated to the Senior Officials Meeting (SOM)-level in 2014 and then to full ministerial-level in 2015, and she also proposed that the existing Joint Working Group (JWG)-level dialogue on small- and medium-size enterprises should graduate to the SOM-level. She also announced plans to open India’s new mission to ASEAN before the November summits and explore seconding an officer to the ASEAN secretariat. India’s decision to create a separate mission to ASEAN and appoint a resident ambassador had been announced in April 2014. Swaraj expressed “hope that our Economic and Trade Ministers will be able to sign the FTA on Services and Investment” and “agree on the modalities for setting up a dedicated ASEAN India Trade and Investment Centre.” She also called for India, Myanmar, and Thailand to “begin negotiations on a Transit Transport Agreement at the earliest so that this can be concluded by the time the Trilateral Highway completes in 2016. A final specific area of focus was enhancing “visa facilitation for business purposes, including grant of long-term (5-10 years) multiple entry business visas and stay permits for professionals and their families.”

PM Modi’s own interactions with Southeast came both at the ninth EAS and the 12th India-ASEAN Summit, as well as in a series of bilateral meetings held on the sidelines of those summits. Bilateral meetings were held with Malaysia’s Prime Minister Najib Razak, Thailand’s Prime Minister Gen. Prayut Chan-o-cha, Singapore’s Prime Minister Lee Hsien Loong, Sultan of Brunei Haji Hassanal Bolkiah, and Daw Aung San Suu Kyi. An Indian Foreign Ministry

statement reported that Modi “referred to the possibility of cooperation between India and the ASEAN countries in the field of solar energy ... stressed on the need for India and ASEAN to collaboratively tackle terrorism, drug-trafficking and gun-running ... specifically mention[ing] the example of security intelligence sharing between India and Malaysia ... [as] a model which could be followed with other ASEAN member countries as well.” Modi self-reported in his blog that he had discussed “affordable housing with Razak, energy issues with the Sultan of Brunei and urban development issues with Lee.”

India-ASEAN economic relations are progressing at a successful if measured pace. Total trade is just under \$68 billion and a \$100 billion target has been set for 2015. On the investment side, inflows from ASEAN in the 14 years since 2000 is about \$28 billion or about 12.5 percent of the total. Meanwhile Indian investment in ASEAN reached \$32.4 billion during 2006-2014. In this context, PM Modi “welcomed the signing of two milestone agreements: the Agreement on Trade in Services and the Agreement on Investment of the Framework Agreement on Comprehensive Economic Cooperation” in August. He said he “looked forward to the early operationalization of these Agreements.” Modi also “underscored the need to expedite the ongoing Regional Comprehensive Economic Partnership (RCEP) negotiations and timely implementation of the ASEAN-India FTA.” On the other hand, Modi, in his remarks to ASEAN leaders, also suggested “we conduct a review of our free trade agreement on goods to improve it further and make it beneficial to all” and reiterated a call that now that the FTA on Services and Investment had been signed it “be brought into force at the earliest.” Given how fraught and lengthy the process was to achieve the FTA on goods, it is difficult to imagine that ASEAN leaders received the suggestion with enthusiasm.

Indeed, there are many mutterings across Southeast Asian ministries that India will be a major impediment to the RCEP because of Delhi’s concerns with China having further advantages in its markets on top of the current \$30 billion trade deficit it runs with that country. PM Modi seemed to allude to India’s concerns about RCEP in saying that while it could be a “springboard for economic integration and prosperity in the region ... we should aim for a balanced Agreement, which is beneficial to all; and, is truly comprehensive in nature, by an equally ambitious agenda with similar timelines for goods and services.”

India-Vietnam relations

India-Vietnam relations have been quite active since PM Modi took office. This might be explained by the fact that Hanoi will become the country coordinator for India-ASEAN relations in 2015. The high point of India-Vietnam relations were the state visit of Prime Minister Nguyen Tan Dung in October. Dung visited India in 2007 and then again in 2012 – the latter visit as part of the India-ASEAN Commemorative Summit. The October 2014 visit followed the visit of India’s President Pranab Mukherjee to Hanoi in September, which itself followed the visit of EAM Swaraj in August to inaugurate the third Roundtable of the ASEAN-India Network of Think Tanks. The September 2014 visit to Hanoi of India’s President Pranab Mukherjee was significant for the signing of an MoU providing a \$100 million concessional line of credit for the purchase by Vietnam of defense equipment from India. Interestingly, the MoU was signed between India’s Exim Bank and Vietnam’s Ministry of Finance, not the two defense ministries.

The India-Vietnam Joint Statement issued during the October 2014 state visit was notable for its focus on defense and military cooperation in the context of the two countries' Strategic Partnership. Indeed, defense was the first substantive point addressed in the Joint Statement – as well as in PM Modi's opening remarks at a joint media conference. The Joint Statement expressed "satisfaction at the progress made in defence cooperation" and called for "early implementation of the \$100 million Line of Credit Agreement" extended by India to Vietnam. While utilization of the credit line for defense purchases has been an ongoing bilateral issue, there are few public details as to why it has taken so long. Still "early implementation" appears to suggest that the gap may have been closed regarding what earlier – during the November 2013 visit to India of Vietnam's General Secretary of the Communist Party – were described as "suitable terms and conditions ...". Modi was more specific at the joint media appearance in October 2014, saying that "[w]e will quickly operationalize the 100 million dollars Line of Credit that will enable Vietnam to acquire new naval vessels from India." Modi also stated that for India "defence cooperation with Vietnam is among our most important ones. India remains committed to the modernization of Vietnam's defence and security forces. This will include expansion of our training programme, which is already very substantial, joint-exercises and cooperation in defence equipment." However, Vietnam's prime minister was more circumspect, saying only that "[b]oth sides agreed to move forward concrete cooperation in national defence and security an important pillar of the Vietnam-India Strategic Partnership..." Earlier in the year, in July, the first-ever India-Vietnam defense industry cooperation seminar was held in Hanoi.

On the South China Sea, New Delhi and Vietnam largely reiterated language from previous joint statements; though specific mention by PM Modi of Vietnam possibly acquiring naval vessels from India suggested that India and Vietnam are moving beyond the carefully worded appeals for "freedom of navigation and overflight in the East Sea/South China Sea." Still, the issue was not signaled prominently; it was referenced as the 15th of 17 items in the October 2014 Joint Statement. PM Dung, in a joint media appearance with Modi, and in the context of discussing both countries' approach to the South China Sea issue, stated that "Vietnam highly appreciated India's position regarding the East Sea issue and India's continued cooperation with Vietnam in oil and gas exploration and extraction in the exclusive economic zone and continental shelf of Vietnam in the East Sea." While past Indian statements have emphasized the purely commercial nature of this involvement, Dung's statement sought to imply that both countries see this as a de facto acknowledgement that the joint oil and gas exploration buttresses Vietnam's claims. India meanwhile continued to emphasize that its involvement was commercially motivated. In reply to a media question whether China would be an impediment to taking up such joint exploration, an Indian diplomat stated that India was examining the blocks offered by Vietnam and "if they are commercially viable for us, certainly we will ... proceed further." He noted that the "India and Vietnam relationship is not contingent on other countries."

On India-Vietnam economic issues, there is an acknowledgement that cooperation is below potential. Indeed, prior to PM Dung's visit, an Indian Foreign Ministry official stated, "I think the real big focus of this visit is really the economic engagement." During the visit, PM Modi stated that "[w]e emphasized the need for stronger economic relationship as an essential component of a strong strategic partnership" suggesting that economic ties have not kept pace with diplomatic and defense ties. Modi went on to say that he saw "great opportunities for increased trade and enhanced Indian participation" in a range of Vietnam's business sectors

“such energy, infrastructure, textiles, chemicals, machinery, agro-processing and information technology...” And he noted that India has “offered to discuss additional lines of credit to support Vietnam’s efforts to diversify its industry and economic linkages.” The two countries reiterated a trade target of \$15 billion by 2020. Nevertheless, bilateral commercial ties have made progress. Trade in 2013-2014 reached almost \$8 billion more than the \$7 billion target set for 2015. Trade grew by 30 percent over the previous year. India runs a surplus of about \$3 billion. Investment constitutes a very small share of the economic relationship with India’s investments in Vietnam totaling about \$1 billion. An Indian diplomat briefing the press prior to the October visit stated that India’s investment strategy for Vietnam is a priority for Indian companies because of ASEAN’s integration and move toward the ASEAN Economic Community (AEC), but also because Vietnam is negotiating the Trans-Pacific Partnership (TPP). In the context of these developments “those Indian companies that establish a presence in Vietnam will actually have a huge advantage in this new integrated Asia and also in the Pacific partnership.”

Overall, India-Vietnam ties are proceeding smoothly but both countries implied there is room for further progress by including in the joint statement a call for “more intensive exchanges at all levels under the established dialogue mechanisms and urged effective implementation of agreements concluded between both countries.”

India-Singapore relations

India and Singapore continued their tradition of close ties. Following the July 2014 visit of Singapore Foreign Minister K. Shanmugam to India, EAM Swaraj visited Singapore in August where she inaugurated the “Year of India” in Singapore and declared the country “our closest partner in our enhanced Look East Policy ...” Swaraj acknowledged that Singapore is India’s largest trading and investment partner in Southeast Asia. The existing Comprehensive Economic Cooperation Agreement signed a decade ago appears to have paid benefits with bilateral trade having risen from about \$4.2 billion in 2003-4 to \$19.4 billion in 2013-2014. Swaraj also announced the awkwardly titled “5S plank” initiative to build further ties including scaling up trade and investment, speeding up connectivity, small cities, skill development, and state-level focus by Singapore in India. She called on Singapore to launch air-connectivity between itself and northeast India. In 2015, Singapore’s President Tony Tan is expected to visit India to launch the Festival of Singapore and President Mukherjee to travel to Singapore for the Year of India.

Meanwhile defense exchanges and cooperation continue. In November, Singapore Air Force Chief Maj. Gen. Hoo Cher Mou travelled to India. Singapore’s Minister of Defense Ng Eng Hen also visited India to discuss ongoing and potential cooperation.

India-Thailand relations

Thailand experienced a military coup the week prior to PM Modi taking office. Relations since have been limited. Modi met Prime Minister Gen. Prayuth Chan-ocha on the sidelines of the EAS and India-ASEAN Summit in November. Previously, in July Supreme Commander of the Royal Thai Armed Forces Gen. Thanasak Patimaprakorn visited India for meetings with the defense minister and military officials. Reportedly, the meeting had been scheduled months before the coup, and was seen as a professional military visit and not a political visit. In the midst

of the coup, India cancelled its participation in the *Maitree* exercise. A small detachment of Indian soldiers was already in Thailand and the opening ceremony for the exercise had been held. But the government of India decided to recall the troops without completing the exercise. The only other significant bilateral visit was by Indian Minister of State for Home Affairs Kiren Rijiju who travelled to Bangkok regarding cooperation in apprehending criminals wanted in India, but who had fled to Thailand. Rijiju also informed his Thai counterparts that many insurgent groups from India's northeast flee to Southeast Asia, especially Myanmar and Thailand and the government of India "would approach the Thai authorities for assistance in curtailing their activities." However, "General Anupong Paochinda informed that Thai Prime Minister was very clear that no militant activity takes place in Thailand."

India-Indonesia relations

PM Modi met Indonesia's President Joko Widodo on the sidelines of the EAS in Myanmar in November. According to press reports, the two leaders discussed how to develop stronger economic ties and improve cooperation on defense systems. Current bilateral trade stands at about \$20 billion, but the two countries have very minimal mutual investment stakes. Later in the same month, India's Air Chief Marshal Arup Raha made a four-day visit to Jakarta for visits with his counterpart and the new Indonesian defense minister. According to an Indian statement the visit "plans in seizing the opportunity to bridge gaps in laying a foundation for a long lasting defense relations between India and Indonesia" and "expressed India's commitment to support the Indonesian Defence Industry."

India-Myanmar relations

The main event of India-Myanmar relations after PM Modi took office was a short 45-minute bilateral meeting with Myanmar President Thein Sein during his visit to the country for the EAS and the India-ASEAN Summit. The discussions focused on the "3Cs of culture, commerce and connectivity." The two leaders "reviewed the progress of major connectivity projects between the two countries including the India Myanmar Thailand trilateral highway, and Kaladan transport project." They also "sought to explore the possibility of setting up industrial parks along the highway ..." and discussed the Imphal-Mandala bus service." Other forms of economic cooperation discussed included the possibility of India investing in Special Economic Zones and oil and gas sectors in Myanmar. Development projects in agriculture and skill development were also reportedly discussed. Modi also met Aung San Suu Kyi separately, describing "her as a symbol of democracy, and [referring] to the enormous effort and sacrifice she has made for democracy." Meanwhile, "Daw Aung San Suu Kyi described India as her second home."

Earlier, in May, India and Myanmar signed an MoU on Border Cooperation with India's ambassador to Myanmar signing for his country and Defense Minister Maj. Gen. Kyaw Nyunt signing for Myanmar. According to press reports, a "key provision is that of conduct of coordinated patrols on their respective sides of the international border and the maritime boundary by the Armed Forces of the countries." At the end of October, during a two-day meeting on boundary issues, officials of the Survey Department of the two countries signed a MoU to resolve border discrepancies.

India-Australia relations

India-Australia relations in the May-December 2014 timeframe saw two important visits. Prime Minister Tony Abbott traveled to India in September as the first state visit during the Modi administration. PM Modi went to Australia in November for the G-20 Summit and a bilateral state visit – becoming the first Indian prime minister to visit Australia since 1986. There were other high elements of symbolism – such as Modi becoming the first Indian prime minister to address a joint session of Parliament. This was also the first time leaders of the two countries have exchanged visits in the same year.

The big success of PM Abbott's trip was the signing of a MoU on civilian nuclear cooperation; formal negotiations had been initiated in January 2013. PM Modi was effusive in announcing the agreement, saying "The signing of the civil nuclear cooperation agreement is a historic milestone in our relationship. It is a reflection of a new level of mutual trust and confidence in our relationship and will open a new chapter in our bilateral cooperation." According to the joint statement, the agreement "would enable the sale of Australian uranium to support India's growing energy needs" and the two leaders directed negotiators to conclude administrative arrangements at an early date. As of this writing it is unclear if and when the first sale of uranium will be made.

On the defense side, the two countries announced a decision to hold their first bilateral naval exercise in 2015. However, there was no reference to South China Sea or East China Sea maritime disputes in the joint statement. In response to a pre-trip media briefing question regarding possible quadrilateral naval exercises among the US, Japan, Australia, and India, an Indian diplomat said "frankly there has been no move on that." Further, according to the joint statement "[the two leaders] welcomed growing cooperation in defence, counter-terrorism, cyber policy, transnational crime, disarmament and non-proliferation, humanitarian assistance, disaster management and peacekeeping. They [also] called for deepening the framework of defence and security cooperation to guide the bilateral engagement in these and other priority areas."

On the economic side, PM Modi expressed concern about the decline in bilateral trade during the past two years and reiterated a commitment to conclude a Comprehensive Economic Cooperation Agreement (CECA) as early as possible. Current bilateral trade stands at about \$15 billion – far below the \$40 billion target set by the two countries. The bilateral investment picture is a bit better, with an Indian diplomat explaining in a pre-visit briefing that Indian investments equal about \$10 billion in the Australian resource sector "and there are many more that are in the pipeline." He also expressed Indian interest in Australia engaging in India's resource sector through exploration, supply of machinery, and technology. An important agreement was an accord on social security that would "ensure that the social security payments made by numerous Indian professionals working in western countries are repaid when they leave that country permanently." The agreement with Australia is important to India, which seeks a similar agreement with the United States. The two leaders also decided to "reconstitute" the Australia-India CEO Forum to give a boost to private-sector ties.

India-South Pacific/Fiji relations

An unusual element of PM Modi's Asia-Pacific outreach was a November visit to Fiji where he addressed the Parliament – the first Indian prime minister to do so, and the first world leader to do so. This was the first visit by an Indian prime minister since Indira Gandhi visited in 1981. In his speech, Modi said that he regards Fiji as an important partner that “could serve as a hub for stronger Indian engagement with Pacific Islands.” Importantly, the visit followed the holding of parliamentary elections in September – the first elections since a military coup in 2006.

Modi also agreed to several assistance projects for Fiji including a parliamentary library, a \$5 million fund for promoting small business and village enterprises, a \$70 million credit line for co-generation power plant, and a doubling of scholarships and training in India for Fijians. He also announced a visa on arrival for Fijians. Modi also thanked Fiji for hosting Indian scientists while they tracked India's successful Mars Mission earlier in the year.

At a meeting of Pacific Island leaders, PM Modi proposed to hold a Forum for India-Pacific Islands Cooperation (FIPIC) meeting in 2015 at a coastal Indian location. He also announced the establishment of a \$1 million Special Adaptation Fund to address climate change that could draw on Indian technical assistance and training. As for Fiji, the prime minister announced “visa on arrival” for all 14 Pacific island countries. He also proposed a \$200,000 grant to each Pacific island country for community projects selected by the country and the establishment of a trade office in India that has been “a long time request.”

Conclusions

The eight months since PM Modi has taken office in India has included a robust set of exchanges and visits across the Asia-Pacific region. By announcing an “Act East” policy, the prime minister has created high expectations. It remains to be seen whether thorny issues ranging from a civilian nuclear cooperation agreement with Japan or a border dispute settlement with China can be achieved during his tenure.

Perhaps more immediately important to India is how it will expand what are growing but still limited trade and investment ties to the region as ASEAN and wider Asian integration evolves. It is clear that India under PM Modi is putting emphasis on reviving and developing India's economy – especially attracting investment in industry and manufacturing to support the “Make in India” campaign and infrastructure. India will therefore need not only capital from the region and especially China (reflected in India's decision to join the still embryonic China-led Asian Infrastructure Investment Bank or AIIB) and Japan, but also deeper trade and investment ties to regional countries as they move forward with both formal and business-led integration. India is quite reticent about the RCEP initiative largely due to concerns that such an arrangement will further disadvantage India in economic relations with China – its most crucial trade partner in Asia. Hence, Modi's carefully worded support for RCEP. Also, his call to review the existing India-ASEAN FTA in goods bears watching for specific details. That agreement was achieved after lengthy and difficult negotiations and it is not clear yet whether regional countries will welcome a reopening of those discussions while RCEP (and TPP) talks are also underway.

Another important issue will be how the US-India relationship develops in the Asia-Pacific context. During PM Modi's visit to Washington in late September, the joint statement sought to highlight the convergence of India's "Act East" policy and the US "rebalance to Asia" and the US and India "committed to work more closely with other Asia-Pacific countries through consultations, dialogues and joint exercises." They specifically "underlined the importance of their trilateral dialogue with Japan ..." With President Obama now scheduled to be India's chief guest at Republic Day in January 2015, the visit bears close watching for evidence of how several months of active Indian engagement across East Asia and the wider Asia-Pacific under the new Modi administration lines up with US-India cooperation including in the Asia-Pacific region.

Chronology of India-US Relations May 2014 – December 2014

May 26, 2014: Narendra Modi is sworn in as India's new prime minister following a landslide victory in India's national elections.

June 8-10, 2014: China's Foreign Minister Wang Yi visits New Delhi.

June 26-30, 2014: India's Vice President Hamid Ansari visits China primarily to mark the 60th anniversary of *Panchsheel* or the five principles of mutual co-existence.

June 30-July 6, 2014: Singapore Foreign Minister K. Shanmugam visits India.

Aug. 9-10, 2014: India's External Affairs Minister Sushma Swaraj travels to Myanmar for the 21st ASEAN Regional Forum (ARF), the 12th ASEAN-India Foreign Ministers Meeting, the fourth East Asia Summit (EAS) Foreign Ministers meeting,

Aug. 15-17, 2014: India's External Affairs Minister visits Singapore for meetings.

Aug. 25, 2014: EAM Swaraj travels to Vietnam to inaugurate the third Roundtable of the ASEAN India Network of Think Tanks.

Aug. 31-Sept 3, 2014: Prime Minister Modi visits Japan.

Sept. 4-5, 2014: Australia's Prime Minister Tony Abbott visits India.

Sept. 14-17, 2014: India's President Pranab Mukherjee visits Vietnam; a Letter of Credit for \$100 million from India to Vietnam for defense purchases is signed.

Sept. 17-19, 2014: President Xi Jinping makes a state visit to India.

Oct. 27-28, 2014: Vietnam's President Nguyen Tan Dung makes state visit – his third – to India.

Nov. 11-13, 2014: PM Modi travels to Myanmar for the EAS and India-ASEAN Summit.

Nov. 14-18, 2014: PM Modi visits Australia.

Nov. 15, 2014: PM Modi participates in the BRICS Summit held in Brisbane, Australia on the sidelines of the G-20 Summit.

Nov. 19, 2014: PM Modi visits Fiji.

Dec 2, 2014: Gen. Peter Cosgrove, governor general of Australia, and Lady Cosgrove visit India and meet President Pranab Mukherjee.

Dec 28-30, 2014: EAM Swaraj visits South Korea for the eighth meeting of the India-South Korea Joint Commission.