

Chapter 4

Indian and ASEAN Trade Relations With the Changing Framework of India's Look East Policy

Gurpreet Kaur

 <https://orcid.org/0000-0001-9259-2709>

Lovely Professional University, India

Jyotsana Bhangu

Lovely Professional University, India

ABSTRACT

In 1992 Narshima Rao launched the Look East Policy to tend towards south-eastern neighbours and also to connect with East Asia. The main goal of the Look East Policy is to increase economic cooperation and strategic defence cooperation to balance the growing Chinese domination over South-East Asia and the sea. In 2014, the Government of India would come up with a new phase of the Look East Policy and announced the Act East Policy that can be considered as the new age of economic development, industrialization, and trade. The Act East Policy and Look East Policy both have some similarity. The chapter analyzes the India-ASEAN trade activities after the formation of ASEAN bloc specifically from 2001 to 2018. To fulfil the objectives of study trade indices, similarity and diversification has been used. The study found that with changing framework of India's foreign policy for ASEAN, trade share of India and ASEAN in the bi-lateral arrangement significantly increased.

INTRODUCTION

From 1950's the economic integration would become a major aspect for economists. It is the process which can remove the restriction on international trade, payments and factor mobility. Integration led to positive outcome for the union of two or more national economies in the form of regional trade ar-

DOI: 10.4018/978-1-7998-5774-7.ch004

rangements. When it comes to the unionism multilateral trade arrangements can also be the part of international trade. Under the WTO (World Trade Organisation) trade barriers remove from all countries which have been its members. These sort of international trade patterns have been a crucial part for world economies to sustain in this globalise world (Carbaugh, 2008). At the global level, since 2008 the GDP and world trade have increased by 26 per cent World GDP (Gross Domestic Product) and the world merchandise trade grew by 2.9 per cent and 3percent respectively in 2018. These trade had been value of \$19.67 trillion and China consider as the world leading trader as of 2018. No doubt the world has been divided in to two parts North (Developed Economies) and South (Developing Economies). Various characteristics that have been widen up the gap between these two parts such as share of trade, technology, GDP and other aspects. But the global scenario since 2008 would posturized that in the global trade share developing economies either equally or outperformed when it comes to the participation in world trade has been considered. This would only happen due to existence of regional trade agreements and more preciously South-South trade. This south-south trade estimated around \$4.28 trillion in 2018 (World Trade Organization Statistical Review, 2019)

Under this south-south trade the Asian nation would also play the ubiquitous role, because, major Southeast Asian countries, India and China because major Southeast Asian countries and India are known as “Emerging Asia “, with China being a world leaders in international trade. As per the annual growth of emerging Asia would pointed out it is projected to be grow annually of 6.1 per cent during 2019-2023. Where the domestic demand is expected to endorse and the household spending and job market tend towards the reverberating. However, trade can be face detention because of the growing uncertain prospects due to the broadness of tariff measures. But such prospects would not affect the Southeast Asian countries, India and China. Because it is forecasted that Southeast Asian countries, India and China can possess the growth of 5.2 Per cent, 5.9 per cent and 7.3 per cent respectively during 2019-2023. Such consideration would compile the existence of growth in the Asian regions. This keynotes the growth of regional trade arrangements as prosperous in nature. That criterion tends towards the economic integration and cooperation among the Asian nations (Organization for economic cooperation development, 2019).

Economic cooperation and integration would not be entertained if the trade blocks are not there to support the integrity. There are various trade blocs at global level. There are ten major regional trading blocs in the world. Association of South East Asian Nations (ASEAN), APEC (Asia Pacific Economic Cooperation), Brazil Russia India China South Africa (BRICS), European Union (EU), North Africa Free Trade Agreement (NAFTA), Commonwealth of Independent states (CIS), Common Market for Eastern and Southern Africa (COMESA), South Asian Association for Regional Cooperation (SAARC), MERCOSUR and Indian Ocean Rim Association for Regional cooperation(IOR-ARC).

Main concern lies here about the ASEAN - Association of South East Asian Nations is a regional organization made by governments of Indonesia, Malaysia, Philippines, Singapore and Thailand via the Bangkok Deceleration that was signed by the foreign ministers of ASEAN countries on 8th August 1967. This membership further extended to ten member countries. Brunei Darussalam engaged on 8th January 1984, Vietnam on 28 July 1995, Laos and Myanmar on 23 July 1997 as well as Cambodia on 30 April 1999. The main purpose and aim of ASEAN is to accelerate economic growth, social progress and cultural development in the region. It prompts regional peace and stability by aiding respect for justice and rule of law in the relationship among the countries in the region. On January 1992 ASEAN countries signed agreement on the common effective Preferential Tariff scheme- ASEAN free trade area (AFTA). In 1994 ASEAN regional forum (ARF) had been established with aim of adding three broader stages-promotion of confidence building, development of preventive diplomacy and elaboration

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