

Malaysia and India's Look East Policy (LEP): Hand in Hand towards Greater Cooperation.

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ABSTRACT

It has been two decades since India launched its much-vaunted 'Look East Policy' (LEP). However, given the 20 years of India's LEP, Malaysia perceives that India's LEP lacks "robustness". India may claim its success of LEP by its engagement with countries in the Southeast Asia region. However, the success of LEP towards each individual country varies. The recent conclusion of free trade agreements between Malaysia and India called Comprehensive Economic Cooperation Agreement (CECA) on February 2011 under the umbrella of Strategic Partnership provided new opportunities for economic collaboration. The two countries presently are moving forward to materialize the 'Strategic Partnership' that was established in October 2010. This 'strategic partnership' meant building stronger bilateral ties and re-engagement in areas such as the economy, security-defence, and socio-cultural dimensions. This paper focuses on Malaysia's perspective on India's LEP and how Malaysia and India are working together through this strategic partnership. This paper is divided into four parts: First, an overall perspective on Malaysia-India relations is discussed briefly mainly from economic, defence and socio cultural areas. Second, it examines India's LEP from Malaysia's perspective. Third, the paper provides some recommendation on how Malaysia and India can work together. Fourth, the paper concludes by stating that the Malaysia-India bilateral relations could move on beyond the traditionally historical and cultural linkages to a higher level of strategic partnership.

Keywords: *Malaysia-India, Look East Policy, Defence cooperation, Economic cooperation, Socio-cultural cooperation.*

Introduction

The year 2012 completes 20 years of India's Look East Policy (LEP). Launched by former Indian Prime Minister P.V. Narashima Rao, this LEP had its genesis in the end of the cold war, following the collapse of the Soviet Union. To India, this policy was more than just a foreign policy alternative as it provided a development alternative as well, in synchronization with the globalization and the resurgence of Asia as an economic powerhouse. The 1990s was a period seeing rapid economic development and growth of Asian countries, especially in Southeast Asia. With Soviet collapsing unexpectedly in the year 1991, India was felt deprived (Soviet was India's strong ally) and started to seek for new markets to fuel its own economic growth. Thus, the Indian Prime Minister then, P.V. Narasimha Rao came up with a concept of ideas called the "Look East Policy" of India, an active economic policy of engagement with Southeast Asia and East Asia to be implemented as an official initiative in achieving two objectives. First is to encourage trade links with individual partners and second to provide foreign employment for India's own expanding work force (Khanna, 1998: 6-7).

Nevertheless, India's LEP was officially defined and articulated in September 1994, by Prime Minister Narasimha Rao in his famous *Singapore Lecture* (Ram, 2012: 70). He had stressed the point that India's historical and cultural relations with South East Asia were very old and strong and there was nothing new in India looking towards reinforcing cooperative linkages with its eastern neighbours. He laid emphasis on building strong economic and security relationship between India and its eastern neighbours.

What necessitated LEP?

- Fall of Soviet Union and the resultant change in geo-political context of international system had great impact on India's foreign policy. India had to rethink its strategies and policies. India felt isolated on political front without Soviet Union.
- In early 1990s, India went through a serious balance of payment crisis. Due to this, under the aegis of IMF, India had to restructure its socialist outlook and change that to a liberalised market economy.
- Emerging trend of regionalism and the success of ASEAN, resumption of integration process of EU and negotiations for NAFTA and APEC made India vary of the possibility of getting isolated on global developments.

Hence faced with multiple problems, economic and political, India adopted two radically new paths - the domestic policy path of economic liberalization globalization and the external policy path of LEP. India's former foreign minister, Yaswant Singh in his 2003 speech (in Zhang, 2006: 14), at Harvard University, summarised the Look East Policy as follows.

In the past, India's engagement with much of Asia, including South East and East Asia, was built on an idealistic conception of Asian brotherhood, based on shared experiences of colonialism and of cultural ties. The rhythm of the region today is determined, however, as much by trade, investment and production as by history and culture. That is what motivates our decade-old 'Look East' policy.

Whereas, Indian Prime Minister, Dr. Manmohan Singh has described India's 'Look East' policy as "not merely an external economic policy (but) also a strategic shift in India's vision of the world and its place in the evolving global economy" (Bajpayee, 2011: 2). The initiation of the LEP represented a reorientation of India's foreign economic policy strategy after the Cold War. The LEP signalled the end of India's previous pursuit of self-reliant economic development, and the start of an era in which India strived to take advantage of new opportunities from international trade and investment. The LEP also sent a strong signal that East Asia would be integral to India's economic opening. The region would no longer be overlooked, as it had been by India's previous foreign economic policy, but would now be regarded as a source of new business opportunity and inspiration for economic development.

India had some good reasons behind India's push for 'looking east' (Zhang, 2006, 15). First, Southeast Asia is close to India geographically – India shares land borders with Myanmar and Thailand, and sea borders with them as well as Malaysia and Singapore. India and some ASEAN countries have been having trading relationships way back more than a thousand years and have profoundly affected one another's linguistics, religion, culture and business. Southeast Asia has been a destination of Indian migrants for centuries. The LEP

took this into account and the potential role the diaspora could play in bridging the gaps between India and their host countries.

Second, was for the economic reasons. As India 'rediscovered' Southeast Asia, India was astonished to find that the region was no longer an economic backwater, as India had viewed it in the 1940s and 1950s. It had become a dynamic and prosperous region that enjoyed more than 2–3 times the income of India and had developed superior social and economic infrastructure. Engaging Southeast Asia became a predominant ambition among Indian policymakers, who wanted to repeat its growth story.

Third, India's desire to engage Southeast Asia also has strategic considerations. Particularly since the early 2000s, India has been concerned that, if the WTO trade negotiations failed, it would be left alone to face growing protectionism in Europe and North America. While India has sought to negotiate FTAs with as many countries as possible to keep its options open, it found Southeast Asian countries were the most enthusiastic potential partners.

Finally, is the China rivalry factor – a sense of rivalry felt by India towards China and its successful push for closer economic ties with Southeast Asia. India felt forced to counter China's push into the rest of Asia with moves of its own. BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical & Economic Cooperation) and the Mekong–Ganga Cooperation, for instance, are regional cooperation agreements initiated by India¹. Part of their initial purpose was not only to exclude China's participation, but also to counter its lead in the Greater Mekong Sub-region program, which also involves Cambodia, Laos, Vietnam, and Burma in the development of the sub-region.

As Raja Mohan stated (2002: 2), India has now moved to the second phase of LEP which is recognizing the importance of opening its economy up for commercial linkages with Southeast Asia. The LEP is now pursuing four broad objectives: reform and liberalisation, sustained rapid growth, regional economic integration and equity-based development. The four objectives are not mutually exclusive but reinforcing. The emphasis placed on each of the objectives has been different at different points of time during the past 20 years. More recently, the emphasis has been on India's economic integration with Southeast Asia. Rapid growth has renewed India's aspiration to be a global superpower, which it can realise through integration with ASEAN, while continuing to pursue the other objectives.

Malaysia- India Bilateral Relations: An outlook

Bilateral relations in the post colonial era embraced political, economic, academic, defence and cultural relationships. These have continued in the post-cold war. The advent of economic globalization and the expanding sphere of the World Trade Organization (WTO) have contributed, in the current phase, to provide a sharper focus to the economic and commercial relations between Malaysia and India. The year 2007 was declared as the, "Year of Friendship between Malaysia and India" to commemorate 50 years of diplomatic relations. In fact the bilateral relations in general and treaties in particular between the two countries have started to improve only recently (Chandran, 2009: 159). Since celebrating the 50th anniversary of the foundation of their diplomatic engagement between Malaysia and India, in the year 2007, it has been fruitful year for Malaysia since then.

Malaysia and India have been developing the economic and trade relations at a very fast pace after the cold war. Since 1998, India has been Malaysia's largest export destination in the South Asian region (StarBiz, 2013: 6). In October 2010, Prime Minister of India's reciprocal visit witnessed the conclusion of the negotiations on the Comprehensive Economic

Cooperation Agreement (CECA) with Malaysia. The implementation of the Malaysia-India CECA (MI-CECA) came into effect in July 2011 and since then it has boosted bilateral trade. At present, the trade volume between India and Malaysia has increased significantly. It doubled from US\$5 billion (RM15 billion) in 2005 to US\$10 billion in 2008. In 2011, the bilateral trade showed robust growth of 32.7% year-on-year, to reach a historical high of US\$ 12.536 billion (See <http://www.indianhighcommission.com>). Malaysia's exports to India amounted to US\$7.7 billion between January and October 2012, and imports US\$3.3 billion. The trade volume is expected to increase rapidly in the coming years (StarBiz, 2013: 6).

The trade between the two countries increased more than six-fold between 2002 and 2011. There has also been significant increase in the cross flow investment as well. Malaysia has approved manufacturing projects with Indian companies' participation, with total investment of US\$1.19 billion. Malaysian investment in India stands at US\$892.3 million, which is mainly in the construction projects, information and communication technology (ICT), and financial services (Hamidah Atan, 2012: 1). Malaysian construction companies' largest presence outside Malaysia is in India. Malaysia has completed 62 construction projects worth US\$ 2.8 billion in India, while 16 projects worth US\$ 2 billion are in the offering (MITI Report 2012). The trade remains significantly imbalanced in favour of Malaysia (Of a total trade volume of US\$12.6 billion in 2011, India's exports amounted to only US\$3.327 billion).

Bilateral trade between India and Malaysia increased by 7.3% to RM 41.15 billion (USD 13.32 billion) in 2012 as compared with RM38.35 billion (USD 12.53 billion) in 2011 (MITI Report 2012). Malaysia's exports to India were worth RM 29.33 billion (USD 9.50 billion) and imports from India were valued at RM 11.82 billion (USD 3.82 billion) in 2012. Malaysia's import from India is an increase of 15.9% corresponding to the same period of last year. India is the 8th largest trade partner globally. The trade is significantly imbalanced in Malaysia's favour. The trade deficit had marginally improved a little (5.7 billion in 2012 as compared to 5.9 billion in 2011). The bilateral trade for the period of January-April 2013 has shown an increase of 20.2% to RM 14,827 million (USD 4,864 million) corresponding to same period of previous year. Malaysia's exports to India were worth RM 8,424 million (USD 2,765 million) and imports from India were valued at RM 6,403 million (USD 2,099 million). Malaysia's imports from India have shown a significant increase of 63.2% and exports to India are similar to the figures during corresponding period of last year.

Table 1: Malaysia's Trade with India from 2002 – 2012

Year	Export		Import		Total Trade			Trade Balance
	(US\$ billion)	Share (%)	(US\$ billion)	Share (%)	(US\$ billion)	Share (%)	Change (%)	(US\$ billion)
2012	9.5	4.2	3.8	1.9	13.3	1.02	7.3	5.7
2011	9.2	4.1	3.3	1.8	12.5	3.0	32.7	5.9
2010	6.5	3.28	2.4	1.51	8.9	2.48	16.40	4.1
2009	4.8	3.07	2.2	1.81	7.0	2.52	-28.96	2.6
2008	7.4	3.73	3.0	1.98	10.4	2.96	28.09	4.4
2007	5.8	3.34	2.0	1.42	7.8	2.47	13.91	3.8
2006	5.1	3.23	1.3	1.04	6.4	2.25	24.27	3.8
2005	3.9	2.82	1.1	0.96	5.0	1.99	20.00	2.8
2004	3.0	2.38	1.2	1.16	4.2	1.83	31.95	1.8
2003	2.5	2.42	0.6	0.81	3.1	1.71	33.26	1.9
2002	1.7	1.88	0.6	0.81	2.3	1.39	2.51	1.1

Note: Change and share is calculated in RM for accuracy

Source: MITI Report 2012

As per Indian statistics, the corresponding figures of bilateral trade in January to December 2012 were US \$ 14.62 billion. India's export to Malaysia was worth US \$ 3.83 billion and India's import from Malaysia was worth US \$ 10.79 billion. The bilateral trade in Jan-Mar 2013 was US\$ 4,294.44 million. India's export to Malaysia was US\$ 1,802.28 and imports from Malaysia were US\$ 2492.16.

Malaysia's improved preferential access coupled with strong economic growth and high manufacturing activities boosted export growth to India by 34.6%. This was contributed by higher exports of palm oil, crude petroleum, E&E products, manufactures of metal as well as chemicals and chemical products. India was the only market that recorded a significant increase of over RM1 billion in Malaysia's exports of E&E products. E&E exports to India increased by RM1.79 billion to RM6.6 billion or 23.4% share of Malaysia's overall exports to India. This marked increase in E&E exports can be attributed to significantly higher foreign investment in manufacturing activities in this sector. Since the launch of the Look East Policy by India in early 1990s, bilateral trade increased by 16 times from US \$ 0.6 billion in 1992 to US \$ 13.32 billion in 2012. Bilateral trade data since 2002 up to 2012 is shown below.

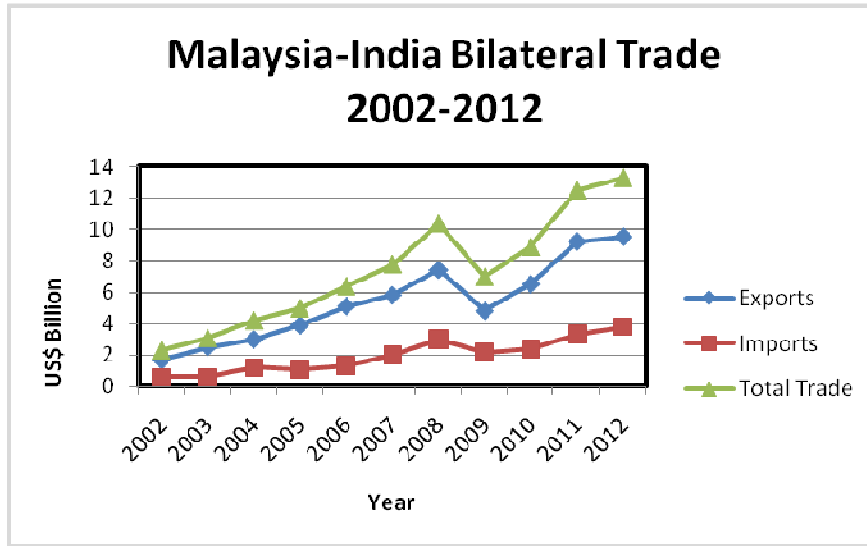


Figure 1: Malaysia-India bilateral trade 2002-2012
(Source: Department of Statistics, Malaysia)

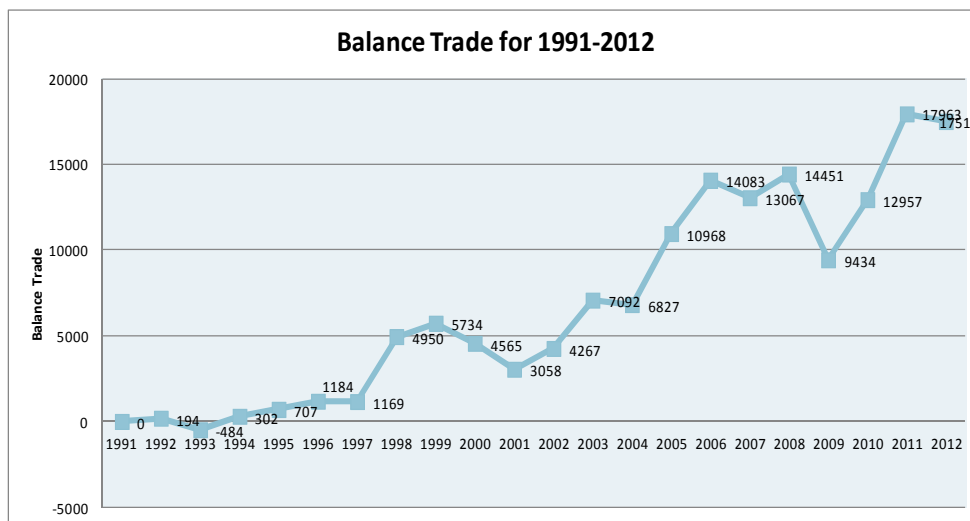


Figure 2: Balance of Trade between Malaysia and India
Source: Data compiled from Ministry of International Trade and Industry (MITI) and Malaysia External Trade Development & Corporation (MATRADE).

Figure 1 and Figure 2 shows the bilateral trade between Malaysia and India (2002-2012) and Balance of Trade (BOT) from 1991-2012 respectively. The LEP has certainly helped India to increase its trade with Malaysia. Nevertheless, the trade has been always in favour of Malaysia. There has been a consistent upward trend which means when there is an increase in Malaysia’s export rate the import rate with India increased as well. Similarly the BOT shows that Malaysia is having an advantage over India. The implementation of CECA through the Strategic Partnership is expected to further cement this mutually beneficial relationship. The trade between Malaysia and India has been growing at the rate of 5 to 6 percent at a time when Malaysia’s exports to other countries have gone down (StarBiz, 2013:

6). Although Malaysia-India bilateral relations traditionally have been focused on trade and technology, Malaysia can tap into other non-economic sectors such as service sector. India and Malaysia are also mulling cooperation in the field of oil production. Both are exploring oil and there are possibilities that they can work together in the field.

Defence Cooperation

The second area that brought closer cooperation between Malaysia and India through the LEP is the defence cooperation. The exercise of Indian military power and presence in Malaysia is nothing new. There are sufficient historical precedents for a broader and deeper engagement of Indian army in Malaysia. History revealed that the British Indian Armies were an integral in the defence of Malaya during the British colonial days. In 1930, two infantry battalions were stationed in Malaya, one British and one Indian. By 1937, this had increased to four battalions-three British and one Indian (See <http://www.britishmilitaryhistory.co.uk/documents.php>). The first Indian troops deployed in Malaya were the troops of 12 Indians Infantry Brigade that had reached in August 1939. The **11 Indian Infantry Division** was formed in Malaya in October 1940 and the **9 Indian Infantry Division** arrived from India in March and April 1941. By December 1941, there were two Indian divisions present in Malaya, 9 and the 11 Grouped under the Indian 3 Corps. 9 Indian Division was on the eastern coast with a brigade each holding Kota Bahru and another, 150 miles south at Kuantan. 11 Division was on the west coast in the area of Jitra to cover the Alor Setar group of airfields. Both these divisions had been training for deployment in the western desert and had no experience of jungle warfare (Singh, 2005: 49). However, the British Malaya brought the Indian troops to defend peninsula Malaya during the World War II. This was the commitment and contribution of Indian soldiers towards Malaya then. The end of the Cold War brought about an important change in the way Malaysia saw defence cooperation with India. This was mainly because Russia's decision to abandon the bases in Cam Ranh Bay and Danang in Vietnam (Balakrishnan, 2012: 303). As Malaysia accepted the significant shift in the security calculus of the geo-strategic scenario in the region, it was comfortable in shifting its policy on defence equipment and procurement.

Malaysia has been involved in various procurements and trainings programs; and enhancing defence relations with other countries. One of the outcomes from the MoU that was signed in 1993 was the setting up of the Indian Air Force (IAF) for conducting ground training on MiG-29 aircraft for about 100 personnel of the RMAF in October 1994 (See <http://www.article.timesofindia.com>). The procurement of the MiG-29 Fulcrum fighter jets had a significant bearing on Malaysia initiating a MoU with India in 1993. The MiG-29's pilot training by the Indian Air Force (IAF) has enabled the RMAF to sustain number of qualified pilots to fly the Malaysian MiG-29's during a period when pilots trained in Russia had retired. The MiG-29 pilot training by IAF was an example of successful cooperation between Malaysia and India defence ties along with the training of MiG29 maintenance crews. This experience further resulted in enhancing relations between Malaysia and India in 2005 when similar arrangements for combat and logistic training and management for the Sukhoi SU-30MKM fighter aircraft was established. SU-30MKM (*Modernizirovannyi Kommercheskiy Malaysia* – Modernised Export Malaysia) is being considered as one of the superior fighter aircraft. Malaysia purchased 18 SU-30MKMs from Russia in August 2011. Moreover, following the signing of a protocol between the Malaysian and Indian defence ministries at the Langkawi International Maritime and Aerospace (LIMA) exhibition in 2007, the Indian Air Force pilots have already helped Malaysia to set up a Systems School for the SU-30 MKM at Gong Kedak Air Base (Nathan, 2013: 223). As a whole, Malaysia sees India

as a reliable partner not only for maintenance but also in upgrading the existing MiG-29s because it has the capability for helping Malaysia to upgrade the airframes and engines of such fighter jets (Balakrishnan, 2012: 312). India is currently regarded highly for joint tactical training and maintenance of the Sukhoi squadrons. When Indian Air Chief Marshall, NAK Browne visited Malaysia as part of his first official overseas visit in 2012, it was seen as a high profile meeting by Malaysia to discuss ways to further enhance India's defence cooperation with Malaysia.

Besides the air force cooperation, navy to navy cooperation has also been viewed in positive light for the past decades. The Indian Navy lays great stress on enhancing bilateral ties and improving mutual understanding and interoperability with its maritime neighbours through professional and operational interaction. The operational interaction between Malaysian Navy and the Indian Navy has been in terms of training interactions, visits by high level delegations and regular visits by warships to each other's ports. Another important platform for India's and Malaysia's navy-to- navy cooperation is in the biennial LIMA exhibition and MILAN exercises. LIMA exhibition is seen as one of the major aerospace and maritime industries showcase in the world. LIMA provides a platform for the global aerospace and maritime industry to exhibit and promotes cutting-edge defence technology in the Asia Pacific region. Whereas the MILAN exercise is a biennial meet between navies of Indian Ocean region at Port Blair, Andaman Island, which is organized by the Indian Navy. The exercise has created an effective platform for Indian Navy for projecting its benign role and to dispel any notion of the Indian's navy hegemonic designs in its periphery. Malaysia believes Milan has been an effective forum to discuss common concerns in the Indian Ocean Region and also helps forge co-operation initiatives.

The cooperation between the armies of Malaysia and India can be traced from the colonial era. For example, Malaysia's third Prime Minister, Tun Hussein Onn received his military training from Indian Military Academy in Dehradun, India (Morraiss, 1981: 56). Upon completion of his training, he was absorbed into Indian Army in 1942 and served in the Middle East. Since Malaysia established its own training establishments, training in India has become more selective, and now focuses only on specialized courses. However, this tradition has been continued since then. Two grandsons of Sultan Iskandar Haj, the late Sultan of Johore have passed out from Indian Military Academy in Dehradun as well. More recently, Captain Tunku Ismail Ibrahim, the grandson of the Sultan of Johor state, led a unit of the Indian Army at the Republic Day in New Delhi in 2007. He was the first ever foreigner to lead the 61st Cavalry which was part of the army contingent in the parade (See <http://www.india-defence.com/report-2832>). The present army-to-army cooperation is restricted to the area of training, including courses and seminars.

Socio-Cultural Cooperation

The third area that brought about closer ties between the two countries is in the socio-cultural aspect. The people-to-people connectivity between Malaysia and India via air routes has improved significantly following a bilateral agreement in this regard in 2007. At present, there are about 100 flights between the two countries, the majority of which are operated by Malaysian airlines. According to official statistics, Malaysia Tourism Statistics, India is the sixth largest source country for tourism in Malaysia, with 693,000 Indian tourists visiting the country in 2011 alone (See <http://www.corporate.tourism.gov.my>). Malaysia is the 10th largest source country for foreign tourists visiting India, with 150,000 Malaysians coming to India in 2011. With the signing of the MoU for Cooperation in the Field of Tourism in 2010, there are more people-to-people contacts and also greater flow of tourists from both the

countries. Although there was a slight drop in the number of Indian tourists visiting Malaysia (-0.3%) in 2012, the number is expected to go up in the coming years. Another area that made a significant inroad into Malaysia is the India's entertainment industry. Movies from India, mostly Hindi movies, have started to flow into Malaysia since 1995, and have been popular over the years. Malaysia also started to host various Indian entertainment events such as film festivals, musical shows, showbiz award events and film shooting. With the MoU signed between the Federation of Indian Chambers of Commerce and Industry's (FICCI) Entertainment Committee and Malaysia's Multimedia Development Corporation (MDec) in 2010, there has been a significant collaboration involving development of co-production initiatives in broadcasting and digital content. People-to-People exchanges between Malaysia and India have also expanded with the signing of the Cultural Exchange Programme for 2010 – 2013 and the establishment of an Indian Cultural Centre in Kuala Lumpur in February 2011.

In terms of education, about 3000 Malaysian students are studying in India and 2000 Indian students in Malaysia, are studying in Malaysia. Both nations should review on how to increase this number. During 1960s and 1970s, an estimated 30,000 Malaysian students studied in Indian educational institutions. However, along the years India has lost its attractiveness from the Malaysian side. Over 30% of doctors in Malaysia today have been studied in India. The Manipal University alone has over 3000 alumni in Malaysia (See <http://www.indianhighcommission.com.my/ec.php>). There are indications of increasing number of Malaysian students going to India for higher and technical/professional education. Malaysians account for 10% of the total number of foreign students studying in India, and there is much scope for growth in this area.

Indian Diaspora

The term Indian diaspora refers to all persons of Indian descent living outside India, as long as they preserve some major Indian ethno-cultural characteristics (Prakash, 2008: 2). A common distinction with regard to ethnic Indians outside India, often referred to as 'Overseas Indian' is made between non-resident Indians (NRIs), who hold Indian citizenship, and 'Persons of Indian Origin' (PIOs), who do not hold the Indian citizenship. Indian diaspora is a geographically diversified diaspora, which is spread in as many as 110 countries. At the same time, the characteristics of this diversified group, varies. It varies to such an extent that we even call some countries as 'old diaspora' countries and other countries as 'new diaspora' countries (See <http://moia.gov.in/accessories.aspx?aid=11>). Malaysia has one of the largest communities of Persons of Indian Origin in the world numbering close to 2 million (about 8% of Malaysia's population). Given the strong links of culture, tradition and family between Malaysian and Indian Indians, any issues such as the mistreatment of Indians in Malaysia could aggravate relations.

Labour and Expatriates

Since the 1980's Malaysia's economy has been driven largely by the export-oriented manufacturing sectors, especially in the electrical and electronic segments. The government began perceiving migrant workers as cheap source of labour that could enhance the country's export competitiveness and thus has been encouraging the deployment of foreign labour in the 1990s. As a result, migrant workers have been used as the foundation of the county's rapid growth strategy. There are about 150,000 legally recruited Indian workers in Malaysia in both skilled and semi-skilled category. There are some 10,000 professionals expatriates

employed in manufacturing, information technology companies, academic fields and medical field (See <http://www.indianhighcommission.com.my/ec.php>). A bilateral MoU on Employment and Welfare of Workers signed in 2009 establishes an institutional framework to deal with issues concerning Indian workers. Malaysia now has approximately 1.9 million foreign workers spread across sectors such as manufacturing (39 per cent), construction (19 per cent), plantation (14 per cent), housemaids (12 per cent), services (10 per cent), with the rest in agriculture. The contributing countries by rank are: Indonesia (50.9 per cent), Bangladesh (17.4 per cent), Nepal (9.7 per cent), Myanmar (7.8 per cent), India (6.3 per cent), and the rest from Vietnam (Kok, 2011).

As a whole, India's LEP has been a 'fruitful' policy at least to India. However, despite the exuberance of India's deepening interaction with Southeast Asia in general and with Malaysia specifically, the rhetoric of India's interdependence with the region should not be exaggerated and the possibility of its marginalisation cannot be underestimated given the low base from which economic integration and strategic interaction is proceeding. For instance, though the India-Malaysia CECA aims to boost bilateral trade to US\$15 billion by 2015, India is presently Malaysia's seventh largest trading partner. In contrast, China is Malaysia's leading trade partner since 2009. Therefore, the question that raised here is that whether is the LEP exist as rhetoric more than a reality.

Malaysia's Perspective on India's LEP: Move beyond rhetoric

There are two reasons why the former Prime Minister of India P.V. Narasimha Rao will be remembered by most Southeast Asian leaders. Firstly, there was nothing but admiration from most Southeast Asian country leaders for the way Mr. Rao had led India out of the deep financial crisis in 1991 to emerge as one of the dynamic economies of Asia and the world. Secondly, how the former Indian prime minister had sparked a revival of interest towards Southeast Asia states, from benign neglect of the east (during Indira Gandhi's time at the helm) to his LEP that he launched in the second half of his tenure.

At the official level, Malaysia looks forward to be part of India's LEP process. India's LEP is in line with Malaysia's foreign policy. Malaysia has demonstrated its commitment by constructively engaging with India. Malaysia believes that through this policy, LEP opens up economic opportunities at bilateral and regional level.

Malaysia has been pursuing its own Look East Policy (*Dasar Pandang ke Timur*) for the last 30 years. Initiated by former Prime Minister of Malaysia, Tun Dr Mahathir Mohamad in 1982, the purpose of this policy was to gain knowledge of best practices from East Asian countries namely Japan, Korea and Taiwan to contribute to Malaysia's economic and social development (Saravanamuttu, 2009: 68). Since this policy was launched there has been a strong collaboration between Malaysia and Japan. In 2011, Japan ranked as the top foreign investor in the manufacturing sector in Malaysia. Malaysia is still very much comfortable, if not obsessed, with 'going east' – not only Japan, but now with China. In fact, China continues to be number one trading partner for Malaysia for the last two years.

Given the 20 years of India's LEP, Malaysia perceives that India's LEP lacks "robustness".² India must acquire a bold and inspiring persona, like China. China is not only a dominant economic power but has also portrayed itself as a modern state with its spectacular pieces of post-modern architecture. India is not in that league, yet, and therefore, simply looking east would not make it automatically more acceptable in Southeast Asia. India needs to impress and engage the LEP more effectively (Tripathi, 2012: 154). As for Malaysia, with or without India's LEP, Malaysia is committed to be engaged with India.

Currently, Malaysia is only paying lip service to India's LEP. Malaysia is not actually following it through 'real action'. What Malaysia did was just to follow through the relations that were actually established in the past without any major structural change.³ There should be the same passion, enthusiasm, vision from both countries to take their bilateral relations to the next level. For example, institutional arrangements between India and Malaysia for trade and economic cooperation include the India-Malaysia Joint Commission (JOC), chaired by the respective Foreign Ministers which were established in 1992.⁴ However, the JOC held only five meetings (1992, 2000, 2002, 2007 and in May 2011). When Mahathir announced Malaysia's 'Look East Policy' towards Japan, there were 2-3 visits by the officials from Malaysia to Japan including the prime minister every year. This indicates Malaysia's seriousness of its Look East Policy with Japan. Whereas with India, the only follow through that is happening now is from the private sectors rather than at higher level. Nevertheless, the CECA could provide a good example of what both governments are doing to take our bilateral relations to a higher level.

Timing and circumstances is another reason for Malaysia's concern about India's LEP. If only India had made this move before 1991, Malaysia would have the same strong economic link with India as with China. China was very fast, aggressive and dynamic in pursuing its policy towards Southeast Asia. India needs to move fast like China. But at the moment India is not doing that. Although India has made a lot of improvement via its relations towards many countries in Southeast Asia, it may not be able to catch up with China. India will need to be more aggressive in a positive way - in terms of its presence felt. All countries in Southeast Asia must feel the importance of having India in the region. At the moment, this factor of India's presence is not felt in the region yet. Geoffrey Pyatt, principle deputy secretary for South and Central Asian Affairs at the US State Department has called on India to move beyond 'Look East' and instead adopt a 'Be East' policy by playing a more proactive role in shaping the trajectory of economic, security and possible eventual political integration (Bajpae, 2011: 8). In fact US Secretary of State, Hilary Clinton echoed these views during her visit to Chennai where she called on India to "not just look east but engage east and act east as well" (Bajpae, 2011: 8).

The bilateral relations should move on to the next level. India is doing the necessary steps to move beyond the historical and cultural level with Malaysia. The reciprocal bilateral visits of prime ministers from Malaysia and India in the last few years - if at all it is being weighed could be either seen as simply enhancing diplomatic relations. If one wished to see the fruit of this bilateral visit - one need to wait and see in 4-5 years to come. To see if there is any substance, there must be follow-up from both sides.

India should tap the use of both countries' asset which is its goodwill that both nations have that is the people to people connectivity. India is never seen as a threat by Malaysia or by other Southeast Asian nations. Similarly, India's threat has been Pakistan and China (at the virtue of land borders dispute and war). In comparison, Malaysia has had a bad legacy with China. Malaysia is concerned about China being a big power in the region. But now, China was able to move from that platform and touch the people to people aspect and establish a strong link with Malaysia. The tourism industry is one good example. **The tourism industry in Malaysia accounts for 7.2 percent of GDP and is the fifth-largest industry in the economy. The 24.7 million tourists that visited Malaysia in the year 2011 have generated over RM58.3 billion in receipts (Tan, 2012: 1). Malaysia Tourism Board (MTB) reported Chinese tourist were in fourth place in 2011 (amounting almost 1 billion tourists), whereas the tourist from India totalled up to 693,056 people in the year 2011. ASEAN member countries led by Singapore tops the table for most tourists**

visiting Malaysia last year. Interestingly, the profile of the Chinese tourists in Southeast Asia region is evolving.

Now the 'peaceful rise' of China is being considered presently more as of an opportunity rather than a threat. None of the Southeast Asia countries want any one dominant power in the region, be it China, the US or any other powers. Hence the need of the hour is for India to play a 'balancing act', by projecting itself not as an alternative to China but rather as another valued partner, an association with whom will bring mutual benefits (Bhattacharya, 2007). India should be able to manoeuvre around and get the good feelings of all the nations just like how the Chinese Premier Wen Jaibao said in a speech during the ASEAN Summit that "China will continue to seek peace and development through cooperation and will strive to achieve development that will bring about peace, openness, cooperation and harmony as well as benefit to itself and other countries" (Kuppuswamy, 2010: 4).

Look East Policy: The Way Forward

Any assessment of India's LEP would suggest that while notable progress has been made, there is still room for improvement and tremendous potential remains to be harnessed. Malaysia and India can work together in realizing this potential. One of the recommendations suggested is the need to set up a 'Professor Chair' such as 'Chair on India Studies' in Malaysia and 'Chair on Malaysia' in India.⁵ This chair is important for both countries to study beyond the context of art, culture and society. At the moment we have very few scholars or experts in Indian history, politics and government studies in Malaysia.⁶ Hence it is important for both countries to cooperate on this aspect.

India and Malaysia have a fertile ground to harvest. It is timely that we should cultivate this ground (in terms of political, security and economic relationship) so that India-Malaysia relations can bear the fruits that both countries envisage. It is important to ensure the "strategic partnership" is effectively implemented to oversee bilateral relations on various fronts including economic, security, and people-to-people engagements. There should also be a robust participation between business communities in each other's economies. Malaysia construction companies have a strong presence in India, especially in infrastructure development but we have to go beyond that traditional area.

In summary, Malaysia-India relations today are strong in both political and economic aspects as much as in social cultural aspect. Nevertheless, there are three essential ingredients for greater cooperation in future. First, is the political will. Malaysia and India have the commitment from both Heads of State to further enhance their bilateral relations. The close personal relations between Najib Tun Razak and Manmohan Singh have brought about many developments in Malaysia-India relations. The strong understanding between the two governments can be a backbone for other sectors to follow.

The second element necessary for successful, close cooperation is congruence of perspectives and interest. In the last two decades, Malaysia and India have certainly developed greater closeness. From Malaysia's perspectives, India is highly regarded in areas such as foreign policy postures, and in particular, in the area of neutrality and non alignment, which is a fundamental principle of ASEAN. And particularly one area where this would be very relevant in the future is the big power rivalry in this region. India is a big power too; it has a legitimate interest in the region. Given India's peaceful, foreign policy of neutrality and non-alignment-- India can work with certain powers more than others. Nevertheless, India is

committed to peaceful and fruitful cooperation with all major powers and countries in the Southeast Asia region.

The third essential ingredient for successful cooperation between India- Malaysia is the fact that both countries have great untapped potential areas of cooperation. For example between India and ASEAN, it certainly have that in the area of trade, investment, people-to-people relations, education and even cultural. Besides these areas there is so much work to do and so much to build upon such as in the service sector. The service sector has attracted the largest portion of approved investments into the economy in 2012 for Malaysia. The service sector includes support services such as telecommunications, distributive trade, financial services, health services and educational services. Hence, Malaysia needs to tap the untapped areas of interest and work further for future collaboration.

With these three reasons, one can be optimistic that India and Malaysia can look ahead to work on very momentous relations for mutual cooperation and peaceful coexistence.

Conclusion

Malaysia and India bilateral relations is said to be on a high note at present. The exchange visits by the state leaders from Malaysia and India in the year 2010 and 2011 has benefited both countries especially in the economic development. However, the relations between Malaysia and India so far can be categorised as 'under-utilized' or 'missed opportunity', despite having bilateral and multilateral engagements. Despite Malaysia and India having thousands of years of historical, cultural and economic linkages, both are yet to develop an appropriate level of mutual trust and understanding in their bilateral relations. In fact these are important prerequisites for developing a strategic partnership between the two countries. The countries in Southeast Asia want to keep India and China in the region in order to have a comfortable regional balance. However, Malaysia faces an interesting conundrum in trying to balance national interests with long running superpower rivalries and the region's emerging powers. From Malaysia's perspective, it is a complex and convoluted mix of national and bilateral issues, compounded by geopolitical and strategic interests. The crux is that India's LEP should reinforce and demonstrate India's commitment to this region. India may claim its success of LEP by its enhanced engagement with the Southeast Asia region. However, the success of LEP towards each individual country varies. Malaysia's strategic partnership with India could bring Malaysia-India relations to a greater height.

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Notes

¹ Speech by India's Foreign Secretary on India's LEP at the 10th Meeting of the BCIM Cooperation Forum on 18 February 2012. See <http://www.security-risks.com> Accessed 24 April 2012.

² Discussion with Dato' Dr. Mohd Yusof Ahmad (Retired Ambassador), now serving at Faculty of Administrative Science & Policy Studies, UiTM, Shah Alam on 12 March 2012.

³ Discussion with Dato' Dr. Mohd Yusof Ahmad, Faculty of Administrative Science & Policy Studies, UiTM, Shah Alam on 12 March 2012.

⁴ Roundtable Seminar on "India's Look East Policy: From economic integration to strategic stakeholder in the Asia Pacific region" by Baladas Ghosal at the ISIS, Kuala Lumpur on 18 July 2012.

⁵ Speech by High Commissioner of India to Malaysia during the Second India-Malaysia Strategic Dialogue, Kuala Lumpur, 28-29 January 2010 organized by ISIS (KL) & ICWA (India).

⁶ University Malaya has an Indian Studies Department but not 'India Study' although it has a China Studies and Japan Studies Centres.

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