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INSTITUTE OF STRATEGIC & INTERNATIONAL STUDIES (ISIS) MALAYSIA



PP5054/11/2012 (031098)
08/2025 ISSUE NO. 22

India's Act East Policy in the second decade



High Commission of India
Kuala Lumpur

**Act East Policy and
India's role in
Indo-Pacific**

**From Act East to
Advance East: time
to take the next
step**



ISIS Malaysia

The Institute of Strategic & International Studies (ISIS) Malaysia was established on 8 April 1983 with a mandate to advance Malaysia's strategic interests. As an autonomous research organisation, we focus on foreign policy and security; economics and trade; social policy and nation-building; technology and cyber; and climate and energy.

For more than four decades, ISIS Malaysia has been at the forefront of evidence-based policymaking, as well as Track 2 diplomacy, promoting the exchange of views and opinions at the national and international level. We also play a role in fostering closer regional integration and international cooperation through various forums, such as the Asia-Pacific Roundtable, the ASEAN Institutes of Strategic & International Studies network, the Council for Security Cooperation in the Asia-Pacific, the Pacific Economic Cooperation Council, the Network of East Asian Think-Tanks, the Network of ASEAN-China Think-Tanks and the ASEAN-Australia-New Zealand Dialogue.

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1, Persiaran Sultan Salahuddin
50480 Kuala Lumpur, Malaysia

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Editor's Note

This special edition of *ISIS Focus* titled *India's Act East Policy in the second decade* offers perspectives from Southeast Asia and India on the impact and trajectory of the Act East Policy (AEP) in the region. With deep and nuanced insights into what the driving factors of the AEP *should be* in Southeast Asia, this issue of *ISIS Focus* will guide policymakers and practitioners alike in shaping ASEAN-India ties in the next decade.

India's AEP has been a distinct game-changer of the era of Indian Prime Minister Narendra Modi – it remains one of those notable decisions in Indian foreign policy that will go down in history as a key example of semantics-driven value add. Renaming the Look East Policy launched in the 1990s as “Act East” signalled a shift towards a more pragmatic, action-oriented approach in India's regional interactions.

This commemorative edition features five articles specifically assessing the value of the AEP in engaging Southeast Asia, while providing actionable recommendations to enhance ASEAN-India cooperation in tackling pressing global challenges. This issue of *ISIS Focus* also covers important aspects of the ASEAN-India trade from a Southeast Asian perspective. The final section of this edition highlights the value of the ASEAN-India partnership in climate action, energy transition and disaster management.

The editor of this *ISIS Focus* issue has made a deliberate attempt to carve a carefully curated story with a rather diverse range of articles. Reading the articles in order will allow readers to trace the evolution of the AEP over a decade and understand what directions it should take to better engage Southeast Asia. This edition is also an excellent resource for readers who would like to understand the relevance of Indian-led initiatives in Southeast Asia, such as the recently announced MAHASAGAR.

Keeping in mind the commemorative nature of this *ISIS Focus* edition, the curators put a lot of thought into its design aesthetics. While in many ways capturing visuals that could look like frames from the renowned Indian filmmaker Mani Ratnam's movies, trains and railways have connected India and Southeast Asia for centuries. In the India-Southeast Asia relationship, the story of railways is one that runs deep – from colonial-era movements to contemporary strategic corridors envisioned under the AEP.

Today, as India and ASEAN look to deepen ties amid shifting geopolitical currents, the train remains a fitting metaphor. It represents movement with direction, grounded in tracks that have been laid over decades, yet open to new routes. The railway story between India and Southeast Asia is not just about reaching destinations faster, it is about carrying forward a history of shared aspirations and ensuring that the journey ahead is as interconnected and inclusive as the networks we seek to build.

The editorial team at *ISIS Malaysia* is privileged to collaborate with the High Commission of India, Kuala Lumpur, on yet another *ISIS Focus* issue. We remain ever grateful to all contributors for their unwavering support and wish everyone a productive reading. ■

Foreword



Datuk Prof Dr Mohd Faiz Abdullah

Chairman

Institute of Strategic & International Studies (ISIS)
Malaysia

ISIS Malaysia is honoured to partner with the High Commission of India, Kuala Lumpur (HCIKL), to release this edition of ISIS *Focus* titled *India's Act East Policy in the second decade* – a culmination of the conference that ISIS Malaysia and the HCIKL organised together earlier this year. The conference in February was not only a resounding success but a testament to the significance of the Track 2 work we do at ISIS Malaysia, which supports the enhancement and sophistication of ASEAN-India and Malaysia-India ties.

This is the second commemorative ISIS *Focus* launched in partnership with the HCIKL. The first, released in 2023 and titled *Malaysia-India @ 65: charting the way forward*, marked the 65th anniversary of Malaysia-India bilateral ties. We are truly delighted that this second edition captures a nuanced assessment and way forward for India's Act East Policy (AEP) in the new decade from prominent research scholars and analysts, a majority of whom were important role players in the conference.

The second decade of the AEP will no doubt significantly shape the trajectory of India's relations with ASEAN and Southeast Asia at a time of geopolitical flux and new-age global challenges. It is crucial that the ties, now more than ever, endure and gain lasting momentum. For a rising India, the AEP is both a tool and testament to its strategic relationships in the Indo-Pacific – of which ASEAN is at the heart.

ASEAN-India ties were elevated to a Comprehensive Strategic Partnership (CSP) in 2022 at the 30th anniversary of dialogue relations, while within the last 10 years alone, India has signed CSP agreements with Vietnam in 2016, Indonesia in 2018, and Malaysia and Singapore in 2024. India also has a Comprehensive Partnership with Thailand and an Enhanced Partnership with Brunei. These partnerships are, in the most fundamental sense, the core manifestation of India's outreach and engagement in Southeast Asia via the AEP. What this means is that, to us here in Southeast Asia, the impact of the AEP rests on the extent of mutually beneficial and sustainable cooperation of both parties.

I am heartened that this publication distinctly highlights a number of workable recommendations for sustainable ASEAN-India cooperation. It also covers pertinent aspects of the AEP from both Indian and Southeast Asian perspectives. Hence, this publication will be an invaluable resource for policymakers, academics and those in the Track 2 circle.

I would like to extend my profound gratitude to HE BN Reddy and his entire team at the HCIKL for their continued support and future opportunities to work together. I also convey my deep appreciation to my colleagues at ISIS Malaysia for the good work they continue to do. ■

Foreword



HE Shri BN Reddy

High Commissioner of India to Malaysia

The High Commission of India is glad to partner with the Institute of Strategic & International Studies (ISIS) Malaysia in holding the international conference titled *India's Act East Policy in the second decade: perspectives from India and ASEAN* in February 2025. Our deep appreciation to ISIS Malaysia for publishing an ISIS *Focus* issue that covers articles contributed by the speakers of the conference.

My deepest gratitude to ISIS Malaysia Chairman Datuk Prof Dr Mohd Faiz Abdullah and to ISIS Malaysia for the partnership in holding the conference, which was indeed the first of its kind in Southeast Asia after India embarked on the second decade of its Act East Policy from 1 January 2025. More so, the conference also symbolises the first attempt to assess the progress of India's CSP with ASEAN, particularly at a time when Malaysia assumed the Chairmanship of ASEAN from 1 January 2025.

The conference generated significant interest amongst policymakers and academic circles in Malaysia and ASEAN, as well as in India, on ways to further consolidate India's Act East Policy during its second decade. The conference witnessed the participation of distinguished speakers from India, Malaysia and the ASEAN countries of Singapore, the Philippines and Vietnam to reflect on the journey of the first decade of India's Act East Policy and the course for the next decade of India's engagement with ASEAN and the Indo-Pacific region.

The Act East Policy, launched in 2014 as a strategic evolution of the Look East Policy, has been a cornerstone of India's diplomatic, strategic, economic and cultural outreach. Over the past decade, it has catalysed deeper engagements with ASEAN and the wider Indo-Pacific, fostering economic integration, strategic partnerships and people-to-people connections. As we enter the second decade of this policy, it is imperative to assess our achievements and define our future priorities.

I am confident that this ISIS *Focus* publication would be useful to relevant stakeholders, particularly for policymakers and academics focusing on new strands of collaboration pursued by India and ASEAN member states as part of strengthening the ASEAN-India CSP. My appreciation for the speakers for their presentations, as well as their written contributions towards this ISIS *Focus* publication. I convey my deep appreciation to the entire ISIS Malaysia team, as also to my colleagues, First Secretary Beno Zephine and Counsellor Vikram Vardhan, who made tireless efforts in the realisation of this conference. ■

Act East Policy and India's role in Indo-Pacific

India's multifaceted regional presence is continually evolving in Southeast Asia's strategic landscape

Dr Yanitha Meena Louis



As India's Act East Policy (AEP) enters its second decade, the overarching question pertinent to the region is how this policy framework can be made more effective to enhance engagement with ASEAN and its member states. The conceptions of India's redesignation of "Look East" to "Act East" in 2014 have been overwhelmingly attributed to India's strategic competition with China – against the backdrop of China's growing influence in Southeast Asia (SEA) and New Delhi's acknowledgement of precarious, or rather non-existent, South Asian regionalism. But 10 years later, with India's growing profile in the Indo-Pacific, to make India's engagement with SEA countries or the AEP itself solely about China discredits the notion that India has interests in the region independent of Beijing, and vice-versa. This is severely [reductionist](#) and, by and large, a grave [misconception](#).

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But this concept of balancer also means that the India-SEA relationship is viewed through a China lens or even US-China prism, and this does not give enough credit or currency to the value of India's ties with the region. In many ways, being a balancer reducestherelationship to a product of, for and by China.

However, there remain questions on India's evolving role as a rising power and its engagement with SEA, given how the emerging and dynamic Indo-Pacific order has given new strategic meaning to India. This reinforces the argument that there is a lack of understanding of India's aspirations and [strategic positioning](#).

That brings us to an important question: what role does India hope to play in the Indo-Pacific through the AEP vis-à-vis its relations with SEA?

Balancer or normative power?

In the last decade, India has been touted to play the role of “balancer” to a more assertive China. Against the backdrop of the [South China Sea dispute](#), major power rivalry and trade and economic disruptions, perceptually, New Delhi's rise and the AEP make it a natural balancer for SEA. In the 2025 ISEAS Yusof-Ishak State of Southeast Asia Survey, India ranked third in the order of which dialogue partner ASEAN would seek out as a “third party” to hedge against uncertainties of the US-China strategic rivalry. This, however, must be taken with a pinch of salt, since India still ranked only sixth in terms of strategic relevance to ASEAN.

In his recent book, *Vishwa Shastra: India and the World*, Dhruva Jaishankar urges that in the face of complex geopolitics in the region, India must begin to play the role of a balancer even if it is unlikely to be the balancer. While he believes that New Delhi has the potential to play this role – more specifically, an economic balancer even – he contends that much work must still be done before this is realised. With Indian commerce and industry minister Piyush Goyal recently [slamming](#) the nature of the India-ASEAN trade relationship, perhaps India is not ready to fully embrace or assume this role of economic balancer. But this concept of balancer also means that the India-SEA relationship is viewed through a China lens or even US-China prism, and this does not give enough credit or currency

to the value of India's ties with the region. In many ways, being a balancer reduces the relationship to a product of, for and by China. Following Indian foreign policy, the semantics that come out of New Delhi, and the trajectory of India's relations with SEA countries and ASEAN in recent years, it is clear that this is not the role India envisions for itself, and neither how SEA distinctly views India.

Is India then a growing normative power? Does the AEP provide the necessary policy framework to support India for this role in the region? At Raisina Dialogue 2025, to a question posed if India has the appetite to be a normative power in the region with its growing role in the Global South, Minister of External Affairs Dr S Jaishankar indicated that while New Delhi may not explicitly use the term to describe its role, as the most populous country in the world, India's Global South mobilisation efforts certainly cannot be ignored, as these will continue to set standards for cooperation. India's prominent use of the term "Global South" began with the Voice of Global South Summit in 2023, the same year India assumed the G20 chairmanship. India's Global South [mobilisation](#) efforts extend beyond development and governance, reflecting its ambition to act as a bridge between Western partners and the developing world. India's Global South cooperation "pitch" is challenge-based, sensitive to the general disposition of Global South countries and, more importantly, starts at the same baseline that resonates with all Global South countries, i.e., invoking Sustainable Development Goals and emphasising on addressing climate change through climate justice and developing countries' demand for climate finance, technology transfer and capacity building.

India's role as a normative power is, however, reliant on the extent to which ASEAN and ASEAN member states (AMS) identify with and [cooperate](#) within India's Global South agenda and Indian-led initiatives. It also

heavily depends on how [consistent](#) and creative India is with its initiatives. This means keeping the momentum on proposals announced at ASEAN Summits and focusing on the public goods delivery [aspects](#) of mega initiatives, such as the Mutual and Holistic Advancement for Security and Growth Across Regions ([MAHASAGAR](#)). Underpinned by its AEP, India's active presence in various mechanisms, such as IORA, BRICS and BIMSTEC, which function on the basis of addressing shared regional challenges through niche area cooperation, also serves as a key enabler to its budding role as a normative power.

Role-building by "walking the talk"

Does the AEP then perhaps support India's potential to be a first responder or development partner to SEA as it is to its neighbours in South Asia, or increasingly in Africa and the Pacific Islands? Last year, India [announced](#) that US\$5 million would be allocated from the ASEAN-India fund for joint activities to promote disaster resilience, while actually "walking the talk" of assuming greater responsibility in the region by launching [Operation Brahma](#) in the aftermath of the devastating earthquake in Myanmar early this year. As a [development partner](#), it is noteworthy that India is the second-largest non-traditional bilateral contributor for SEA, with a yearly average of US\$70 million disbursed in the region. Although India's development cooperation has traditionally focused on its neighbours in South Asia, a substantial part has gone to the region under India's AEP. From 2015 to 2021, India disbursed US\$490 million in grants and loans to SEA. Just two countries – Myanmar and Cambodia – received almost 90% of the funding.

The maturing of the AEP and India's own growth and trajectory through the "Make in India, Make for the World" [policy](#) demonstrates New Delhi's potential to be a responsible [security provider](#) for SEA. More importantly, with the deliberate focus on non-

traditional security issues in India's terms of engagement with ASEAN and AMS through a range of strategic partnerships across the region, tangible progress on [cooperation](#) in cybersecurity issues and artificial intelligence governance will reaffirm India's growing role as a security provider.

Key enablers to India's role-building efforts in the Indo-Pacific

Moving forward, whichever role India envisions for itself with the hope that it resonates with SEA, India must focus on three main aspects of its ties with the region, which will serve as important enablers to India's role-building efforts in the Indo-Pacific. Firstly, a strong strategic partnership is indicative of a strengthened AEP. India has a CSP with ASEAN, Vietnam, Indonesia, Malaysia and Singapore, as well as a Comprehensive Partnership with Thailand and an Enhanced Partnership with Brunei. These partnerships can be seen as the structural and functional [manifestation](#) of India's outreach and engagement via its AEP, and so it is crucial that they are fit for purpose and in tune with geopolitical realities.

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Secondly, there must be thoughtful [continuity](#) in the initiatives announced during ASEAN Summits. For example, if India wishes to “advocate for the Global South” as [announced](#) in the 12-point proposal during the 20th ASEAN-India Summit in Indonesia in 2023, then it should have also been reaffirmed in a more detailed manner in India's 10-point [plan proposed](#) during the 21st ASEAN-India Summit in Laos in 2024. Consistency in optics, semantics and the chosen “lexicon” is essential for India's role-building in the region.

Finally, there must be greater synergy between ASEAN Outlook on the Indo-Pacific and India's Indo-Pacific Oceans Initiative, considering how the language out of New Delhi is that “SEA is the core of AEP and AEP is the core of India's Indo-Pacific strategy”. Surely, just by sheer power of correlation, this makes SEA the core of India's Indo-Pacific strategy. This must be clearly demonstrated, and one way to do this is through active participation in the ASEAN Indo-Pacific Forum. Periodical assessment of the progress in cooperating within these frameworks and clearly highlighting successes will not only aid in shaping the trajectory of relations but also help quantify the power and increasing relevance of the AEP over the years. This is important for ASEAN and AMS to better internalise the value and indispensability of their relationship with a rising India.

An abridged version of this article first appeared in [The Indian Express](#) in August 2025

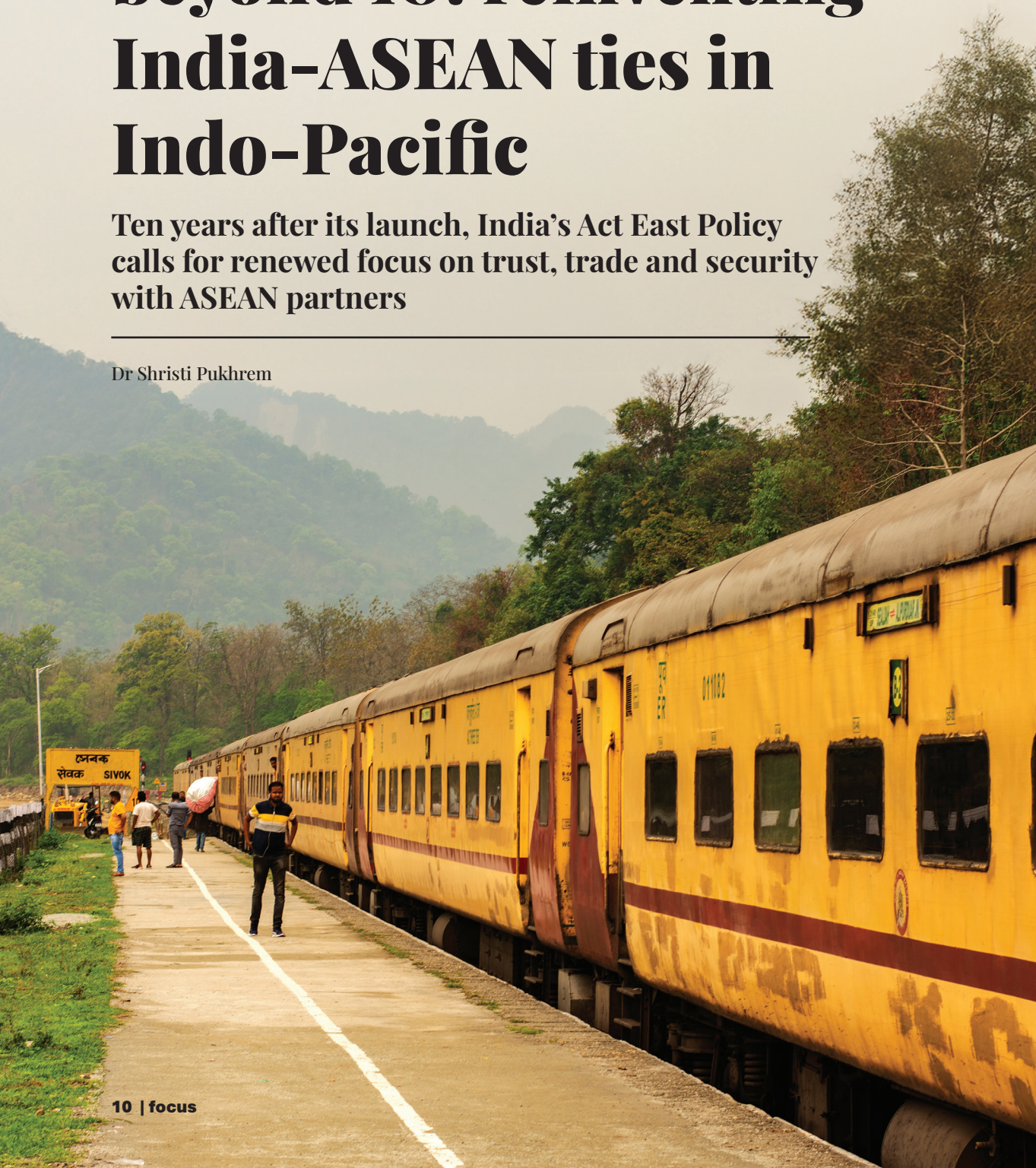


Dr Yanitha Meena Louis
Analyst
ISIS Malaysia

Act East Policy beyond 10: reinventing India-ASEAN ties in Indo-Pacific

Ten years after its launch, India's Act East Policy calls for renewed focus on trust, trade and security with ASEAN partners

Dr Shristi Pukhrem



In 2014, India's Look East Policy evolved into the Act East Policy (AEP), signifying a shift from passive engagement to proactive diplomacy with Southeast Asia. A decade on, the AEP finds itself at an inflection point. With dramatic geopolitical shifts, the rise of China, growing multipolarity and the Indo-Pacific gaining strategic prominence, India must now recalibrate its approach to its ASEAN partners. The "Act East Policy Beyond 10" needs a reinvention – one that deepens strategic trust, enhances economic integration and recognises ASEAN not merely as a diplomatic forum but as a crucial partner in shaping a free, open and inclusive Indo-Pacific.

Act East: from intent to action

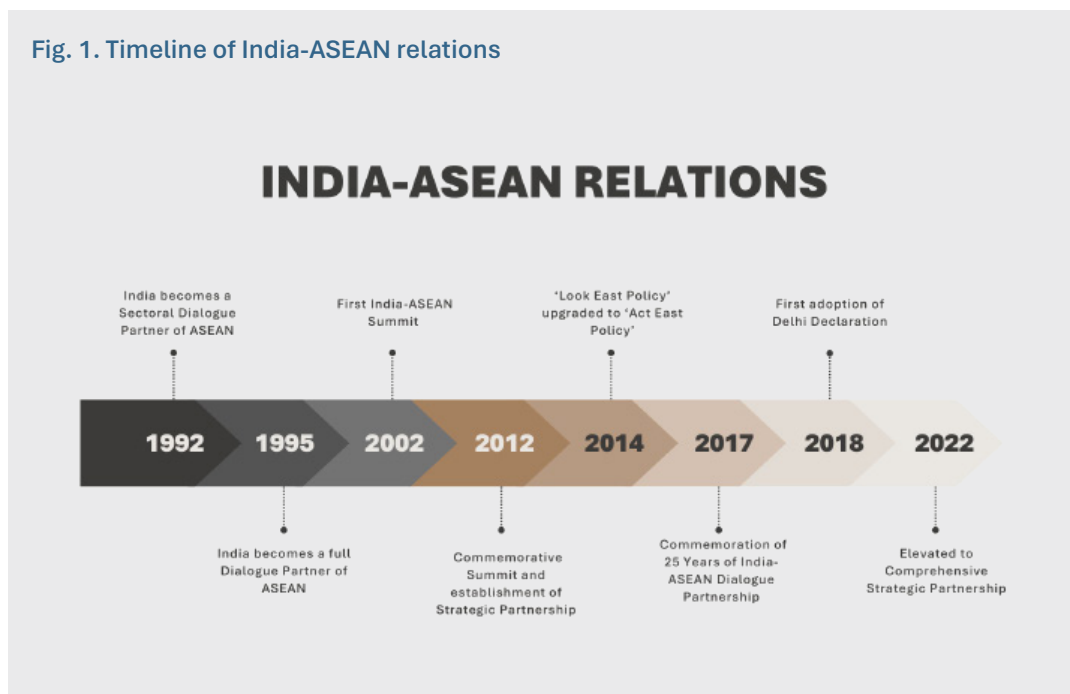
When Prime Minister Narendra Modi announced the transition from "Look" to "Act" in 2014 during the 9th East Asia Summit in Nay Pyi Taw, Myanmar, it was widely welcomed as a move toward more dynamic engagement. Over the last decade, this engagement has been visible through high-level visits, maritime exercises (such as the

Singapore-India Maritime Bilateral Exercise and the MILAN multilateral naval exercise), growing defence exports to ASEAN countries and various initiatives (such as the India-Myanmar-Thailand Trilateral Highway and the [Kaladan Multimodal Transit Transport Project](#)).

However, the momentum, though visible, remains uneven. [Economic engagement](#) has not kept pace with strategic ambitions. India's trade with ASEAN stood at US\$131.5 billion in 2022–2023, a significant figure but still lagging behind China's ASEAN trade volume, which surpassed US\$975 billion in the same period. Connectivity projects are plagued by delays, and private investments in ASEAN remain modest. While defence cooperation has expanded, its scale is still limited compared with India's potential and the regional demand for diversified security partnerships.

To move beyond symbolic diplomacy, India must rethink its policy in three fundamental ways: geopolitical alignment, geo-economic strategy and people-centred diplomacy.

Fig. 1. Timeline of India-ASEAN relations



Reframing Indo-Pacific vision: ASEAN centrality and beyond

The Indo-Pacific has emerged as the new geopolitical and economic theatre of the 21st century. In this evolving landscape, the centrality of ASEAN – a concept India strongly endorses – is under test. ASEAN's internal cohesion is being challenged by great power competition, especially between the US and China, while the Quad (comprising India, the US, Japan and Australia) has emerged as a complementary strategic framework.



The Indo-Pacific has emerged as the new geopolitical and economic theatre of the 21st century. In this evolving landscape, the centrality of ASEAN – a concept India strongly endorses – is under test.

India's Indo-Pacific strategy, encapsulated in the Indo-Pacific Oceans' Initiative, must now move from principle to pragmatism. The initiative, which outlines seven pillars ranging from maritime security to trade connectivity, provides ample space for ASEAN collaboration. However, India must do more to operationalise this vision.

This means the following:

- Supporting [ASEAN-led mechanisms](#), such as the East Asia Summit and ASEAN Defence Ministers' Meeting-Plus, with more resources and high-level participation.

- Proposing trilateral and quadrilateral formats involving ASEAN members, such as India-Vietnam-Indonesia or India-Singapore-Australia groupings, with a focus on various issues, such as cybersecurity, maritime domain awareness and disaster relief.
- Ensuring that ASEAN's concerns about being sidelined in minilateral arrangements, such as the Quad, are addressed through inclusive dialogue and transparent goals.

India must emphasise that its Indo-Pacific vision is not containment-driven but development-oriented, offering ASEAN an alternative to over-dependence on any single power.

Economic statecraft: a new template for integration

If strategy is the skeleton, economics is the lifeblood of modern diplomacy. India's AEP needs a comprehensive economic strategy that moves beyond trade deficits and tariff issues. While the decision not to join the Regional Comprehensive Economic Partnership was made in the national interest, India must now propose alternative frameworks that align with ASEAN's economic priorities.

A few key moves can redefine economic engagement:

1. AEP 2.0 infrastructure fund: Establish a dedicated fund, possibly under a national infrastructure and investment fund, to support infrastructure projects in ASEAN, especially in connectivity, renewable energy and digital infrastructure. This can be structured through blended finance models involving Indian public and private capital.
2. Digital and green partnership: Launch a digital ASEAN initiative focusing on fintech, data governance, cybersecurity and e-governance platforms in collaboration with various

- countries, such as Singapore and Indonesia. Additionally, a Green ASEAN Partnership can promote cooperation in solar energy, electric mobility and climate-resilient agriculture.
3. Manufacturing and supply chains: Identify niche areas (e.g., pharmaceuticals, electronics, semiconductors, etc.) to integrate into regional value chains. [Joint ventures with ASEAN partners under the Production Linked Incentive](#) schemes could create India-ASEAN industrial corridors.
 4. Trade 2.0: Rather than renegotiating the ASEAN-India Free Trade Agreement in isolation, India should work toward a “Trade 2.0” framework that includes services, investment protections, digital trade protocols and sustainable development clauses.

Economic integration must also be people-centric. Micro-, small- and medium-sized enterprises, as well as startups and entrepreneurs, should be at the heart of this vision. An India-ASEAN Startup Exchange Programme, for instance, could catalyse cross-border innovation and youth collaboration

Strategic convergence: maritime and security cooperation

The strategic geography of India and ASEAN is inherently maritime. [The Bay of Bengal, the Andaman Sea](#) and the South China Sea are all interconnected zones of opportunity and contestation. India’s naval outreach in Southeast Asia has grown, especially with countries such as Vietnam, Indonesia and the Philippines. But the time has come to transition from episodic cooperation to sustained institutional frameworks.

India should propose the creation of an India-ASEAN Maritime Partnership Framework with three components:

1. Maritime domain awareness: Leveraging on India’s Information Fusion Centre–Indian Ocean Region, regional navies can collaborate on monitoring maritime traffic, illegal fishing and piracy.
2. Capacity building: Through the defence line of credit, training programmes and joint R&D, India can help ASEAN states enhance their maritime security capacities.
3. [Humanitarian assistance and disaster relief](#): Joint exercises and prepositioning of relief materials can make India and ASEAN first responders in climate-induced crises.

Further, India must strengthen bilateral security partnerships, such as those with Vietnam (naval base access), Indonesia (Sabang Port cooperation) and Thailand (coordinated patrols). Minilateral exercises, such as the India-Indonesia-Australia trilateral and the India-Japan-US-Philippines quadrilateral, should be scaled up with ASEAN inclusion.

Culture, connectivity and civil society

Beyond geopolitics and economics lies the soft power of shared heritage, Buddhism, diaspora and youth. Reinventing the AEP requires efforts that fosters cultural, educational and people-to-people connectivity.

1. Buddhist cultural diplomacy: India should establish a Buddhist Cultural Circuit programme to link sites in India, Myanmar, Thailand and Cambodia and promote religious tourism and civilisational ties.
2. Diaspora engagement: With millions of Indian-origin citizens in Malaysia, Singapore, Myanmar and beyond, the diaspora can serve as bridges for business, culture and politics. More support should be given to diaspora-led startups and cultural organisations.
3. Youth summits and think-tank forums: Institutionalise annual India-ASEAN Youth Summits, policy hackathons

and research fellowships to deepen understanding among next-generation leaders. A joint India-ASEAN think-tank network can provide policy recommendations to guide future partnerships.

4. Media and language exchange: Support for language learning (Tamil, Bahasa Malaysia, Bahasa Indonesia, Hindi, etc.), joint media productions and digital platforms can promote cross-cultural understanding.

Challenges and way forward

While the vision for a reinvented Act East Policy is expansive, several hurdles remain. Political transitions in ASEAN, bureaucratic inertia and funding constraints on both sides are real concerns. Moreover, balancing strategic autonomy, while engaging deeply with ASEAN and other Indo-Pacific partners, requires diplomatic finesse.

To overcome these, India should do the following:

- Appoint a Special Envoy on ASEAN Affairs to coordinate inter-ministerial and state-level engagements.
- Engage Indian states more actively, especially those in the Northeast, as frontline partners in Act East 2.0.
- Simplify visa, trade and project approval mechanisms to facilitate smoother exchanges.
- Prioritise regional literacy in Indian foreign policymaking – understanding ASEAN political cultures is key to building trust.

Conclusion

As the Indo-Pacific narrative evolves, India must not merely act – it must lead. A decade of the Act East Policy has laid a strong foundation, but the next decade demands ambition, agility and alignment with ASEAN's priorities. Reinventing India-ASEAN ties requires more than summits and speeches; it needs sustained political will, visionary

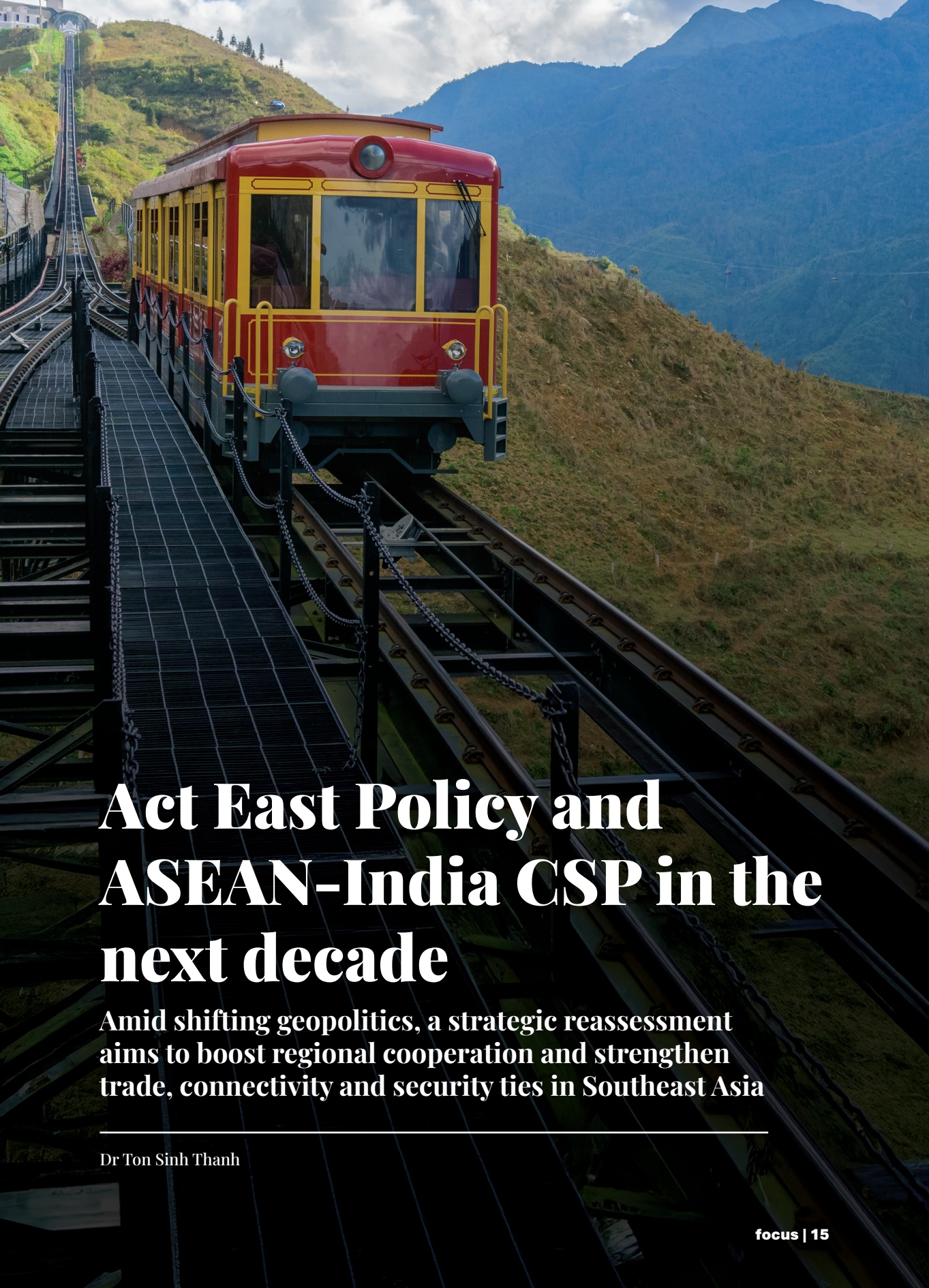
economic planning and a commitment to shared regional prosperity.

If India can build trust-based, future-ready and multidimensional ties with ASEAN, it will not only secure its eastern flank but also emerge as a pivotal force in shaping the Indo-Pacific order. The next chapter of the Act East journey begins now – bold, broad and beyond 10. India's journey in the region is no longer about merely acting east, it is about leading with purpose in the east. The time to act boldly is now.



Dr Shristi Pukhrem

Deputy Director (Academics & Research)
India Foundation



Act East Policy and ASEAN-India CSP in the next decade

**Amid shifting geopolitics, a strategic reassessment
aims to boost regional cooperation and strengthen
trade, connectivity and security ties in Southeast Asia**

Dr Ton Sinh Thanh

As India's Act East Policy (AEP) embarks on its second decade, a review of the evolution and progress of this policy is not only timely but essential. Paired with an assessment of the ASEAN-India CSP, this retrospective analysis provides a crucial foundation for charting the future course of cooperation. By appraising the successes and failures of the past 10 years, both India and ASEAN can gain valuable insights into how to optimise their engagement, address persistent challenges and forge a more effective and mutually beneficial partnership in the decade to come. This forward-looking perspective is vital for navigating the evolving geopolitical landscape and maximising the potential of this strategic partnership.

Why Look East and Act East?

Since the end of the Cold War, India and ASEAN have increasingly recognised their mutual importance. This recognition began with India's Look East Policy, a strategic initiative aimed at strengthening ties with Southeast Asia. ASEAN reciprocated by welcoming India as a dialogue partner, establishing a crucial partnership that has evolved significantly over time.

Prime Minister Modi's transition from the Look East Policy to the more dynamic Act East Policy in 2014 was driven by ASEAN's growing importance on the global stage and India's need to adapt to rapidly changing domestic and international contexts. After a decade of rapid growth, India has become a more influential global power. Simultaneously, China's emergence as an assertive regional power has intensified competition, not only with the United States but also among India and other regional players. In this environment, simply "Looking East" was no longer sufficient for India's ambitions in Southeast Asia. The AEP was therefore conceived to address implementation and delivery challenges encountered under the Look East Policy. The AEP's primary goal is thus to adopt a more proactive, action-oriented approach to India's engagement

with ASEAN countries.

Key pillars

The AEP is structured around the core pillars of the 3Cs: Commerce, Culture and Connectivity. Commerce is the primary pillar, emphasising enhanced trade and economic cooperation. Culture focuses on leveraging India's soft power to strengthen people-to-people connections and promote cultural exchange. Connectivity establishes vital physical and digital infrastructure to facilitate communication and collaboration. Importantly, a fourth pillar – Capacity Building – has been added, broadening the AEP's scope.



The AEP is central to India's broader Indo-Pacific strategy. India participated in the Quadrilateral Security Dialogue but affirmed that this platform complements ASEAN mechanisms rather than undermining ASEAN's centrality or marginalising its regional architecture.

The Act East Policy extends beyond economics to encompass strategic and security dimensions. Geographically, the AEP includes Northeast Asia and the South Pacific, not exclusively Southeast Asia. The strategy gained momentum in 2018 when India unveiled its Indo-Pacific vision, reflecting the region's evolving dynamics.

The AEP is central to India's broader Indo-Pacific strategy. India participated in the Quadrilateral Security Dialogue but affirmed that this platform complements ASEAN mechanisms rather than undermining ASEAN's centrality or marginalising its regional architecture.

Progress and challenges

Over the past decade, the AEP and the ASEAN-India partnership have seen considerable progress. Security cooperation has been enhanced through military training, information exchange, joint exercises, port calls and military equipment procurement. India's growing presence in the South China Sea and its affirmation of the 2016 ruling by the Permanent Court of Arbitration have contributed to regional stability. The 3Cs have seen progress mainly in the Culture pillar, with numerous initiatives to preserve mutual heritage in Southeast Asia, alongside scholarships for ASEAN students to study in India. On the economic front, trade between India and ASEAN has grown from US\$50 billion in 2014 to US\$131 billion in 2023, demonstrating increased economic cooperation, investment flow and tourism.

Nevertheless, challenges persist. The AEP and the ASEAN-India partnership have struggled with implementation. Cooperation programs and initiatives have faced delays or remain conceptual. In terms of the 3Cs, progress has been limited, except for the Culture pillar. Regarding the Commerce pillar, India's trade volumes with ASEAN still lag behind those of China and the European Union. India's decision not to participate in the Regional Comprehensive Economic Partnership has further hampered its trade standing. In terms of the Connectivity pillar, infrastructure projects, such as the India-Myanmar-Thailand Trilateral Highway, have faced substantial delays.

These obstacles stem from various sources. Both India and ASEAN face resource constraints and capacity limitations. India

also grapples with balancing domestic priorities against its regional commitments and global ambitions within a multi-alignment foreign policy strategy.



India needs to address implementation issues, perhaps by upgrading its approach from “Act East” to “Act East Fast”, allocating increased resources and establishing robust monitoring and evaluation mechanisms.

Looking ahead, the next decade presents favourable conditions for strengthening the AEP and the ASEAN-India strategic partnership. India is projected to become the third-largest economy globally, and ASEAN's influence is expected to grow. However, geopolitical rivalries and uncertainties surrounding U.S. policy pose challenges that require careful consideration.

The way forward

To elevate the partnership, ASEAN and India must focus on overcoming their specific obstacles. ASEAN should adopt a more reciprocal approach to cooperation. India needs to address implementation issues, perhaps by upgrading its approach from “Act East” to “Act East Fast”, allocating increased resources and establishing robust monitoring and evaluation mechanisms.

Formulating a new plan of action for 2026 to 2030 will be vital, expanding cooperation into

various areas, such as the digital economy, renewable energy, climate change and maritime cooperation. Such initiatives would enhance strategic engagement and reinforce economic ties.

In trade and investment, both sides should focus on removing domestic barriers on India's side, with ASEAN countries addressing the service interests of India. This collaboration will be essential, as both regions seek to upgrade their trade and economic agreements, fostering a more equitable trading environment.

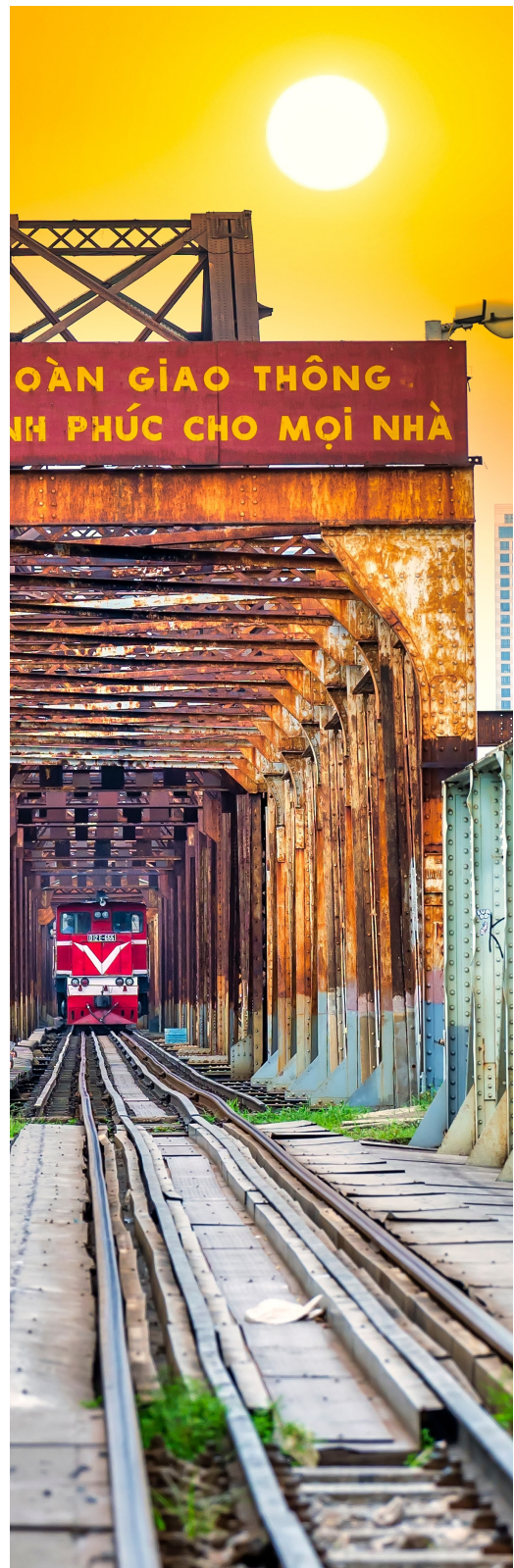
Moreover, it is crucial to build upon successful areas of cooperation, particularly in defence, security and culture. There exists vast potential for enhancing people-to-people relations through cultural exchanges, educational collaborations and tourism. Such endeavours will strengthen trust and goodwill, serving as crucial components in achieving broader cooperation and foreign policy objectives.

In conclusion, by seizing the opportunities that lie ahead, India and ASEAN can significantly deepen their ties and build a more robust partnership. While challenges remain, a renewed focus on reciprocal cooperation, proactive engagement and strategic planning will enable both India and ASEAN to foster an enduring relationship that enhances prosperity, security and cultural connections in the region. As both navigate the complexities of the global landscape, a strengthened ASEAN-India partnership will serve as a cornerstone for stability and mutual benefit in Asia and beyond.



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Act East Policy and India-ASEAN relations

India's evolving engagement with Southeast Asia reflects a strategic shift toward deeper regional integration, economic interdependence and geopolitical alignment

Prof Dr Ravichandran Moorthy



With the loosening of Cold War alignments in the 1990s, countries were freer to expand their external relations with other regions and with other countries, irrespective of their ideological characters and beyond their Cold War partners. India, traditionally aligned with the Soviet Union, also started to broaden its relations with a broad spectrum of countries. In this backdrop, in 1992, Prime Minister Narashima Rao announced the Look East Policy (LEP), a foreign policy to engage countries east of India.

Although most of Asia, Australasia and the Pacific islands are to the east of India, the LEP was initially conceived with reference to Southeast Asia and ASEAN. The policy later expanded to East Asia and Oceania. The LEP gave India a strategic boost in its involvement with Southeast Asia, bolstering its position as a regional power and a counterweight to China's geopolitical might.

Nevertheless, in spite of the initial enthusiasm surrounding the LEP, India's interactions with Southeast Asian countries stagnated, particularly during the first two decades of its inception. This is due to a combination of factors, including the 1997 Asian financial crisis, India's preoccupation with domestic issues, and the rise of competing regional actors who were more assertive and innovative in engaging the region.

However, since 2000, India became more focused in engaging the Southeast Asian countries. Prime Minister Manmohan Singh's economic reform between 2004–2014 set the foundation for greater government-to-government and business-to-business engagements with ASEAN member states. By 2012, India's engagement with Southeast Asian countries and ASEAN was noteworthy in both breadth and depth. This is evidenced by the formalised annual summits, sectoral dialogues that have progressed to ministerial consultations, and numerous mechanisms for dialogue and collaboration that encompass nearly every facet of human activity. In the 10 years since annual summits

began, India-ASEAN trade increased more than 10-fold.

With the implementation of the ASEAN-India Trade in Goods Agreement in 2010, trade increased by 41% in the Indian fiscal year of 2011–2012. Over the last 10 years, two-way investment flows have also increased rapidly to US\$43 billion. ASEAN countries have emerged as major destinations for Indian companies, and ASEAN investments into India also have increased.

A decade of Act East Policy

Building on the LEP, in 2014, Prime Minister Narendra Modi introduced the Act East Policy (AEP). The new foreign policy seeks to strengthen economic cooperation, foster cultural links and build strategic partnerships with countries in the Indo-Pacific region. The strategy underscores a proactive and action-oriented approach, concentrating on measurable outcomes in trade, connectivity and security through ongoing engagement at bilateral, regional and multilateral levels. The AEP is founded on four key components, called the 4Cs: Culture, Commerce, Connectivity and Capacity Building. India's strategic outlook for the region is manifested in the initiatives under the concept of Mutual and Holistic Advancement for Security and Growth Across Regions (MAHASAGAR).

The AEP has significantly fostered the growth of trade between India and ASEAN, as both parties deepen their economic collaboration through bilateral cooperation, investment and trade initiatives. The overall trend showed a consistent increase in trade between India and ASEAN from 2014 to 2024, notwithstanding some fluctuations resulting from the global economic conditions and the Covid-19 lockdown. The overall trade volume between India and ASEAN rose from approximately US\$60 billion in 2015 to around US\$130 billion in the 2023–2024 period. This shows their recovery from the impact of the pandemic and the strengthening of trade relations facilitated by the ASEAN-India Free

Trade Agreement (AIFTA) and other initiatives. AIFTA helped to reduce tariffs and improve the flow of goods and services between India and ASEAN. It includes goods, services and investments and remains a cornerstone of ASEAN-India trade relations.

During the 21st ASEAN-India Summit in October 2024, Prime Minister Modi reaffirmed the importance of the India-ASEAN friendship in the face of global conflict. He announced a 10-point plan to strengthen India-ASEAN comprehensive partnership, emphasising the importance of regional ties in guiding Asia's future. The AEP has infused fresh energy, guidance and impetus into the longstanding partnership between India and ASEAN. However, while the various initiatives of the AEP present new opportunities for mutual benefits, there are several areas that both parties could concentrate on to enhance relations. I would like to highlight three areas that require attention and action from both parties to foster stronger ties.

Recalibrating ASEAN-India relations

Firstly, India should utilise the AEP's initiatives to further promote the Indo-Pacific idea and framework among ASEAN partners. Over the years, the Indo-Pacific nomenclature and discourse have gained traction among several ASEAN member countries. However, Trump's global trade war, which threatens international order, and the ambiguity of the US's ASEAN policy, as well as China's economic rise and development programmes in many least developed countries, have caused general reluctance among ASEAN members to fully embrace this idea, primarily for fear of straining their ties with Beijing. In fact, at present, about 11 different strategic visions of this framework are articulated by Southeast Asian nations. India has positioned ASEAN as an important element of her Indo-Pacific strategic vision for leadership. In fact, India has emphasised ASEAN principles, such as centrality, rules-based order and promotion of peace and security, in its articulation of the Indo-Pacific

framework. Therefore, the AEP framework provides a robust platform for India to engage ASEAN in the effort to pacify and assuage concerns about this new security architecture.



By 2012, India's engagement with Southeast Asian countries and ASEAN was noteworthy in both breadth and depth.

Secondly, India and ASEAN should explore enhancing existing engagements and new areas of mutual interests. These engagements should be based on needs and reciprocity and can be developed within the framework of the ASEAN-India CSP. Emerging new technologies, digital economy, start-ups and entrepreneurial business, medicine (both modern and traditional), public health, maritime security, defence industry, and tertiary and STEM education are new areas of collaborations that could be developed for mutual benefits. India has also started engaging ASEAN countries on many fronts, including providing numerous scholarships for ASEAN students to study in India.

Thirdly, the strength of the Indian diaspora in Southeast Asia should be utilised. India already has a foundation for deeper engagement with the region, not only through pre-colonial connections but also through thriving diaspora communities in Malaysia, Singapore, Indonesia and Thailand. These communities can act as goodwill ambassadors between India and Southeast Asia. Diaspora engagement should be revitalised to cover many new areas of activities and collaborations.

In conclusion, it is important to recognise that

the AEP serves as the cornerstone of India-ASEAN relations. ASEAN member states see India as a credible and responsible friend and neighbour. For India, ASEAN is pivotal to its Indo-Pacific strategy and its ambition to become an important regional and global power. Driven by common interests in regional peace, economic prosperity and deeper regional ties, the future of India-ASEAN relations seems dynamic and promising. Their relationship is expected to strengthen in various ways, as both sides navigate the evolving political and economic environment, while continually recalibrating their economic, strategic and cultural priorities.

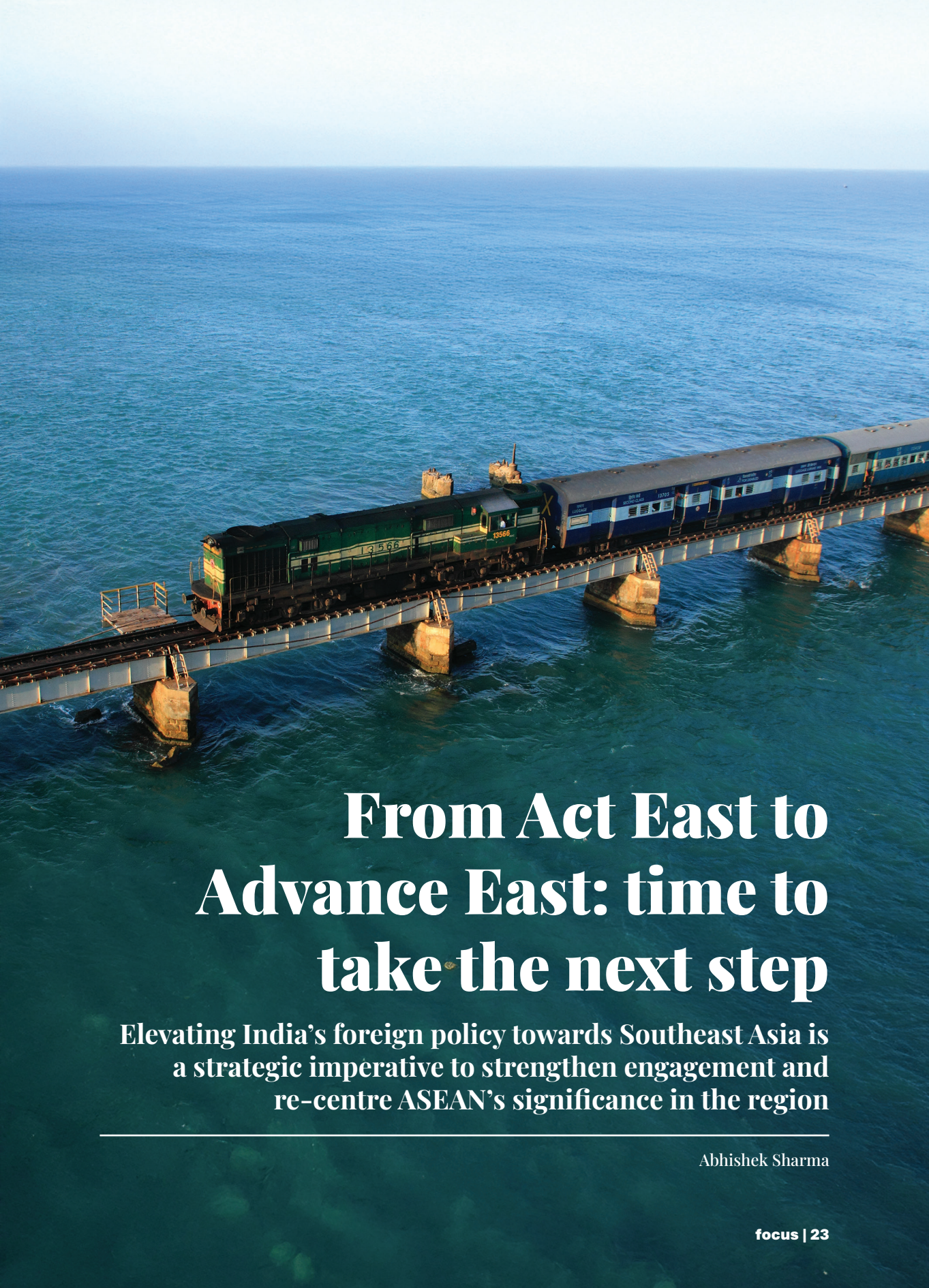
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For India, ASEAN is pivotal to its Indo-Pacific strategy and its ambition to become an important regional and global power. Driven by common interests in regional peace, economic prosperity and deeper regional ties, the future of India-ASEAN relations seems dynamic and promising.



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From Act East to Advance East: time to take the next step

Elevating India's foreign policy towards Southeast Asia is a strategic imperative to strengthen engagement and re-centre ASEAN's significance in the region

Abhishek Sharma

During Prime Minister Modi's first tenure, India's Act East Policy (AEP) was a much-needed upgrade to consolidate and further expand India's strategic ties with Southeast and East Asian countries. India's elevation of the extended neighbourhood policy from the Look East Policy (LEP) to the AEP signalled its recognition of the increasing importance of ASEAN and its members' growing political, economic, and strategic stature. Nonetheless, after completing [10 years](#) of the AEP last year, while many [applauded](#) the progress achieved in India-ASEAN ties, some advocated the need for the next phase of policy elevation: taking another step beyond the AEP.

During his visit to Laos in 2024 for the 21st ASEAN-India Summit, the prime minister presented his [10-point plan](#), which hinted at the government's intention to expand the bilateral agenda. While this step pointed towards broadening the scope and scale of its ties with ASEAN, the exact framework was absent. Given that the new policy's framework and expanded agenda remain absent, this article aims to provide the strategic rationale for an upgrade and give a structural framework to the new policy body that may likely emerge.

Why does India need to upgrade the Act East Policy?

Currently, when it comes to India's immediate and extended neighbourhood, many foreign policy frameworks and visions intersect, with overlapping geographical regions. These include India's Neighbourhood First policy, Mutual and Holistic Advancement for Security and Growth for All in the Region (MAHASAGAR) vision, AEP, and Indo-Pacific vision, covering the South Asian, Indian Ocean, Southeast Asia, East Asia, and Indo-Pacific regions, including Oceania and Pacific Island states. However, given the recent inclusion of the Indo-Pacific vision in India's foreign policy engagement book, much of the focus on the extended neighbourhood region has come under it, which has led

many in ASEAN to feel neglected, particularly the small and middle countries. Therefore, while the Indo-Pacific framework is critical for engagement with the broader region and regional stakeholders for regional security, it undermines the issues of ASEAN and its members, which have become a challenge for India. Therefore, the new policy will firstly elevate India's partnership with ASEAN, and secondly de-link ASEAN from regional politics and give ASEAN, as a vital part of the region, its needed place in Indian foreign policy. This will also lead to the formation of better policy engagement with the region, which, till now, has focused on some countries only.



The AdEP should not only focus on boosting India's comprehensive multi-sectoral ties with the region.

Hence, given all the recent policy and developments, and the need to elevate and boost India's ties with ASEAN and the region, India must develop a new policy framework, which is an upgradation of the AEP. The new policy should play two specific roles: the first is to cater to the particular geography, keeping ASEAN at its centre and recognising its stand-alone importance for India, and the second is to also provide a new policy framework that will guide the implementation of the new ASEAN-India CSP through the [ASEAN-India 2026–2030 Plan of Action](#).

India's Advance East Policy: appropriate time for elevation of ties

Given that the strategic rationale for an upgrade is evident, India needs a new policy framework suitable for this upgrade. Hence, I propose a new policy called the Advance

East Policy (AdEP), which would convey three critical actions: a forward movement from the earlier status quo, deeper integration interlinking the two regions, and providing a proactive regional leadership. The policy would entail strengthening diplomatic relations with all regional members to a strategic level and strengthening defence ties, particularly maritime security partnership, as well as stepping up critical and emerging technology cooperation. All these steps should be the focus of the next decade of India-ASEAN relations.



While the AdEP must reflect India's true potential and ambition for the region, it must be rooted in democratic values, respect for international rules-based law and order, and recognising the centrality of ASEAN in the Indo-Pacific, such as on the principle of open sea lanes and the importance of resolving disputes peacefully.

The AdEP should not only focus on boosting India's comprehensive multi-sectoral ties with the region. It should also signal India's vital interlinkages with the region's security and economy, which have long been dealt with in isolated conversations. The trajectory should follow an elevation, as seen till now. The first phase of India's LEP focused on strengthening economic ties, followed by

deepening diplomatic and security ties; therefore, the next phase under the AdEP should focus on building up defence, connectivity (maritime, land, and digital), and technological ties with the region. This specific policy would be able to reflect better India's aspirations and ambitions of the region, for instance, deepening defence and security ties with regional countries, such as the Philippines, Vietnam, Indonesia, and Malaysia, and strengthening India's outreach to others, such as Cambodia, Brunei, and Papua New Guinea.

A critical part of the AdEP should be to leverage India's increasing technological heft to strengthen collaboration and cooperation in various areas, such as cybersecurity, artificial intelligence, and defence manufacturing and co-production, which has emerged as an attractive area for ASEAN members. Under the policy upgrade, India will be able to integrate new areas of cooperation that Prime Minister Modi has mentioned in his [10-point agenda](#). For instance, the [ASEAN-India Joint Statement on Advancing Digital Transformation](#), signed during the 21st ASEAN-India Summit, already enunciated areas of cooperation in the digital domain for bilateral ties to take to the next level, such as digital public infrastructure, financial technology, and sustainable financing and investment. Enacting a new policy, such as the AdEP, would guide future cooperation.

Additionally, it will be able to cater to the region's aspirational needs by aligning with ASEAN's plans, including the ASEAN Digital Master Plan 2026–2030 and the ASEAN Community Vision 2045. As ASEAN and India progress on the path of development, both will need to reflect on their agenda for cooperation through an innovative and engaging framework that encapsulates the technologies of tomorrow and the realities of today. Going forward, all these common points of agreement should be operationalised across sectors. For example, to strengthen defence cooperation, India and

ASEAN must engage through closer maritime cooperation via military exercises, exports of critical defence equipment, capacity building, and training programmes with member states. India's objectives through the policy should be to send a strategic signal that it is ready to strengthen regional security and be open to cooperating in new areas.

Last but not least, while the AdEP must reflect India's true potential and ambition for the region, it must be rooted in democratic values, respect for international rules-based law and order, and recognising the centrality of ASEAN in the Indo-Pacific, such as on the principle of open sea lanes and the importance of resolving disputes peacefully. This framework will help India differentiate itself from other actors who undermine the significance of ASEAN by leveraging existing divisions to dominate the region.

This will also allow India to emerge as a serious and trusted actor, which India has failed to project itself as. This is vital because, while much of the cooperation in the future will be based on new sectors mainly dominated by critical and emerging technologies, the basis of collaboration and engagement will primarily be dictated by the values shared by both sides, such as trust, respect, and reciprocity. India and ASEAN already share all these ingredients in their relationship.



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EASTward bound: How India's Northeast is powering the ASEAN pivot

The Northeast's journey from isolation to integration is one of India's boldest strategic pivots, forging direct links to ASEAN markets and reshaping the Indo-Pacific economic landscape

Soumya Bhowmick



For decades after India's independence in 1947, the Northeast remained sidelined from the country's mainstream development due to its geographical isolation, political neglect and weak market linkages. However, in recent years, there has been a concerted effort to transform the region's fortunes through large-scale investments, targeted policy reforms and peace-building efforts that reimagine the Northeast as a pivotal player in India's contemporary geo-economic strategy. This renewed focus is exemplified by connectivity initiatives, such as the India-Myanmar-Thailand Trilateral Highway and the Kaladan Multi-Modal Transit Transport Project, which aim to link the Northeast directly to Southeast Asia, thereby bypassing the vulnerable Siliguri Corridor.

The region's strategic significance is further amplified by the growing role of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), which has emerged as a key platform for regional collaboration in the wake of the stagnation of the South Asian Association for Regional Cooperation. The [6th BIMSTEC Summit](#), held in Bangkok in April 2025, underscored this momentum by reaffirming the Vision 2030 roadmap, with a focus on the Northeast's potential as a connectivity hub for infrastructure development, economic integration and deeper engagement with Southeast Asia.

From periphery to pivot: the Northeast's geostrategic relevance

The Northeast's transformation is closely tied to India's broader strategic pivot towards Southeast Asia, encapsulated in the Act East Policy, which positions the Northeast as a vital bridge to ASEAN. This shift is not merely a function of geography but a calculated response to evolving global dynamics. The volatility in Western markets – amplified by various events, such as the Russia-Ukraine war, the imposition of tariffs during the Trump administration, and ongoing geopolitical complexities involving India-Pakistan

relations – has underscored the need for diversified and stable partnerships. In this context, the Northeast, sharing borders with Myanmar, Bangladesh, Bhutan and China, becomes a critical node in India's eastward engagement, facilitating trade, cultural exchange and regional integration.

The Indian Prime Minister has underscored this vision by reporting that over [INR5 trillion](#) has been invested in the Northeast over the past decade – a level of commitment unprecedented in the region's history. This investment has targeted highways, railways, power and social infrastructure, reflecting New Delhi's intent to close the longstanding development gap. [Policy frameworks](#) have been reoriented to support this agenda. The creation of dedicated programs, such as the North East Special Infrastructure Development Scheme, enhanced allocations to the Ministry of Development of North Eastern Region, and the extension of flagship initiatives, such as Smart Cities and UDAN regional connectivity flights, have helped channel funds where they were long overdue.

The government's shift from a passive Look East posture to an assertive Act East strategy has catalysed an [infrastructure boom](#) across the Northeast. This is exemplified by the construction of over 11,000 kilometres of highways and landmark projects, such as the all-weather Sela Tunnel and the Bhupen Hazarika Bridge, as well as the expansion of railway networks and the doubling of the number of airports. These efforts have helped open up remote areas, strengthening national integration and fostering economic activity.

Yet, the strategy goes beyond roads and bridges; it is equally focused on building the Northeast's long-term capital base. The region's development plan emphasises creating durable assets: investing in human capital through education and skills training; enhancing physical infrastructure, such as roads and digital networks; and sustainably leveraging the region's natural resources.

Given the Northeast's abundant natural capital endowments, this holistic approach is designed not merely to catch up with the rest of India but to position the Northeast as a competitive player alongside Southeast Asian economies, fostering inclusive growth and regional parity.

The [digital transformation](#) is a critical pillar of this vision. Laying over 13 thousand kilometres of optical fibre and expanding mobile networks has brought 4G/5G access to remote villages, empowering the region's youth to transition from passive consumers to active innovators and entrepreneurs. This integrated push on physical, digital and human infrastructure reflects the Indian Prime Minister's EAST vision – Empower, Act, Strengthen and Transform – which represents a comprehensive blueprint for change: empowering people through education and opportunities, acting decisively to connect the region to India and the world, strengthening physical and social infrastructure and transforming the Northeast from a neglected periphery into a dynamic growth hub and gateway to Southeast Asia.

Confronting complexities: efficiency, stability and the Northeast's growth story

However, the journey is far from straightforward. A critical challenge lies in the [efficient utilisation of capital](#). While investments have surged, translating them into proportional outcomes remains a persistent hurdle. Bureaucratic bottlenecks, limited local capacity and the region's complex terrain have often impeded project execution, diluting the impact of funds spent. Ensuring that investments lead to meaningful, sustainable improvements requires robust governance, community participation and rigorous monitoring to maximise the productivity of every rupee spent.

The government's parallel investments in education and skill development – evident

in the establishment of new schools, medical colleges, technical institutes and entrepreneurship programs, such as the Pradhan Mantri MUDRA Yojana scheme – have empowered the youth, built local confidence and embedded the Northeast firmly within the national development agenda. Yet, challenges persist. Connectivity remains a formidable hurdle; while roads, railways and airports have expanded, the region's rugged landscape and history of neglect still create access bottlenecks.



The Northeast's transformation is closely tied to India's broader strategic pivot towards Southeast Asia... .

External factors compound these challenges. Geopolitical tensions in Myanmar, border disputes with China and shifting dynamics in Bangladesh directly impact cross-border projects and trade routes, complicating the Northeast's integration into wider regional networks. Recent political shifts in Bangladesh, including the growing assertiveness of Dhaka's new leadership and its recalibrated foreign policy stance, have introduced [uncertainties in bilateral relations](#) with India. With transit cooperation appearing less assured than in previous years, India's strategic urgency to develop alternative routes through the Northeast – bypassing Bangladesh when necessary – has grown sharper, especially to secure reliable overland access to ASEAN markets. Domestically, incidents of unrest, such as the recent protests in Manipur, highlight the delicate balance between development ambitions and local sensitivities, which, if not carefully managed, risk undermining progress and investor confidence.

Ultimately, addressing the Northeast's historic neglect has required more than just financial interventions – it has necessitated a sustained focus on [peace, stability and social cohesion](#). The region, once marked by insurgencies and blockades, has seen a remarkable shift towards normalcy, with landmark peace agreements, the reintegration of over 10,000 former militants into civil society and the rollback of the Armed Forces Special Powers Act in many areas. These steps have been vital in restoring public confidence, creating an enabling environment for growth and allowing infrastructure and investments to take root.

Complementing governmental efforts, recent private sector investments underscore the Northeast's growing economic significance. At the Rising Northeast Investors Summit 2025, major conglomerates, including Vedanta Group, Reliance Industries and Adani Group, announced substantial investment commitments targeting agriculture, telecommunications, digital services, green energy and logistics. Ultimately, the Northeast's strategic location and evolving infrastructure position it as a pivotal player in India's engagement with ASEAN. India continues to strengthen ties with Southeast Asian nations; the Northeast serves not only as a gateway for trade and cultural exchange but also reflects a broader vision of regional integration, economic growth and geopolitical stability in the Indo-Pacific era.



Soumya Bhowmick

Fellow and Lead

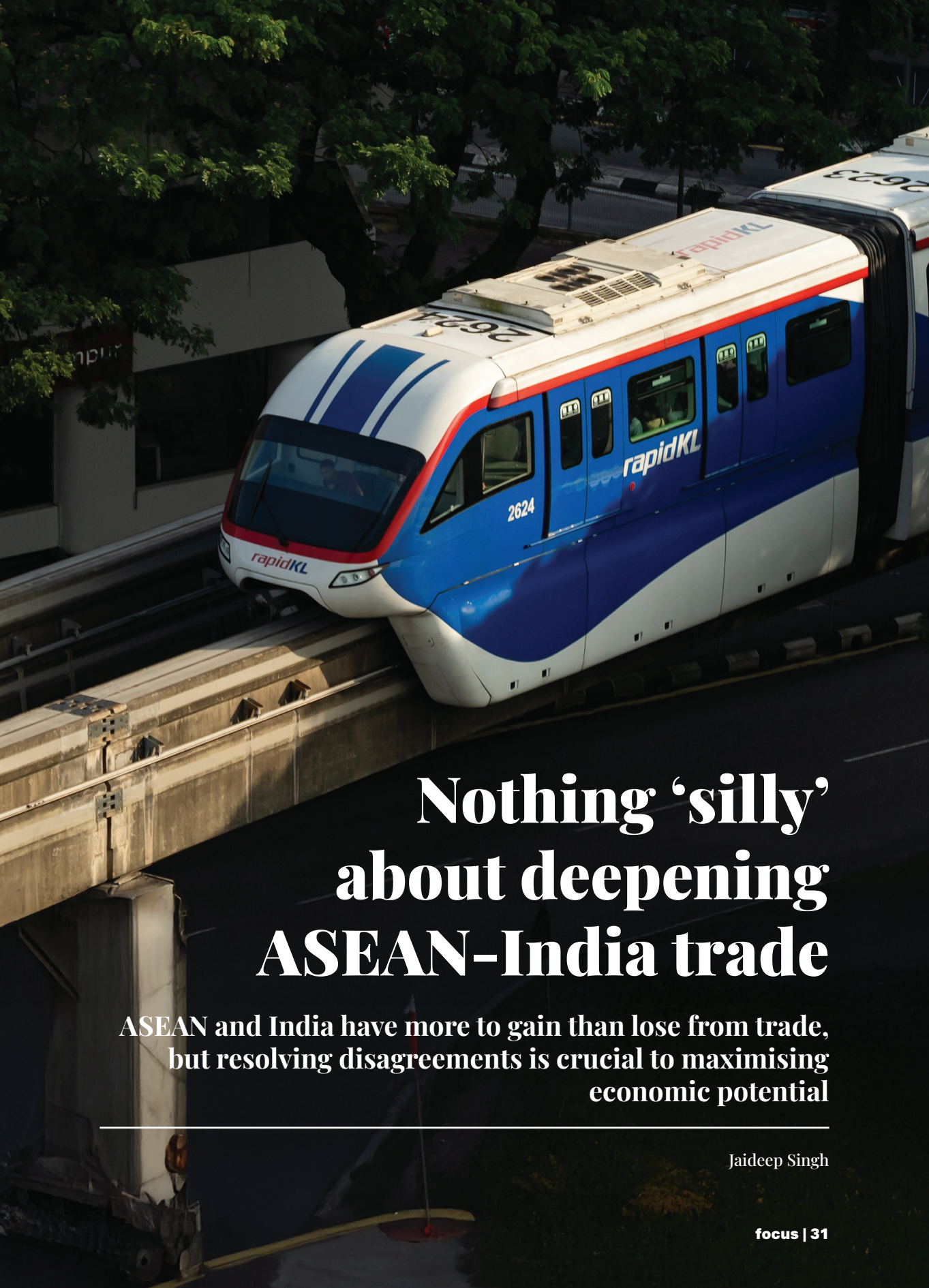
World Economies and Sustainability

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India





Nothing 'silly' about deepening ASEAN-India trade

ASEAN and India have more to gain than lose from trade,
but resolving disagreements is crucial to maximising
economic potential

Jaideep Singh

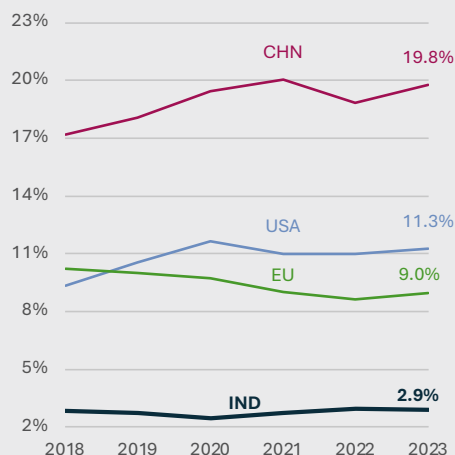
If economic history and geography are any guide, we should expect ASEAN and India to have extensive trade and investment ties. Rooted in centuries of contact across the Indian Ocean, they are linked by a multitude of [regional](#) and [bilateral](#) free trade agreements, as well as [established institutional mechanisms](#). Furthermore, in 2022, ASEAN-India relations were [upgraded](#) to a CSP, calling for greater cooperation in science and technology, the digital economy, and trade facilitation, at least on paper.

Yet the data tell a different story. ASEAN's trade with India stood at [US\\$100 billion](#) in 2023, accounting for less than 3% of the bloc's overall trade flows (Fig. 1). This ranks India as ASEAN's second smallest comprehensive strategic partner by trade after Australia. Similarly, only [0.5%](#) of ASEAN's total foreign direct investment in 2020–2024 came from India, which is concentrated in Singapore. From India's perspective, ASEAN appears to be a more significant trading partner, making up about 10% of its trade in 2023 (Fig. 2). But even then, the relative contribution of ASEAN to total Indian trade has declined since the late 2010s.

Longstanding challenges, including the prevalence of inter-regional trade barriers (see pages 36–39), have arguably dampened the full potential of ASEAN-India ties for years. But more recently, a narrative that has surfaced is the idea that India and ASEAN are inherent economic competitors with irreconcilable differences in trade policy. In June 2025, amid the [slow pace](#) of talks to review the 15-year [ASEAN-India Trade in Goods Agreement](#) (AITIGA), Indian commerce and industry minister Piyush Goyal [remarked](#) that it was “silly” for India to sign a free trade agreement (FTA) with a “direct competitor” such as ASEAN. Goyal's comments come on top of New Delhi's [broader concerns](#) over the perceived lack of reciprocity in FTA concessions, among others.

Fig. 1. India's share of ASEAN trade has stagnated at 3% since 2018

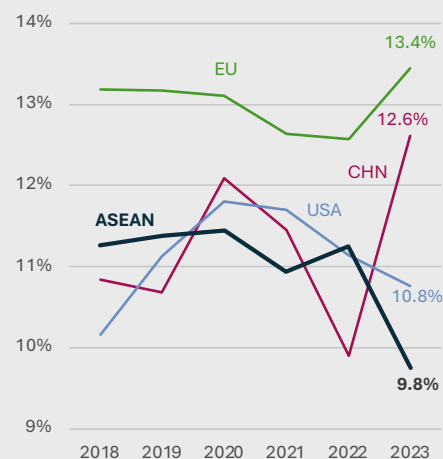
ASEAN's main trading partners by share of total trade (%)



Source: Author's calculations based on UN COMTRADE data
Note: 2024 data omitted due to missing values for ASEAN trade

Fig. 2. ASEAN's share of Indian trade has fallen to under 10%

India's main trading partners by share of total trade (%)a



Source: Author's calculations based on UN COMTRADE data
Note: 2024 data omitted to ensure consistency with Fig. 1

Nuance needed

The so-called “silliness” of ASEAN-India trade rests on two key arguments from New Delhi that deserve closer scrutiny.

First, since June 2025, media outlets have repeated an [unnamed Indian trade official's claim](#) that India and ASEAN's concessions under the AITIGA have been “asymmetric”. According to these reports, India lowered tariffs on 71% of its traded products, while Indonesia, Thailand and Vietnam granted significantly less market access to Indian imports.

In reality, this claim is not entirely accurate and represents selective use of data. According to the [Asian Development Bank](#), ASEAN reduced tariffs on nearly 80% of goods under the AITIGA, slightly exceeding India's 79%. Of the three ASEAN nations with a lower concession rate than India, only Indonesia's is substantially lower at 49%. And while it is true that ASEAN's scope of trade liberalisation has been larger in its other regional FTAs, including with China, Japan and South Korea, this is only because the bloc's trading partners have committed to similarly extensive tariff cuts, meaning that there is an underlying principle of reciprocity at play.

Second, New Delhi often points to India's growing trade deficit with ASEAN as a source of concern, which partly prompted the AITIGA review. Granted, it is true that India's imports from ASEAN have grown faster than its exports over the past 15 years. To some extent, this is at odds with Indian industrial policy goals under the [Make in India](#) initiative.

But this view lacks nuance and context. For one, the deficit in question applies only to goods, with India running a trade surplus against ASEAN in services (see pages 40–43), among its [most competitive economic sectors](#). Moreover, a faster import growth relative to exports is consistent with India's global trade trends (Figs. 3 and 4). In fact,

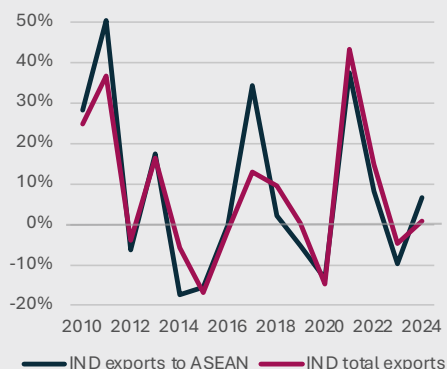
since the AITIGA's signing, India's exports to ASEAN have grown slightly faster than its global exports. In particular, in 2024, after the volatility of the pandemic years, exports to ASEAN rose by nearly 7%, compared with less than 1% for total exports.

“

Far from being in zero-sum “direct competition” with each other, there are considerable opportunities for both ASEAN and India to boost merchandise exports in line with their respective strengths.

Fig. 3. India's exports to ASEAN grew 7.8% per annum since 2010, exceeding total export growth by 0.3% points

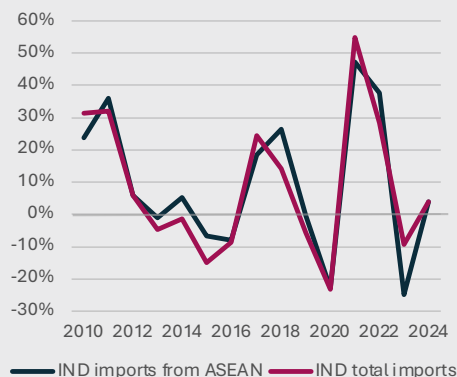
Growth rate of India's exports to ASEAN and the world



Source: Author's calculations based on UN COMTRADE data
Note: Data are from India's perspective as the reporting country

Fig. 4. India's imports from ASEAN grew 9.4% per annum since 2010, exceeding total import growth by 0.9% points

Growth rate of India's imports from ASEAN and the world



Source: Author's calculations based on UN COMTRADE data
Note: Data are from India's perspective as the reporting country

Further, trade balances are [neither theoretically nor empirically](#) linked to growth but instead reflect economic structures. On this front, India's integration into global value chains, especially in export-focused manufacturing activities rather than services, remains low compared with Southeast Asian countries. In other words, instead of singling ASEAN out for perpetuating India's bilateral trade deficit in goods, it would be more constructive to address the structural barriers constraining Indian export growth.

Opportunities abound

Far from being in zero-sum "direct competition" with each other, there are considerable opportunities for both ASEAN and India to boost merchandise exports in line with their respective strengths. To understand where these opportunities lie based on current trade patterns, analysis of India's revealed comparative advantage (RCA) provides some insight (Fig. 5).

The RCA offers a glimpse into the relative export competitiveness of different Indian

sectors in its trade with ASEAN and the world at large. In Fig. 5, the x-axis tracks India's bilateral RCA with ASEAN by sector for comparison of each sector's share in India-ASEAN trade to its share in world-ASEAN trade. The y-axis shows India's global RCA, or each sector's contribution to India's exports relative to its share in global exports. In both cases, a value above 1 indicates that India has a comparative advantage in the sector, while a value below 1 points to a comparative disadvantage.



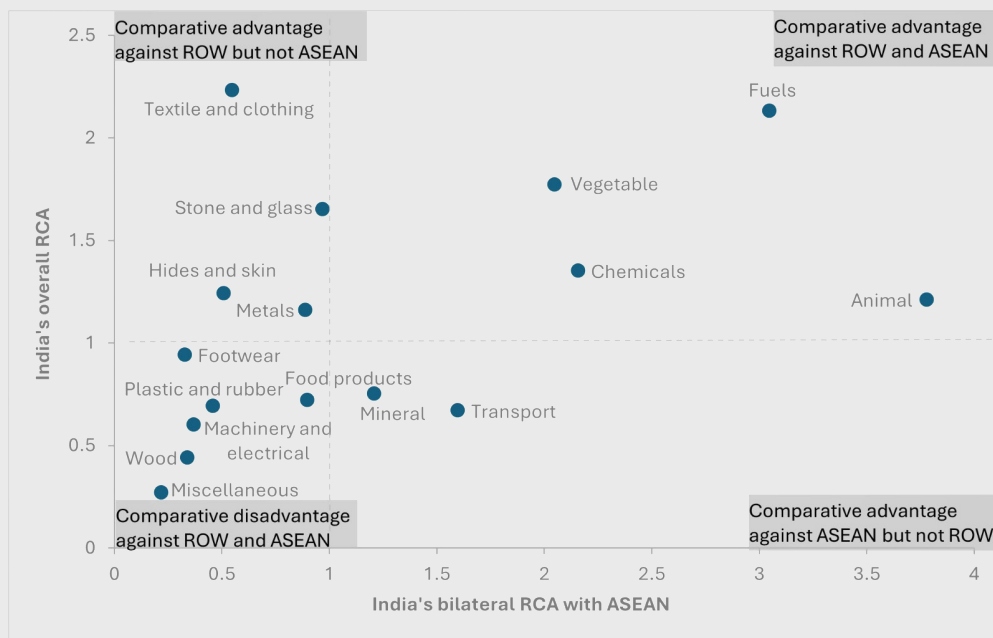
Instead of seeing each other as competitors, ASEAN and India should recognise their complementary strengths, especially in emerging sectors.

The top right and bottom right quadrants show where opportunities lie to strengthen India's exports in a global and regional sense, respectively. India holds an overall comparative advantage in fuels, chemicals, animal products and vegetable products, as well as in transport and mineral products, when trading with ASEAN. On the other hand, sectors in the top left quadrant, such as textiles and clothing, appear to be globally competitive for India but not against ASEAN, likely due to competition.

Therefore, focusing on sectors where India enjoys specific strengths vis-à-vis ASEAN would be more effective than promoting exports indiscriminately. Of course, this does not preclude gains from trade to India and ASEAN through investment in sectors of comparative disadvantage on a [case-by-case basis](#), such as in specific segments of electrical machinery or food products

Fig. 5. India should consider expanding trade with ASEAN in sectors in which it has a bilateral comparative advantage, including chemicals, transport and minerals

India's revealed comparative advantage (RCA) with ASEAN and the rest of the world (ROW) by product group in 2024



Source: Author's calculations based on UN COMTRADE's 2025 data

Note: India's overall RCA in a sector is calculated by dividing the share of the sector in India's total exports by the share of the sector in total world exports. India's bilateral RCA with ASEAN is calculated by dividing the share of the sector in India's total exports to ASEAN by the share of the sector in total world exports to ASEAN. The product group reflects the "sections" in the nomenclature of the World Customs Organization's Harmonised System.

for India. For instance, Singapore and India signed a [memorandum of understanding on semiconductor cooperation](#) last year, which covers a range of mutually beneficial activities, including policy dialogue and business cooperation.

The way forward

At the end of the day, there is nothing inherently "silly" about ASEAN-India trade. Both parties have concerns about its current trajectory, some of which are legitimate, but now is not the time to play the blame game. Instead, this is the time to resolve disagreements before the AITIGA review concludes later this year, particularly against the backdrop of rising global protectionism. Instead of seeing each other as competitors,

ASEAN and India should recognise their complementary strengths, especially in emerging sectors. Beyond technical talk on tariff lines and tariff-rate quotas, governments and businesses on both sides should work to deepen economic cooperation. Only then can we hope to see strong and deep ASEAN-India economic ties that finally fulfil the promise of their shared history and geographic proximity.



Jaideep Singh
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ASEAN-India trade: overcoming challenges, unlocking potentials

Hindered by high costs and policy gaps, ASEAN-India trade needs vital reforms and upgraded agreements to secure growth

Prof Dr Evelyn S Devadason



India is ASEAN's seventh-largest trading partner, while ASEAN is India's fourth-largest partner. Total trade between the two has grown at an average of 8.4% between 2010 and 2023 but will miss the trade target of USD200 billion by 2025, based on the estimated total trade of USD121–131 billion in 2024. The reason is that ASEAN-India trade faces three major challenges.

First, though bilateral trade costs have reduced over time, they still remain considerably high, particularly for agricultural goods. Based on the latest ESCAP-World Bank database, the trading of agricultural goods between Malaysia and India involves additional costs amounting to approximately 164% of the value of goods as compared with when the two countries trade these goods within their borders. Agricultural traded goods between Malaysia and India are subject to an additional ad valorem (tariff) equivalent (AVE) trade cost of 30% compared with agricultural traded goods between Malaysia and China.

Unsurprisingly, the AVE bilateral trade costs for non-tariff measures (NTMs) are found to be much higher than those for tariffs for all bilateral partnerships between ASEAN member states (AMS) and India. This is attributed to the divergence in regulatory standards between AMS and India. For technical measures in agriculture, the regulatory distance is found to be relatively high for pre-shipment inspection and other formalities. Aside from tariffs, even legitimate NTMs, such as technical barriers to trade, sanitary and phytosanitary measures, licensing requirements, and customs procedures, can restrict market access, especially when they are complex, time-consuming, and inconsistent.

Second, India is still a peripheral player to ASEAN, given its limited engagement in regional value chains (RVCs). Between 2010 and 2020 (the latest data available based on the OECD TiVA database), India's RVC integration with ASEAN only increased marginally by 1.3% of its gross exports.

Within the region, India's participation in RVCs is predominantly with Singapore through forward participation in information technology (IT) and business process outsourcing services, where foreign direct investment inflows are inherently driving trade integration.



India is still a peripheral player to ASEAN, given its limited engagement in regional value chains (RVCs). Between 2010 and 2020, India's RVC integration with ASEAN only increased marginally by 1.3% of its gross exports.

Third, the alignment between trade policies and industrial policies in the ASEAN-India relations is at best mixed. For instance, Make in India and Malaysia's New Industrial Master Plan 2030 both identify measures to strengthen value addition and innovation in manufacturing, but Make in India promotes local manufacturing, while adjusting import duties to reduce reliance on foreign products. Such divergent industrial policy instruments and overprotection of domestic industries can create barriers to trade integration.

Strategic policy shifts

Despite the challenges mentioned above, ASEAN and India can capitalize on their strengths to enhance their bilateral ties – more so, when India has made significant progress in global service value chains, creating 7% of global value added (4.7% for entire business services), and India has also

emerged as the world's second-largest food processor.

Hence, ASEAN's shift towards a service-oriented model and India, which is a service- and agriculture-oriented economy, provides opportunities for both sides to participate in RVCs through services trade. Various countries, such as Singapore, Malaysia, and the Philippines, have already become major destinations for Indian IT companies. Likewise, agricultural exports from ASEAN to India have increased at a healthy 17.9% on average over the 2010–2023 period. For example, palm oil exports from Indonesia and Malaysia to India have surged post-2011.

Within manufacturing, complementarities exist, as ASEAN-India trade is largely characterized by inter-industry exchanges. The rising export shares of semiconductors and, to some extent, lithium-ion batteries from ASEAN to India are met by the high concentration in environmental goods and low-carbon technology exports from India to ASEAN.

However, some strategic policy changes must still be considered to further unlock the trade potential between ASEAN and India.



The review of AITIGA is therefore timely and important, especially when it is regarded to have the lowest level of market opening commitment and utilization rate among the ASEAN+ free trade agreements.

India may negotiate for tariff reductions, particularly in sectors where the country has a competitive advantage, such as pharmaceuticals, textiles, and IT services, while seeking greater market access for its services sector. India, in turn, could propose a phased reduction of tariffs on sensitive agricultural products.

In that case, concessions granted in services by ASEAN are likely dependent on concessions received from India in non-services areas. Reciprocity is therefore critically important in driving the ASEAN-India trade partnership forward!

Reforms for modernising ASEAN-India trade

To increase services and even agricultural trade, both sides could benefit from mutual recognition agreements for conformity assessment procedures (testing, sampling, registration, etc.), streamlined procedures for IT services, and aligned product standards for agricultural trade. Importantly, domestic reforms (streamlining conformity assessment procedures and benchmarking regulations to international standards) are needed and are a prerequisite for setting rules and standards at the ASEAN-India level, whether it is physical or digital trade.

In the case of digital trade, complementary industrial policy instruments in the ASEAN Digital Masterplan 2025 (or the Digital Economy Framework Agreement 2023) and Digital India 2015 should be mapped for joint collaboration, as they involve common goals of enhancing digital infrastructure, boosting e-commerce, and strengthening cybersecurity.

While the 2010 ASEAN-India Trade in Goods Agreement (AITIGA) primarily focuses on traditional goods trade and does not directly cover digital trade, the upgraded agreement should include digital trade rules (such as e-commerce regulations, taxation of digital services, data protection laws, etc.)

to remain effective (or be utilized), since other agreements offer broader access and favourable provisions to remain relevant to modern trade. The review of AITIGA is therefore timely and important, especially when it is regarded to have the lowest level of market opening commitment and utilization rate among the ASEAN+ free trade agreements.

Worth mentioning here also is that cooperation in the digital space is already underway on a bilateral basis between India and Singapore, where both countries have affirmed common interests in data flows, artificial intelligence, and cybersecurity. There are also calls for future upgrades of the 2011 Malaysia-India Comprehensive Economic Cooperation Agreement to include e-commerce to reflect current trends in trade.

Leveraging the ASEAN-India trade partnership is essential for trade diversification and strategic resilience against uncertainties in light of evolving regional dynamics and the current geopolitical landscape. On a final note, strengthening the ASEAN-India trade networks makes sense, as the ASEAN Outlook on the Indo-Pacific framework aligns with India's Act East Policy.



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Economic growth prospects in the second decade of AEP: boosting ASEAN-India trade in goods and services

As services trade and free trade agreements increase, India's ASEAN trade ties, particularly with the Philippines, show promise and signal future potential

Neil Irwin S Moreno

In the past 10 years, India has established its economic linkages with ASEAN through its Act East Policy (AEP). ASEAN-India trade relations have been mainly anchored in the ASEAN-India Free Trade Area since the 2010s. However, India has only accounted for a moderate share of ASEAN goods trade – around 3% to 4% of exports and 2% of imports. While this might present a discouraging outlook on the partnership's economic relations, there are still positive signs that can be observed in India's trade with some ASEAN member states, such as the Philippines. Drawing from these perspectives, we can surmise that there has been a momentum that India and ASEAN member states could build on as they enter the second decade of the AEP.

Albeit marginal, India's share in the Philippine trade has slowly increased in the past two decades. India's share in Philippine exports and imports rose in 2000 from 0.1% and 0.5%, respectively, to 1.5% and 1.6%, respectively, in 2023. A study conducted by the Philippine Institute for Development Studies assessed the utilisation of free trade agreements (FTAs) in the Philippines and found that the ASEAN-India Trade in Goods Agreement (AITIGA) had the slowest pace of tariff liberalisation among Philippine FTAs. While generally lower compared with those of most ASEAN partners, the FTA utilisation rate of Philippine imports from India notably increased during the latter part of the 2010s, from 20% in 2017 to 27.5% in 2020. This suggests that coinciding the growth of Philippines-India trade is the increasing utilisation of the AITIGA by Philippine firms.

Enhancing AITIGA and promoting FTA utilisation

As the AEP enters its second decade, trade relations between ASEAN and India could be further deepened by facilitating trade flows between India and other trade partners in the region, such as the Philippines. Pursuing further trade liberalisation, through enhancing the AITIGA, could be key to

achieving this goal. ASEAN leaders, such as Philippine President Ferdinand Marcos Jr, have expressed their support for reviewing the AITIGA to streamline the agreement and make it more trade facilitative. ASEAN and India could then continue expanding the tariff reductions under the AITIGA by identifying product lines whose tariffs could be further reduced.

Aside from tariff reduction, ASEAN and India could intensify efforts to streamline non-tariff measures (NTMs). While NTMs are generally necessary for enforcing consumer and environmental protection and upholding product quality standards, some of these measures could result in additional trade costs, due to delays, redundant documents and other procedural obstacles. Thus, it would be crucial to detect and simplify trade processes that contribute to unnecessary costs.



While efforts on tariff and NTM liberalisation are crucial to foster a trade facilitative environment, ASEAN and India must still ensure that firms can utilise the preferential tariffs under the AITIGA.

While efforts on tariff and NTM liberalisation are crucial to foster a trade facilitative environment, ASEAN and India must still ensure that firms can utilise the preferential tariffs under the AITIGA. The increasing utilisation rates of the AITIGA in the Philippines could serve as an encouragement to intensify regional efforts for facilitating FTA use among

ASEAN and Indian firms. Countries must focus on raising awareness among firms, especially micro-, small- and medium-sized enterprises, on the benefits of using FTAs. Initiating knowledge- and capacity-building programs, such as information drives and consultation sessions, could help raise their awareness of trade regulations and procedures, as well as trade facilitation platforms.

Services liberalisation to facilitate integration into global value chains

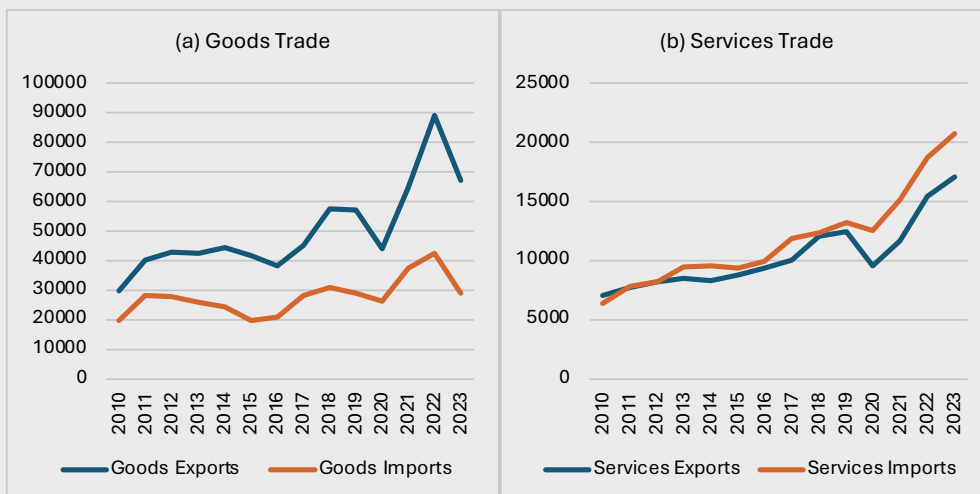
Enhancing the flow of services between ASEAN and India is another important step towards boosting economic and trade linkages in the region. Services have dominated the global economy in recent decades, accounting for more than 60% of the world's GDP and around half of the world's employment. Moreover, shifts in global trade and production in recent decades highlight the emergence of services as vital components of global value chains (GVCs).

The rise of services can also be seen in ASEAN-India trade relations. Although substantially lower than goods trade,

service trade between ASEAN and India has consistently increased since 2010, often outpacing goods trade. From 2021 to 2023, services trade had average growth rates of 21.6% for exports and 18.3% for imports. These were higher than the 20% and 8% average growth rates for exports and imports, respectively, registered by the goods trade in the same period. Services value chains, such as the ICT industry in India and the business process outsourcing in the Philippines, have become key economic drivers in the region. Services have also been integral to manufacturing GVCs. Manufacturing firms have become increasingly reliant on services, as they utilise service inputs, perform service functions and produce services for sale. This so-called servicification of the manufacturing sector presents opportunities for ASEAN and India to boost their GVC integration and enhance industry competitiveness. Services play a significant role in boosting firm competitiveness, through reducing costs, fostering innovation and enabling product differentiation to create additional value.

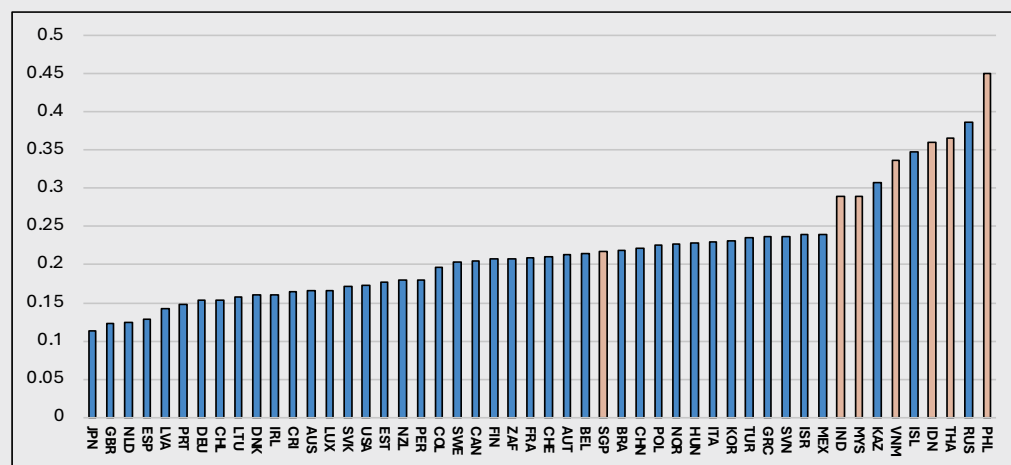
However, much remains to be done to ensure the smooth flow of services in the region. The OECD Services Trade Restrictiveness Index ranked the ASEAN member states and

Fig. 1. ASEAN goods and services trade with India, 2010–2023 (million US\$)



Source: Author's calculations based on UN COMTRADE and WTO-OECD Balanced Trade in Services.

Fig. 2. OECD services trade restrictiveness index, 2024



Source: [OECD Services Trade Restrictiveness Index: Policy Trends up to 2024.](#)

India as having some of the most restrictive regulatory environments for services trade in 2024. Major developments, such as the rise of the digital economy, have compelled countries to implement regulations on cross-border data flows, intellectual property, foreign ownership of businesses, and other key policy areas. While some of these are necessary to protect the cybersecurity and growth of local businesses, among others, restrictive regulations could also hamper services trade.

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This so-called servicification of the manufacturing sector presents opportunities for ASEAN and India to boost their GVC integration... .

ASEAN and India must cooperate on easing the services sectors in the region. Fostering

linkages with high-value services, such as research and development, ICT and design, is crucial to boosting the competitiveness of manufacturing industries and facilitating their participation in higher-value GVC segments. Equally important is liberalising the more traditional services, such as transportation and logistics, as they are fundamental in enhancing the cross-border flow of goods and services.

Although economic linkages remain suboptimal, opportunities still abound for ASEAN and India to collaborate further as the AEP enters its second decade. In light of current geopolitical realities, the rapid emergence of advanced technologies and constant shifts in international trade dynamics, now is the time to work more closely together to achieve sustainable and inclusive economic prosperity in the region.



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Unifying climate actions through ASEAN-India partnership

India and Southeast Asia push for climate justice
through regional cooperation, equitable finance, and
shared leadership

Zayana Zaikariah



Climate crisis is a defining challenge for the Global South, one that demands a transition from decolonisation to decarbonisation that empowers post-colonial regions. This perspective calls for recasting climate cooperation through a post-colonial lens, one that critiques inequities in finance and governance, while championing regional solidarity and agency.

The goal is a collaborative model where developing nations lead on their own terms, turning the political independence of decolonisation into climate independence through decarbonisation.

Common goals, different journeys

Climate cooperation is supported by the principle of “Common but Differentiated Responsibilities and Respective Capacities” (CBDR-RC). To remind the world that climate action must consider historical emissions and the differing capacity of nations, both India and ASEAN member states frequently invoke the CBDR-RC principle.



The moral foundation for ASEAN-India cooperation stands as a shared ethos: both sides agree that just transitions must be just, and that developed economies must not use climate policy to reinforce old inequities.

The region stresses that climate goals must not compromise development. In negotiations, double standards are called out, putting a spotlight on the carbon debt

owed by industrialised countries. Joint ASEAN statements stress that developed nations must support raised ambitions. The moral foundation for ASEAN-India cooperation stands as a shared ethos: both sides agree that just transitions must be just, and that developed economies must not use climate policy to reinforce old inequities.

Reframing climate financing to bridge the gap

India's Green Development Pact pushes for tripling renewable energy (RE) capacity and reforming multilateral development banks. This aligns with Malaysia's ongoing reforms under the New Industrial Master Plan 2030. When merged, efforts lay the groundwork for a coordinated ASEAN voice in global climate financing.

However, insufficient climate finance becomes a critical impediment to decarbonisation, with governments struggling to [marshal adequate funds domestically](#). It is estimated that Southeast Asia needs RM554 trillion in clean energy investment by 2030. India, too, faces massive financing gaps, including for its target of 500GW non-fossil-energy capacity by 2030 and net zero by 2050.

Despite bold pledges, climate finance has lagged. The recent 2023 Paris Agreement's Global Stocktake laid bare a trillion-dollar-wide chasm between what developing countries require and what is on offer. India stressed that climate finance is a non-negotiable obligation and warned against diluting this responsibility.

The climate finance gaps are not merely numbers but a structural inequity rooted in global governance failures. It is a portrayal of ASEAN lacking funds for resilient infrastructure, and India constrained in scaling up renewables. Closing this gap will require concerted advocacy and innovative financing in areas where countries jointly press for reforms, such as debt-for-climate swaps, while also pooling resources regionally.

Underutilised avenues of cooperation

Ironically, even as external finance disappoints, some existing collaborative mechanisms remain underutilised. A case in point is the 2007 ASEAN-India Green Fund for supporting climate adaptation and clean energy projects across ASEAN, which remains a missed opportunity. Even after a decade, disbursements were modest, with only a few known projects. The fund's untapped potential speaks to issues of bureaucratic hurdles and limited awareness. Likewise, some platforms, such as ASEAN-India dialogues on environment and climate change, have not reached full potential. With stronger political will, they could support more projects from the Mekong to the Ganges.

Both sides could revamp the Fund by streamlining and focusing on various priorities, such as RE mini-grids or nature-based solutions. In this context, decolonisation to decarbonisation means shedding the donor-recipient mentality of the past; instead, both sides should act as equal stakeholders co-investing in a shared low-carbon future. Unused funds are missed opportunities to build resilience across South and Southeast Asia.



India's International Solar Alliance (ISA) exemplifies South-South cooperation to scale up solar energy deployment. It seeks to make solar power affordable and accessible.

Supporting similar initiatives under the sun

Energy connectivity is one ripe area for pragmatic collaboration. India's One Sun, One World, One Grid (OSOWOG) plans to interlink regional power grids for seamless sharing of RE. It aligns closely with ASEAN's goal of an integrated ASEAN Power Grid (APG).

Indian leaders proposed expanding ASEAN grid integration to South Asia via OSOWOG. In parallel, ASEAN has increased its pace in cross-border power trade among member states, and reviving the APG initiative has become more pertinent amid energy tariffs and climate concerns.

An ASEAN-India power grid nexus would allow surplus renewables in one region to power another, leveraging time zones and seasons. Additionally, it enhances energy security and reduces overall carbon emissions through a broader green energy marketplace.

To start, the 2021 MoU between India and the ASEAN Centre for Energy laid the groundwork for smart grids. Still, regulatory alignment remains key to realising power-sharing. This is where political support is needed to accelerate a regional renewable revolution, taking the lead for South-South cooperation. Through this, countries can embody self-reliance via resources among developing nations.

Learning from climate cooperation

If this region continues to stay dependent on external parties, it may not always be on the winning end.

The Just Energy Transition Partnerships (JETPs) with developed nations show that roadmaps can unlock climate finance. Under Indonesia's JETP, a coalition of countries (including the G7 and partners) pledged [RM85 billion](#) to help Indonesia retire coal plants early and ramp up RE investments.

Vietnam's JETP similarly promises RM66 billion for its transition.

However, the JETPs also reveal pitfalls to avoid. The funding came as loans rather than grants, requiring reforms in the energy sector and regulatory changes. Such “green conditionalities” reflect lingering inequalities and often come with strings. Countries must push for partnerships that respect their policy space and ensure that decarbonisation does not become a pretext for new forms of external economic control.

On a more optimistic note, India's International Solar Alliance (ISA) exemplifies South-South cooperation to scale up solar energy deployment. It seeks to make solar power affordable and accessible. The Alliance's model, co-led by India and supported by developing nations, shows how technology transfer and knowledge-sharing can occur equitably among the region itself. Whether it is training ASEAN engineers in solar pump technology or co-developing norms for grid-connected solar farms, ISA's work creates a template for ASEAN-India collaboration beyond traditional government-to-government channels.

Malaysia's 2025 ASEAN Chairmanship leading the change

Speaking of leadership, all eyes are on Malaysia as it assumes ASEAN's Chairmanship in 2025, a year poised for recalibrating regional climate ambitions. Sustainability is key to its chairmanship, and Malaysia has a golden opportunity to strengthen regional climate action cooperation.

One practical step is Malaysia's plan to present a unified ASEAN Joint Statement on Climate Change at the 30th United Nations Climate Change Conference in November 2025 to amplify ASEAN's perspectives on equity and resilience. This is an opportunity that should be extended to its dialogue partners in the South.

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For equitable regional trading, an ASEAN carbon market should eventually align with India's.

Moreover, Malaysia is championing region-wide initiatives that dovetail with Indian interests. For example, the development of an ASEAN carbon credit framework is being promoted under Malaysia's watch. For equitable regional trading, an ASEAN carbon market should eventually align with India's.

If 2025 becomes the year ASEAN and India truly sync up their climate priorities, much credit will belong to Malaysia's diplomatic leadership in steering a South-led climate agenda for the region.

Ultimately, the journey from decolonisation to decarbonisation is to reshape the development paradigm. The region may promote a model where climate action goes together with economic justice, where the transition is financed without trapping nations in debt, and where new technologies are co-created and shared, not monopolised. Such a vision stands in contrast to top-down models handed down by former colonial states, where the climate future is authored in Kuala Lumpur and New Delhi instead.



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Just energy transition in Southeast Asia

Despite hurdles, Southeast Asia's just energy transition via collaboration with India can unlock vast economic potential

Dr Mirza Sadaqat Huda

Ensuring a just energy transition is one of the key priorities for Southeast Asia and India. The transition is an enormous opportunity for both. In Southeast Asia, the replacement of fossil fuels with renewables can generate regional economic benefits of as much as US\$300 billion by 2030, while also reducing global warming. India aims to become a manufacturing hub for components used in solar PVs and wind turbines and to demonstrate its global leadership potential through various initiatives, such as the International Solar Alliance. However, transition also comes with a cost. Both Southeast Asia and India are currently dependent on fossil fuels for approximately 70% of electricity generation. Replacing such high levels of dependency on fossil fuels, while also ensuring energy security, is a key techno-political challenge.

The phasing down of coal and the acceleration of renewable energy are necessary for the long-term environmental and economic sustainability of Southeast Asia and India. But this will have two important implications for justice. First, it can lead to significant job losses in the coal industry. Secondly, the construction and operation of renewable energy projects and the extraction and processing of critical minerals can negatively impact communities through resettlement, human rights violations, and the loss of traditional livelihoods. These two challenges are briefly described next.

Job losses in coal industry

Phasing out coal could affect jobs valued at approximately US\$11.78 billion in Indonesia, US\$1.9 billion in Vietnam, and US\$60 million in the Philippines. A large portion of coal sector workers in the region are low-skilled, making it difficult for them to transition into jobs in the renewable energy sector, which often require higher qualifications. Compounding the issue is a substantial illegal mining industry, estimated to produce 50–80 million tonnes annually and spanning around 700,000 hectares in Indonesia.



Hydropower remains the largest source of clean energy in Southeast Asia and India, and large-scale hydropower dams, despite growing concerns about their negative impacts, are expected to continue playing a crucial role in both Southeast Asia’s and India’s energy transition.

These operations are often managed by local residents and can persist even in areas with legitimate permits. In one case from 2023, a Vietnamese company was found to have extracted coal at 47 times the permitted volume from a mine in the Dai Tu district of the Thai Nguyen province. In addition to retraining workers in the formal coal industry, policymakers also need to account for the particular vulnerabilities of workers involved in illegal mining.

In India, there are similar levels of dependencies between coal extraction and livelihoods. Coal mines employ approximately 355,000 workers in the country. In addition to jobs, India’s coal industry contributes to the development of local infrastructure, such as roads and water supply. More importantly, the coal industry in India contributes to education and social upliftment in economically disadvantaged areas. The necessary phasing out of coal is likely to have an enormous impact not only on jobs but also on socio-economic

development. Similar to Indonesia, there is a booming illegal mining industry in many regions of India, which is a source of income for disadvantaged communities. Past closures of some coal mines in India have not been buttressed by adequate social and environmental safeguards, which have led to long-term negative impacts.

Social and environmental impacts of energy infrastructure and mining

The development of renewable energy plants and the extraction of transition minerals can also have negative impacts on societies and the environment. Hydropower remains the largest source of clean energy in Southeast Asia and India, and large-scale hydropower dams, despite growing concerns about their negative impacts, are expected to continue playing a crucial role in both Southeast Asia's and India's energy transition. However, hydropower is not the only renewable energy source with negative consequences. Both solar and wind energy projects come with significant social and environmental costs. Solar farms require large areas of land, which can conflict with traditional lifestyles and food security. In India, the development of solar farms in the Thar Desert has impacted the traditional lifestyles of indigenous tribal communities in over 40 villages. Although pilot agriovoltaics projects in Vietnam, Indonesia, Malaysia and the Indian states of Maharashtra and Gujarat show potential, more investments are needed to align renewable energy development with food production and other land uses. Floating solar farms offer a solution to land pressure, but they still pose challenges to local communities' livelihoods and food security. For example, a proposed 2GW floating solar project on Laguna Lake in the Philippines threatens the income of 8,000 fishermen, including 2,000 people involved in aquaculture.

The extraction and processing of critical minerals further complicate the transition to green energy. Southeast Asia has significant deposits of copper, nickel, bauxite (alumina),

and rare earth elements. However, the environmental and social impacts of extraction are enormous. According to a recent study, deforestation in nickel-mining villages in Sulawesi, Indonesia, nearly doubled between 2011 and 2018. In India, the mining of bauxite in Jharkhand, Maharashtra and other states have reduced agricultural productivity and increased air pollution, deforestation and loss of biodiversity. If the negative externalities of critical mineral extraction are not addressed, they could undermine the goal of strengthening local processing capabilities and expanding green industries in Southeast Asia and India.

Policies on just transition

There is increasing political momentum in Southeast Asia towards addressing the key priorities of a just transition. In 2024, the 42nd ASEAN Ministers on Energy Meeting approved a theme titled *Advancing Regional Cooperation in Ensuring Energy Security and Accelerating Decarbonisation for a Just and Inclusive Energy Transition* for the upcoming ASEAN Plan of Action for Energy Cooperation 2026–2030. In 2021, the launch of the Just Energy Transition Partnership (JETP) during the 26th Conference of the Parties (COP26) promoted the creation of policies focused on expanding renewable energy capacity, while also considering issues related to a just transition. Indonesia and Vietnam have developed policies for implementing the JETP, namely the Comprehensive Investment and Policy Plan (CIPP) and the Resource Mobilisation Plan (RMP), respectively.

While India has not developed a national framework for just transition policies, civil society actors have produced important documents on the topic. For example, the International Forum for Environment, Sustainability & Technology has undertaken research on key priorities for state-level and national-level just transition frameworks, which include economic diversification, retraining of workers, and welfare support for vulnerable groups, among others.

Key limitations of existing policies

On paper, the CIPP and the RMP sufficiently address the two main challenges of job losses and the associated social and environmental impacts. However, three key challenges impede the implementation of these just transition policies.



To ensure that no one is left behind in the drive towards a greener and more prosperous region, Southeast Asian policymakers need to collaborate with stakeholders in and beyond the region. In this context, India is the region's natural partner. While India still faces high levels of coal dependency, it is also the world's third-largest solar power generator.

First, there is very little public participation in the policy frameworks of a just energy transition. A recent survey revealed that 76% of Indonesians are unaware of JETP funding, highlighting minimal public engagement. In Vietnam, civil society organisations and the media have shown reduced willingness to engage in public discussions on energy issues, particularly after the 2022 arrest of renewable energy advocate Nguy Thi Khanh.

Second, the JETP covers only a small portion of the substantial funding needs in Indonesia and Vietnam, with most of the support coming in the form of loans rather than grants. Indonesia requires US\$66.9 billion by 2030 to meet its renewable energy targets under the JETP, leaving a 70% financing gap. Similarly, Vietnam needs US\$135 billion, resulting in an even larger gap of 89%.

Third, the vested interests of fossil fuel industries in delaying the transition to renewable energy are not thoroughly addressed in existing policy frameworks of a just energy transition. In Indonesia, close ties between the powerful coal industry and certain political figures continue to support fossil fuel use, undermining national climate mitigation efforts. In Vietnam, coal-fired power plants are perceived by policymakers as a dependable energy source that also contributes to job creation and the development of institutions and infrastructure.

As India develops state-level and national-level just transition policies in the coming years, it can reflect on the best practices and limitations of the JETP, the CIPP and the RMP.

Recommendations

While the challenges to a just transition are daunting, the shift to renewables remains an enormous economic opportunity for Southeast Asia. To ensure that no one is left behind in the drive towards a greener and more prosperous region, Southeast Asian policymakers need to collaborate with stakeholders in and beyond the region. In this context, India is the region's natural partner. While India still faces high levels of coal dependency, it is also the world's third-largest solar power generator. Southeast Asia and India face similar challenges in terms of job losses and social and environmental impacts as a result of the transition, which creates a scope for collaboration. Two key areas for collaboration between Southeast Asia and India are highlighted, as follows:



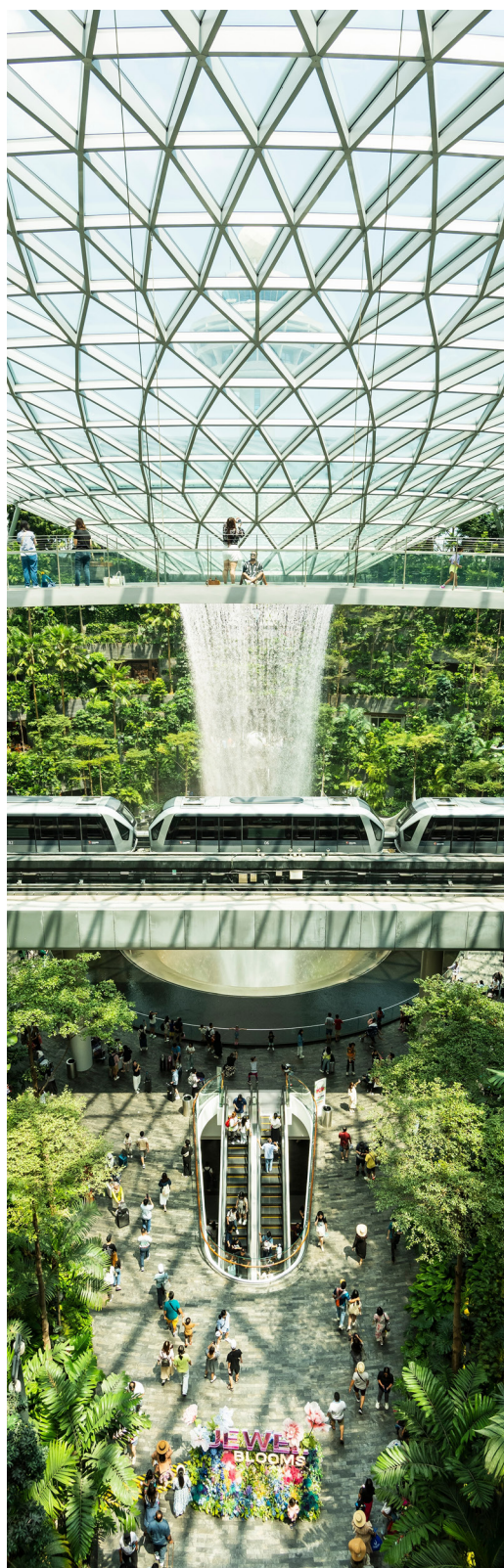
Southeast Asia and India need to collaborate on developing innovative clean energy finance mechanisms, which can reduce dependence on Western loans and grants.

- Southeast Asia and India need to collaborate on developing innovative clean energy finance mechanisms, which can reduce dependence on Western loans and grants. This can include developing Renewable Energy Certificate markets and green bonds, de-risking of green investments, and enhancing the transparency of climate finance data.
- As two regions with enormous levels of ethnic and linguistic diversity, Southeast Asian countries and India can engage in discussions and knowledge exchanges on strengthening the capacities of grassroots organisations and local governments to actively participate in and contribute to the transition process. This will be key for promoting wider public engagement in renewable energy initiatives, which is a pillar for a just transition.



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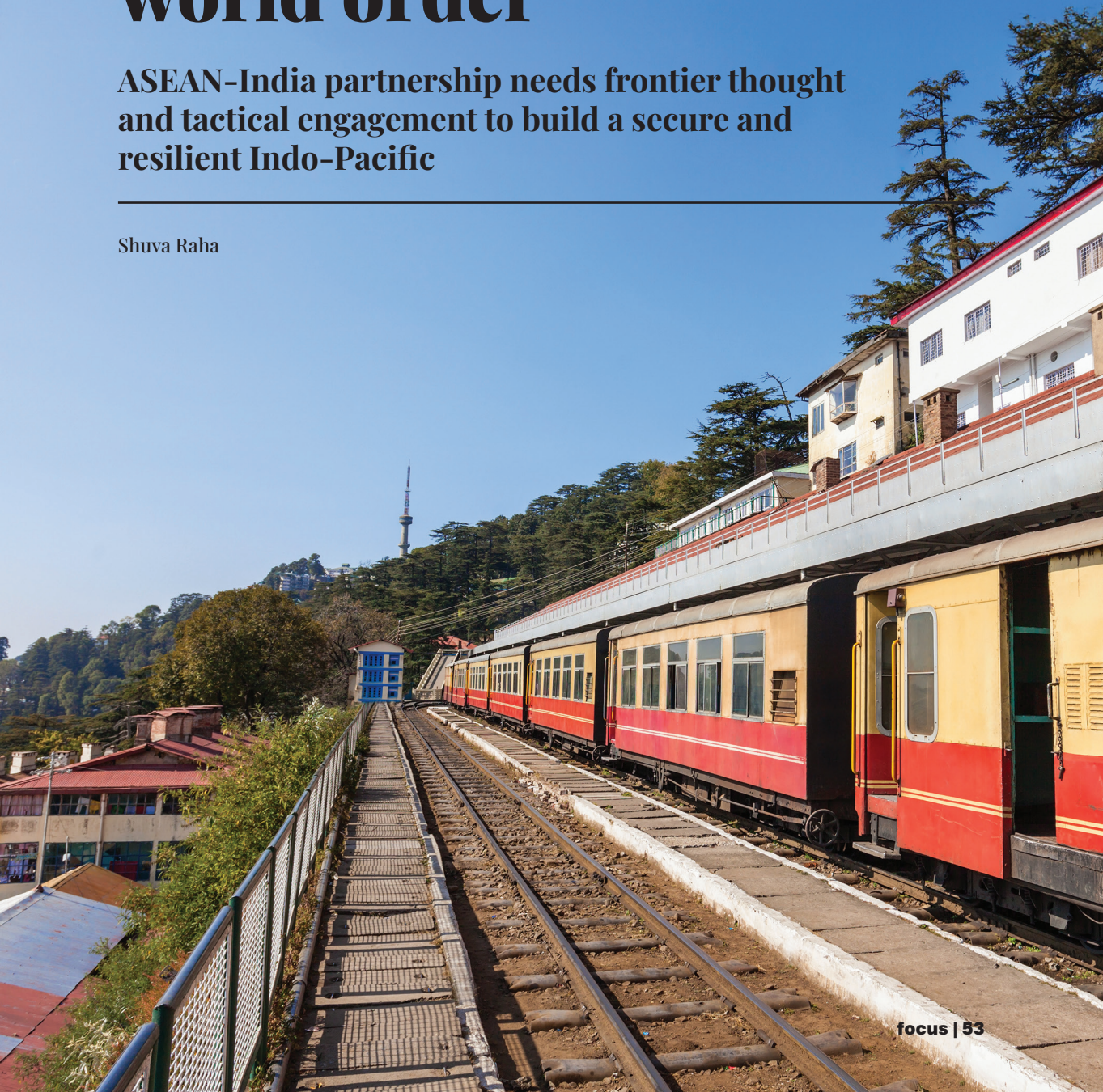
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Asian century in motion: ASEAN, India and the new world order

ASEAN-India partnership needs frontier thought and tactical engagement to build a secure and resilient Indo-Pacific

Shuva Raha



The world is in political and economic instability, with agitation heightened by dramatic headlines, off-kilter stock markets and artificial-intelligence-fuelled social media meme wars. Speculation is rife about the future of the post-World War II Global North-dominated world order. Amidst the din, one is reminded of Indian Prime Minister Narendra Modi's assertion in 2024 at the 21st ASEAN-India Summit in Vientiane, Lao PDR, that the 21st Century is "[the Asian century](#)".



Developing countries, including India, which must achieve sustainable prosperity in a climate-challenged, carbon-constrained world, have called for “reformed multilateralism” to better reflect today’s demographics, economics and geopolitics.

Several watersheds of the first quarter of the 21st century have contributed to today's complexities. These include China's entry into the World Trade Organisation in 2001, which transformed global trade; the ripple effects of the 2007 US financial recession on the global economy; the founding of BRIC, the first major intergovernmental organisation of emerging economies, in 2009 by Brazil, Russia, India and China (now BRICS+); the 2015 Paris Agreement, signed by 196 parties to counter climate change; the Covid-19 pandemic, which, between 2020-2023, claimed [over 7 million lives](#) and

cost trillions of dollars in economic losses; and the Russia-Ukraine conflict since 2022, where one-sided sanctions weaponising global systems, such as [SWIFT](#) and [Sabre](#), gravely undermined multilateralism.

Notable amidst these upheavals is the resurgence of Asia's global prominence.

Home to over 4.75 billion people of illustrious ancient civilisations, many Asian countries are in political, economic and social revivals. China has become the world's second-largest economy and a [peer competitor](#) of the US, while the world's largest democracy, India, is a diplomatic powerhouse. From Southeast to West Asia, there is a concerted effort to expand Asian connectivity, commerce and trade, human and industrial capacities, and cultural ties. The Indo-Pacific is re-emerging as Asia's geo-economic arena.

The West in withdrawal: strategic myopia and global consequences

Across the Atlantic, in a bid to “Make America Great Again”, the US, the world's most voracious consumer, is waging a violent tariff war on its friends and foes, taking its military “shock and awe” approach to the already-jittery global trade system. The tactic has yielded mixed outcomes: China ratcheted up the stakes in a blistering volley of counter-tariffs, but most countries have opted to negotiate bilaterally with the US, while continuing to develop their markets and partners. The multilateral response is muted: the World Trade Organisation merely noted that the tariff wars will have “[severe downside risks](#)”.

The EU is also folding inwards. Earlier this year, the EU's [Competitiveness Compass](#) accepted its loss to “other major economies due to a persistent gap in productivity growth.” The EU was planning to take a practical approach to manufacturing (including energy-intensive industries), closing tech innovation gaps and reducing dependencies, when the US told it that “stark

strategic realities prevent [the US] from being primarily focused on the security of Europe.” Since then, the EU has pivoted again, this time to [ReArm Europe](#).

As developed countries, which largely fund and thus control most multilateral agencies, fixate on their own priorities, the cracks in the world order promulgated by these agencies are widening into chasms. For instance, the [UN Conference on Trade and Development estimates](#) that 3.3 billion people live in developing countries that spend more on debt servicing than on education or health. These countries’ public debt soared to US\$29 trillion in 2023 and has been growing twice as fast as that of the developed countries since 2010. The [G20 called for](#) multilateral development banks (MDBs) to “adopt longer tenures, offer lower interest rates, look at offering loans in local currencies” and adjust country classifications by “vulnerabilities rather than on gross national income alone.” Yet, MDBs are keeping borrowing costs of developing countries at 2–4 times that of the US and 6–12 times that of EU members, such as Germany.

India-ASEAN synergy for sustainable prosperity

Developing countries, [including India](#), which must achieve sustainable prosperity in a climate-challenged, carbon-constrained world, have called for “reformed multilateralism” to better reflect today’s demographics, economics and geopolitics. That said, most have also accepted, with zen-like equanimity, that each country must fend for its sovereignty and interests.

India appreciates that constructive partnerships based on mutual needs, resources, capacities and ambitions are key to addressing these complex, interlinked demands amidst high risks.

India’s 2014 Act East Policy builds upon its 1990s’ Look East Policy and leverages the 2012 ASEAN-India Strategic Partnership,

upgraded to a CSP in 2022, to drive political and security cooperation, regional connectivity, economic integration and sociocultural exchanges with the ASEAN countries. India considers the concepts of ASEAN Unity, ASEAN Centrality and ASEAN Outlook on the Indo-Pacific as fundamental to the security, stability and prosperity of the region.

The success of the ASEAN-India Plan of Action (POA) 2021–2025 has encouraged the drafting of the 2026–2030 POA, which [promises major advances](#) in investment, co-development, commerce and capacity building in areas such as defence, infrastructure, connectivity, digital economy, renewables, civilian nuclear energy, climate and disaster resilience, and maritime cooperation.

ASEAN-India defence ties are being ramped up with shared intelligence, joint military exercises, counter-terrorism measures and trade of India-made arms and equipment. Energy security, trade, and transition is another core pillar of cooperation.

[ASEAN-India trade](#) exceeded US\$121 billion in 2023–2024 (about 11% of India’s global trade), but India still faces a significant deficit and the share of trade with individual ASEAN countries remains skewed. A major reason is the Indian economy’s emphasis on services and agriculture, which has led to high Imports of manufactured goods from ASEAN. As India expands its manufacturing capacities, this balance of trade will need fine-tuning to be mutually beneficial, instead of adversely competitive. The ASEAN-India Trade in Goods Agreement of 2009 is being reviewed to enhance trade by reducing non-trade barriers and excessive regulations, streamlining supply chains, and ensuring interoperability of systems and standards.

In parallel, ASEAN and India are reducing their dependence on developed countries for critical technologies and high-value goods. Pooling in investment, resources and human capital to co-develop locally appropriate and

affordable high-quality, low-carbon products and services will deliver jobs, growth and sustainability for the billions of people of these countries.

Harnessing soft power and strategic alliances

Given ASEAN-India's extreme vulnerabilities to chronic risks, such as floods, droughts and heat stress, as well as disasters such as cyclones and earthquakes, the partners need to unlock low-cost finance at scale to build resilience and adaptive capacity for their communities and infrastructure. A credit rating system for developing ASEAN countries, granular climate risk atlases and bespoke risk mitigation mechanisms could unlock investments from various sources, such as the Asian Infrastructure Investment Bank, the Asian Development Bank and the New Development Bank.



Pooling in investment, resources and human capital to co-develop locally appropriate and affordable high-quality, low-carbon products and services will deliver jobs, growth and sustainability for the billions of people of these countries.

The ASEAN countries should also adopt the [Lifestyles for Environment](#) initiative to mindfully utilise their resources and scientifically build and nurture their blue, green and circular economies to prosper, while conserving the rich biodiversity, unique biomes and cultural heritage of the Indo-Pacific.

ASEAN and India must deepen bilateral cooperation, with notable efforts being the India-Singapore Comprehensive Economic Cooperation Agreement and the India-Malaysia CSP, which include trade settlement options in Indian rupees. Relaxed visa processes for Indian travellers to several ASEAN countries illustrate increasing trust. It is also essential to maximise gains from strategic groups, such as the G20, the Indian Ocean Rim Association, the Indo-Pacific Economic Framework for Prosperity, the International Solar Alliance, the Global Biofuels Alliance and the Coalition for Disaster Resilient Infrastructure.

Importantly, ASEAN and India must invest in building critical thinking and analytical capacities. This includes expanding their soft power via grant-based research and cross-pollination of ideas between their think-tanks and academia.

A multipolar Asia, invested in regional solidarity and global stability, is the crux of the new multipolar world. ASEAN and India are defined by their complementarities and contradictions, and do not need to conform to collaborate. They must rediscover their many millennia of political, intellectual, economic and social interconnections to reimagine the Indo-Pacific.

The ASEAN-India partnership needs frontier thought and tactical engagement to get the regional play right – as sovereigns and as a collective – to thrive in the world of the Asian century.



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