

Concept Note

Though relations between India and Southeast Asia goes back to ancient times, the ASEAN-India ties are relatively new. The formal engagement between India and ASEAN started with a “Sectoral Dialogue Partnership” in 1992 which was upgraded to a Dialogue Partnership in 1995. Following the inaugural ASEAN-India summit partnership in 2002, which has since been held annually, and India’s accession to the Treaty of Amity and Cooperation in Southeast Asia in 2003, ASEAN-India relations have gone from strength to strength. The gamut of cooperation has progressively expanded and several track 1 and track 2 mechanisms have been established to take the relations forward. These initiatives have not only cemented economic ties but have also established India and ASEAN as trusted development partners. The growth in economic ties can be gauged from the fact that with bilateral trade of US\$131 billion, ASEAN has become India’s second biggest trading partner while cumulative bilateral investment has exceeded US\$175 billion. Similarly, an all-encompassing development cooperation has expanded to several sectors including education, energy, connectivity, digital economy, maritime security, maritime connectivity, science & technology, health, and tourism to name a few. However, the changing geopolitics and geoeconomics, coupled with the growing threat of climate change and ongoing digital transformation have been posing several challenges for India and the ASEAN region, which require steadfast collaboration and cooperation. The ASEAN-India Network of Think-Tanks (AINTT) has been a valuable platform for the policy makers and scholars from India and the ASEAN region to discuss and deliberate on the common economic, geopolitical and geostrategic challenges. Since its inception in 2012, AINTT has played a significant role in fostering ASEAN-India relations by facilitating the flow of ideas and policy advocacy. Keeping up with the tradition, the eighth round of AINTT will be organised in Singapore and it will bring together scholars from the think tank community, academia and policy makers to deliberate on the challenges India and ASEAN are facing. The roundtable will focus on following themes.

Connectivity and Regional Value Chains

Phenomenal growth in global trade has been the hallmark of the last four decades. Starting from the late 1970s, growth in global trade consistently outperformed the global GDP growth, leading to a massive increase in trade intensity. This surge in global trade was primarily driven by production outsourcing. Armed with better means of communication, multinational firms started reorganizing their production process by placing production of different components in different countries to exploit the benefits associated with specialization and economies of scale. It led to the formation of complex Global Value Chains (GVCs) which helped several developing countries, including ASEAN and India, to grow faster and reduce poverty. However, since 2010, GVCs have been undergoing drastic transformation. Owing to several interrelated factors such as new industrial innovations (for example advanced robotics, 3D printing etc.) growing economic nationalism and intensifying geopolitical contestations, the existing international production system is witnessing considerable downsizing leading to a decline in GVC trade. The Covid pandemic has further pronounced this trend. The available evidence suggests that value chains are becoming shorter, less fragmented and regionally more concentrated. These developments have serious ramifications for developing countries including India and ASEAN. In the face of global

trade in transition, it has become pertinent for ASEAN and India to focus more on strengthening regional value chains for diversifying potential risk and reducing vulnerability. Connectivity is an important factor which determines the fate of cross-border value chains. Inefficient cross-border transport and institutional connectivity create complexities for businesses and therefore limit the growth of regional value chains. This session will deliberate on the connectivity and regional value chains between India and ASEAN to identify constraints and suggest possible ways forward.

ASEAN-India Cooperation for Green Energy Transition

The planet is sitting at the cusp of existential threat. The unfettered economic development based on fossil fuels, since the first industrial revolution, has resulted in environmental degradation and atmospheric Greenhouse Gases (GHGs) build-up leading to rapid increase in global temperature. Scientific evidence indicates the grim consequences if radical measures, at the global level, are not taken urgently to mitigate climate change. Given the geographical location, both India and ASEAN are extremely vulnerable to the potential negative implications of climate change such as rising sea levels, extreme weather events, and changing rainfall patterns. Therefore, addressing climate change and transitioning towards sustainable green energy sources is critical for both regions. Realizing the urgency, India and ASEAN member states have announced ambitious targets for reaching carbon neutrality and curbing reliance on coal-fired power. However, achieving these ambitious targets is a herculean task. It requires massive investment in infrastructure as well as large-scale innovations which most of the countries are not in a position to undertake individually. Therefore, cross-country knowledge sharing, capacity building, technical assistance, collaborative R&D projects and undertaking joint renewable energy projects are critical for ensuring smooth energy transition. This session will look into India and ASEAN countries' current status and strategies for green energy transition and suggest avenues for strengthening cooperation in the green energy sector.

Digitalization and MSME Development

The world has been going through a remarkable phase of technological transition. The phenomenal growth in computing power, over the last two decades, has led to several technological breakthroughs. Innovations such as e-commerce platforms, digital payment systems, artificial intelligence (AI), machine learning, internet of things (IoT), 3D printing, quantum computing etc. have taken the world by storm. These technologies have unleashed a massive social and economic restructuring which is dismantling the old business models rapidly. The ongoing digital transition is fundamental enough to transform the way goods and services are produced, ordered and delivered to the customers. The growing digitalization is offering unprecedented opportunities to Micro, Small and Medium Enterprises (MSME). It is providing innovative solutions for several traditional constraints MSMEs have been facing for a long time. For example, e-commerce platforms are allowing MSMEs to access a wider customer base and export markets without spending huge amounts on logistics. The next-generation technologies also have the potential to facilitate MSME integration in Global Value Chains by simplifying the cumbersome custom procedures. However, gains for MSMEs from the ongoing wave of digitalization are not automatic. In fact, given the prevailing digital divide, financial constraints and lack of capacity, MSMEs are often most disadvantaged and vulnerable to shocks emanating from digital transition. It has been recognized that if left to the market alone, MSMEs may lose their competitiveness due to the rapid digitalization of society. Since MSMEs are at the forefront of employment generation in India and ASEAN, the lack of digitization among MSMEs threatens to accentuate the economic inequalities, making the digital transformation socially more painful. Against this backdrop, this session will explore the challenges MSMEs are facing in India and ASEAN and suggest areas of collaboration to promote MSME development and digitalization.

Fintech and Cross Border Digital Payments

Technological innovations have been reshaping the financial sector across the globe. Existing players as well as new entrants in the financial sector have been effectively blending finance with advanced digital technologies to provide seamless and innovative financial services to the banked and the non-banked population. Over the years, this confluence of finance and technology, known as fintech, has grown phenomenally in size leading to fundamental changes in the way payments are made and financial services are availed /delivered. ASEAN and India are also not isolated from the ongoing fintech revolution. Fintech sectors in both regions have grown tremendously. Apart from improving ease, efficiency and security, fintech holds great potential to reduce transaction cost. Since a large sum of money is transacted between India and ASEAN annually, it makes sense for both the regions to explore ways to cooperate in the fintech sector and ensure cross-border digital payment connectivity. India and Singapore have already made significant progress in this direction. Both countries have signed 'FinTech Co-operation Agreement' to facilitate regulatory collaboration and partnership and have also linked their digital payment systems for cross-border digital payments. Similar arrangements between India and other ASEAN are worth exploring. This session will explore policy and regulatory challenges the fintech sector is facing and will suggest a desired roadmap for cooperation to unleash cross-border fintech innovations and digital payments.

Strengthening International Rule of Law using the TAC

The course of world history is punctuated by transformative shifts. The bipolar geopolitical landscape was altered to unipolar world order in the early 1990s. Subsequently, the world ushered in the unwavering age of globalization, liberalization, and a multipolar world order. Nonetheless, the focus on geopolitics in recent years has led to greater fragmentation and increased competitions. Neither ASEAN nor India has been immune to these geopolitical changes. This geostrategic reality has been admirably foresighted and addressed by the ASEAN countries in the 1976 Treaty of Amity and Cooperation in Southeast Asia (TAC). Believing in the importance of the rule of law, the TAC has enshrined the norms and principles of global peace, security and stability including the peaceful settlement of disputes in the region. Additionally, the TAC also supports the concept of ASEAN Centrality and therefore, preserves a special role for ASEAN in the regional affairs in Southeast Asia. The ongoing geostrategic transition toward the Indo-Pacific region provides an opportunity for ASEAN to strengthen international law using the TAC. This can be achieved by extending its reach to countries beyond Southeast Asia. The TAC serves as a conduit through which ASEAN can advocate for worldwide peace, stability, and security. Given the history of balanced diplomacy and strategic autonomy, India stands poised to play a pivotal role in this endeavor. Against this backdrop, this session will examine the relevance of TAC and propose strategies for making it more effective to build an environment in which abiding respect for justice, rule of law and resilience becomes a cornerstone of friendly relations within and beyond the Indo-Pacific. Specifically, the session will explore how the TAC can stimulate regional partnerships, facilitate conflict resolution, foster people-to-people connections, harness technological progress, empower multilateral institutions, and encourage responsible governance.

Way Forward for ASEAN-India Relations

This session will host a panel discussion aimed at synthesising key insights from the five preceding technical sessions, with the goal of identifying concrete and actionable steps to enhance ASEAN-India relations in the context of global and regional shifts. Panellists will also reflect on the evolving dynamics of this partnership and offer recommendations for a strategic roadmap that

can further strengthen the ASEAN-India partnership, as well as chart the future course for the AINTT. The session can also explore how India's "Act East" policy and ASEAN's outward-looking approach, particularly through the ASEAN Outlook on the Indo-Pacific (AOIP), can converge to create a more resilient and multifaceted economic and security partnership. This convergence is essential not only for deepening bilateral cooperation but also for shaping the future Indo-Pacific order – one that is open, inclusive, rules-based, and stable amid shifting power dynamics in the region. Additionally, the panel may assess opportunities for closer collaboration between ASEAN and India on global platforms such as the G20, United Nations, and other multilateral forums. The focus will be on how both sides can jointly tackle pressing challenges, including rising trade protectionism, the need for more effective digital governance frameworks, and the urgency of addressing climate change. By working together on these issues, ASEAN and India can bolster their collective influence on the global stage and promote sustainable, equitable growth in line with shared strategic interests.