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Tillotoma Foundation

Research Report

NAVIGATING DIPLOMACY IN SOUTHEAST ASIA

With focus on the Myanmar Crisis

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With an Introduction by

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INTRODUCTION BY GLOBAL COO



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NAVIGATING DIPLOMACY IN SOUTHEAST ASIA

The study of Southeast Asia and the Indo-Pacific region have remained important focus areas of the Tillotoma Foundation in recent years. We have a dedicated Indo-Pacific Centre at the Tillotoma Foundation. Over the years, the Foundation has actively cooperated with and worked with institutions, senior experts, diplomats, and researchers from Southeast Asia. The Foundation's research, particularly on the geopolitics of this region, has gained notable recognition in leading international news publications. We have hosted several international conferences on Southeast Asian Studies. We have also closely followed the evolving situation in Myanmar and have hosted several topical events on this issue.

INTRODUCTION





In this report, we will delve into the critical issue of how to effectively navigate diplomacy of India and Southeast Asia against the backdrop of a changing global and regional political scene, with a special emphasis on the Myanmar crisis. This scenario presents a multifaceted set of challenges that significantly influence both regional and global political interactions. The geographical closeness, historical ties, and economic links between India and Southeast Asia are key to grasping these challenges. As the global political landscape shifts, the evolving ties between India and Southeast Asia become increasingly vital. Factors such as the US-China power struggle, the South China Sea conflict, competition for natural resources, security concerns, and India's role in regional equilibrium play a significant role. The crisis in Myanmar introduces new aspects to these dynamics, highlighting urgent issues around human rights, political instability, and refugee situations, all critical for regional stability and collaboration. The various dimensions of this crisis have been examined in detail within this report.

India's role in engaging with Southeast Asia is crucial for addressing these challenges and bolstering regional cooperation. Through diplomatic efforts and active participation in multilateral groups like the ASEAN, India seeks to make a substantial contribution to the stability, growth, and security of Southeast Asia. India's initiatives are mainly geared towards fostering diversity, gender equality, sustainability, and fairness, thereby positioning itself as a reliable and responsible regional ally. This commitment is reflected in India's growing role in regional endeavours and organizations, such as the East Asia Summit, the Mekong-Ganga Cooperation, and the BIMSTEC. Overall, India's strategic perspective on Southeast Asia is driven by the goal of establishing strong economic and security linkages. The current focus on the Myanmar crisis further highlights the need for India to navigate diplomacy in Southeast Asia with sensitivity and caution, taking into account the complex regional dynamics and the humanitarian crisis at hand. Myanmar presents a unique challenge for India's diplomacy in the region, requiring a delicate balance between promoting stability, human rights, and democratic principles while maintaining a constructive engagement with all stakeholders. The overall dynamics of the region call for India to forge a deeper, long-term and enduring relationship with the nations of Southeast Asia, based on mutual trust, shared interests, and respect for sovereignty.

INTRODUCTION



MEET THE AUTHOR



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NAVIGATING DIPLOMACY IN SOUTHEAST ASIA



India's "Look East Policy" was introduced in the 1990s and was subsequently transformed in 2015 to be the "Act East Policy". India's 'Act East' policy is now firmly focused on stronger commercial links with the ASEAN and other Indo-Pacific countries and to create opportunities for the connectivity and development of the Indian North Eastern states.

The reason why India needs deeper economic integration with ASEAN and needs to engage it actively, is because it consists of 1.85 billion people, and has a combined GDP of \$ 3.8 trillion. Bilateral trade has risen, reaching US\$ 131.5 billion in 2022-23 but is miniscule as compared to China. The creation of new and resilient supply chains between India and the ASEAN could focus on digital trade which will bring down the costs. A revamped India-ASEAN Free Trade Agreement will compensate to some extent for India not being a part of the Regional Comprehensive Economic Cooperation Agreement (RCEP) which has proved to be damper in the expansion of trade and investment ties. ASEAN has invested US\$117.88 billion between April 2000 to February 2022 into India, and India has invested US\$55.5 billion in ASEAN between April 2019 till March 2022. Investment flows, however, are predominantly to and from Singapore, and there is a need for diversification.

Connectivity is a key aspect of improving India's economic relationship with the ASEAN – through land, sea, and air. The trilateral highway which will connect India, Myanmar and Thailand, and will later expand into Laos, Cambodia and Vietnam and the Kaladan multi modal transport project will link Kolkata to Sittwe port in Myanmar, extending into Mizoram by the river and land route. Are both bogged down due to the political, financial and governance constraints in Myanmar.

A \$ 1 billion credit line was announced by India in 2015 to enhance digital and infrastructure connectivity with ASEAN. The utilization has been less than satisfactory and the reasons for this must be analyzed and resolved. The soft infrastructure required for the successful opening of the trilateral highway, including a motor vehicles and licensing agreement, customs checkpoints and documentation, as well as economic hubs along the highway – must be in place when the trilateral highway opens. The border points in India's North East still have inadequate infrastructure like rail and air connectivity. The North East itself must be able to export its own produce and benefit economically rather than becoming just an importer of cheap goods.





India is also looking to partner with the ASEAN in enhancing blue economy cooperation, -investing in development of desalinization technologies, harvesting the bio diversity, and searching and excavating marine minerals in the seas.

India has also proposed the Indo Pacific Ocean's Initiative (IPOI) which draws upon regional architecture and mechanisms to focus on seven pillars of maritime security, maritime ecology, maritime resources, capacity building and resource sharing, disaster risk reduction and management, science, technology and academic cooperation, as well as trade connectivity and maritime transport. The elevation of ties should ensure greater coordination between India's Indo- Pacific Ocean's Initiative (IPOI) and ASEAN's outlook on Indo- Pacific (AOIP).

India, Japan and Bangladesh are in discussions to coordinate connectivity efforts in Bangladesh and India's North East to attract regional value chains and manufacturing to the region over the next few years. Japan has helped build the Matarbari port in Bangladesh, which can be used by the Indian North East. Japan has also funded road connectivity projects in India's North Eastern states.

India's involvement and the idea of developing port infrastructure in Sabang in Indonesia is significant and could be a game changer but needs quicker follow up. Sea links are also vital between the eastern sea board of India including ports of Ennore and Chennai to CML countries and there is need for improving transshipment links with Southeast Asian partners like Malaysia, Singapore, Indonesia and Thailand.

India and the ASEAN need to look at shipping joint ventures, and related concessions through an Agreement on maritime transport. While flight connections from tier 1 and tier 2 cities in India are well established with Singapore, Thailand, Malaysia and now Indonesia, the other countries either lack direct links or have inadequate linkages with India. An ASEAN India comprehensive air services agreement will benefit trade, investments and tourism.





.India needs to invest more in building industrial capacity in ASEAN, creating production linkages between Indian operations and South east Asian suppliers. The outcome will create regional value chains at different stages of industrial manufacturing, linked to services, that would facilitate the relocation of production bases across India and the ASEAN seamlessly. India also needs to team up its development cooperation efforts in the Pacific with countries like US, Australia, Japan and New Zealand in order to obtain strategic results.

Some of new areas of collaboration between India and the Indo Pacific are green energy transition including solar energy, wind energy, and green ammonia; power grid connections especially with South East Asia; the new age Fintech and related resources, sharing of Indian digital technologies like UPI; and cooperation in health care and vaccines as well as digital monitoring and mapping of the pandemic. Most importantly, India needs to present itself as a viable alternative to other partners in the Indo Pacific economic and strategic landscape.

However, in the South China Sea; as also in the Pacific, competition between China and the United States is increasing, with China looking to advance its interests at any cost. For over a decade, China has been increasing its maritime presence and its ambitions in the region and beyond. With renewed tensions between China and Taiwan, China's territorial claims and its artificial islands in the South China Sea. The security dynamic in the region has shifted. India and its partners like Japan, Australia or the US who are part of the "Quad" are trying to partner other governments or the private sector to mitigate risk and shorten lead times in the region. The Quad also needs to deliver on a few infrastructure projects which will act as examples for the Chinese BRI outreach.

India, is setting up coastal surveillance networks and constantly enhancing the capacity for shared Maritime Domain Awareness with its partners. There are successful defense arrangements at a bilateral level, and strengthening of defense ties with countries like Singapore, Vietnam, Indonesia, Malaysia, Philippines, Myanmar and Thailand. The first ever ASEAN -India maritime exercise took place in the first quarter of 2023, where the focus was on interoperability and exchange of best practices amongst all the navies.





Japan is shoring up the defence capabilities of countries like Philippines and Vietnam, and the United States is strengthening alliances with partners like Philippines, Indonesia, Singapore and Vietnam. The United States has also expressed its unease regarding China's actions, in particular with its debt trap diplomacy and its assertive tone on Taiwan. The US has also influenced the NATO's strategic concept to take note of China's aggressive actions. A US-India joint strategic vision for the Asia Pacific and the Indian Ocean region was released in 2015, marking a strategic shift in India's thinking. Caught in the cross fire of three strategic perspectives lie the sea trade routes that connect the Middle East, Africa and East Asia with Europe and the US, over which the majority of the world's maritime oil trade and nearly one third of the total world-wide trade passes. Along this route there are crucial passage points, which if obstructed, could potentially bring the world economy to a standstill. In the March 2022 strategic compass, the EU also alluded to China's increased assertiveness in the Indo Pacific, expressing serious concerns. The EU presented its first strategy for the Indo Pacific in September 2021.

According to a US Department of Defense report, released in 2021, the People's Republic of China has the biggest navy in the world today, with 355 vessels. By 2025, the Chinese navy is expected to gradually increase its size to 420 ships, and in 2030 to 460 ships. The US report also states that China's submarines have the capacity to launch nuclear armed missiles. In addition to its naval capabilities, China funds Chinese operated maritime militias in the South China Sea to support its territorial ambitions in the region. Using civilian forces (militias) can be beneficial to Beijing, as it allows for plausible deniability. China has also made significant investments in several countries in south east Asia and others, and it is getting clearer that it also intends to use these investments for military purposes. China's strategic plan has led to the creation of several military bases in the south China sea. China will be better able to monitor the strait of Malacca and prevent the US from potentially choking this strategic shipping lane. More precisely, Chinese naval ships will have easier access through the South China Sea to the Strait of Malacca, through which 80% of China's oil imports pass. China's growing projects with Myanmar regardless of who is in power there are also intended by China as a potential alternative to the Strait of Malacca.





I would like to specifically name three strategic Chinese dual use projects in this context: first, the Kyaukpyu port in Myanmar. In 2016, two Chinese companies were contracted for two projects: the development of a deep-sea port and the creation of an industrial area. According to their contract, these companies will hold the port for 50 years. This port will provide Beijing access to the Bay of Bengal and the Andaman Sea. Second, the Ream naval base in Cambodia – China has reportedly reached a covert agreement with the Cambodian government to build and use the Ream naval base as a Chinese naval facility. This base will provide China with access to the Gulf of Thailand, the Strait of Malacca and the western part of the South China Sea. Third, the Laem Chabang port, in Thailand – Thailand’s biggest private deep-sea port and the forthcoming China –Laos –Thailand railway are expected to be completed by 2028. Both benefit from the BRI, more specifically, state owned China Harbor Engineering Company and Thai Energy Company Gulf Energy Development entered into a private partnership to expand the port. This port would provide China with strategically valuable logistics support. China will also likely use economic coercion to its advantage by forcing neighboring countries to support or at least accept its policy towards Taiwan. It can also use its economic power to compel countries to accept its territorial claims in the South China Sea.

However, in terms of capabilities and power, despite the Chinese navy having the largest fleet of surface combatants in the world, the United States navy has greater capabilities and on average larger, more weaponized vessels. More specifically, U navy vessels carry a greater number of offensive missiles and have a stronger strategic perspective when it comes to cruise missile launch. Furthermore, China has no reliable allies in the region. India’s strategy in this evolving geopolitical scenario centers on developing and strengthening partnerships, so that deterrence and preparedness compensate for India’s smaller and less capable navy, compared to China.

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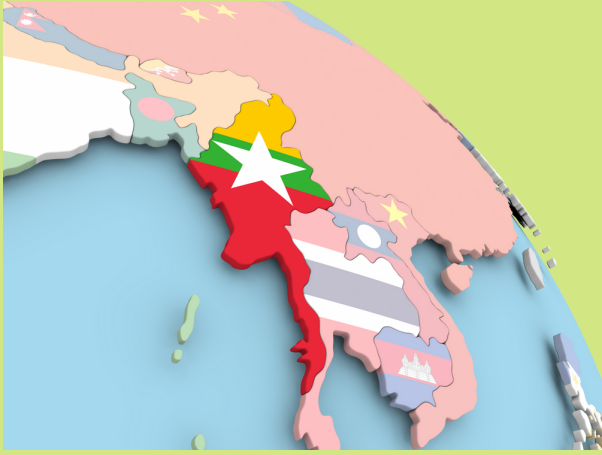
In Myanmar, the conflict is leading to an emergence of new geopolitics. Myanmar is in possession of vast natural resources but has been suffering from civil unrest and instability since 1 February 2021 when a military coup took place. Myanmar has become a battleground for United States and China with Russia emerging as the new arms benefactor for the military regime. The ethnic armies namely the Karen, the Kachin, the Karenni and Chin are allied with the national Unity Government (NUG) which was set up by the elected administration that was deposed by the coup. The various other armed ethnic groups operating in the Shan state bordering China and Thailand have not allied with the NUG. The various peoples Defense Force (PDF) grips across the country have aligned with well-organized armed groups such as the Three Brotherhood Alliance.





In this context, there was an unusual alarming message on 9 November from the junta-installed President of Myanmar, former General U Myint Swe, which said that there was an imminent threat of Myanmar breaking apart if the military fails to crush a joint offensive by ethnic armed groups fighting in Shan state bordering China. This was followed by another development on 20 November, indicating that the *Tatmadaw*, Myanmar's military was showing signs of a notable decline with rebel forces having captured more than 8000 square kilometres, nearly half of the nation. The National Unity government, (NUG) a shadow government in exile emerged in September 2021. NUG started the defensive war against the state military with the creation of militias targeting the junta and its economic base. The ethnic armed organizations of Myanmar have been fighting the Tatmadaw for decades, and it seems that some of these armed ethnic groups in recent times have coordinated with the NUG militias to overthrow the military junta. In the present conflict, China did not give any restraining order to the Myanmar ethnic armed groups operating along the border with China. The brother hood alliance members are themselves territorially ambitious, but rely on China for arms it is unlikely an operation in Chinas hinterland could have occurred without China's acquiescence.





Strategic reversals, nationwide territorial losses and economic decline mean momentum has strongly shifted away from Myanmar's junta. China's leadership may have read the situation better than most, recognizing the junta may now be in a death spiral. Russia has replaced China as the junta's biggest arms supplier accounting for US \$ 406 million of Myanmar's arms imports since the coup.

Myanmar's population and neighboring states will not want the country, post junta, to descend into the same sort of fractured instability as in the immediate post-independence period. Myanmar's neighbors, ASEAN, and the western powers including the US, the UK, the EU and Japan, who have talked tough on human rights in Myanmar, must now take steps to ensure the post -junta future plays out peacefully with all resistance groups included in decisions about Myanmar's future. The Indian government has been dealing with the junta because it does not want cross border infiltration across the porous border with Myanmar, and it requires its cooperation to curb insurgency. However, the hold of the junta is getting tenuous. Arms supplied by countries like the United States to the rebel forces of Myanmar have been reaching Indian states like Manipur. There is an arms and drugs nexus developing across the border with Indian states which is worrisome, especially in the light of recent happening in Manipur, and the ethnic conflict between the Meiteis and the Kukis. The Indian government therefore, has been sounding the alarm about what the repercussions would be in the increasing turmoil in Myanmar borderlands with India, this calls for more vigilance in the northeast states of Manipur and Mizoram.





China could again play a major role in the situation in which the Myanmar's military junta collapses. As of today, China's interest lies in consolidating its invested projects. China's infrastructure development plan consists of road and rail transportation from Yunnan province in China through Muse and Mandalay to the sea port city of Kyaukpyu in Rakhine state of Myanmar. India also has invested in the multimodal Kaladan project but it passes through the Chin state of Myanmar, which is not fully under the control of the military junta. India's trilateral highway project with a connection to Thailand through Myanmar is similarly held up. Demands of the Kuki Chin areas of Myanmar to merge with India may be revived if there is a possible break up of Myanmar. This is neither a feasible proposition with China nor will it be safe for India since it will have dangerous implications for the Meiteis of Manipur. Rather than being caught on the hop by events in Myanmar, therefore, it would be in India's overall interest if the ASEAN and the UN could begin preparations to manage the transition to a post junta Myanmar that now appears increasingly likely.



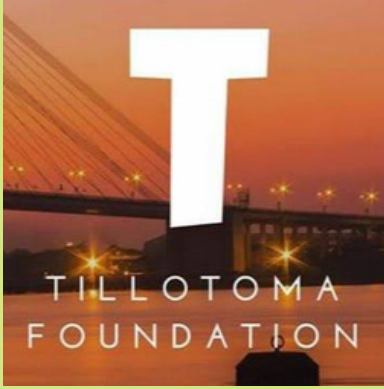
**Research Session on
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