

**Remarks by
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Ministry of External Affairs**

**at the MEA Conference on
North East India's Look East: Issues and Opportunities**

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Professor Radharaman Chakrabarti, Vivekananda Chair Professor, University of Calcutta and President Jadavpur Association of International Relations; Dr.Pahi Saikia, Head of the Department of Political Science, Indian Institute of Technology, Guwahati; Professor Alka Acharya, Director, Institute of Chinese Studies; Professor Rakhahari Chatterji, Advisor from Observer Research Foundation, and Ladies and Gentlemen.

It is my pleasure to participate in the conference on the subject "North East India's Look East: Issues and Opportunities" organised by the Public Diplomacy Division of the Ministry of External Affairs, Jadavpur Association of International Relations, Indian Institute of Technology in Guwahati, the Indian Council for Social Science Research; Maulana Abdul Kalam Azad Institute of Asian Studies, and the Indian Council of World Affairs.

In recent years, regional and international developments are beginning to receive their due share in India's media, think-tanks, public domain and also in public discourse. I am heartened to see that awareness of our fellow countrymen about India's foreign relations and issues related to our foreign policy has been increasing at a fast pace.

In this dynamic environment, today's conference is a part of the efforts of the Ministry of External Affairs, to increase public outreach about India's core foreign policy priorities, encourage a spirit of debate and discussion on prevailing foreign policy issues, and gain the valuable insights of several important stakeholders such as the academia, media, think-tanks, the industry, and many more.

I am glad to see that amongst this distinguished audience we have many members of the academia, researchers, diplomats and media who focus on international relations and foreign policy.

The subject of today's conference relates to one of India's core foreign policy priorities– the Look East Policy. It is also one of great relevance and for the North Eastern States in India.

The North Eastern region is located at the confluence of major economic growth areas : East Asia, South Asia and South East Asia. More than any other region in India, it is the North East, which shares cultural and civilizational linkages with the ASEAN countries. Many communities in the North East have historical connections with communities in South East Asia which are vibrant and alive even today. The Ahoms of Assam are descendents of Tai race in Thailand. Khamti community from Assam and Arunachal Pradesh share the same clan with Tai people of Thailand and Myanmar. Khasis in Meghalaya are believed to be from a region in Thailand. The affinity amongst the people of the North East, and those of South East Asia is evident

in the similarity of cuisines, linguistic and folklore traditions, religious and agricultural practices.

The land route from India to South East Asia in ancient times went through modern-day Bengal, Assam, Manipur and Myanmar. The historical sea route for trade with South East Asia via the Bay of Bengal traversed through the ports of Tamruk in Midnapore, West Bengal and Gopalpur in Orissa.

In the modern era, our perspective of the geographical region that constitutes India's neighbourhood, has seen a paradigm shift. Regions such as Central Asia, South East Asia and the Middle East are now an integral part of India's extended neighbourhood, owing to our mutual interests and common concerns ranging from the pursuit of inclusive growth; food, water and energy security; terrorism; maritime security; disaster management and spread of pandemics, to name a few.

India shares both land and maritime boundaries with the South East Asian countries. With Myanmar alone we share a land border of more than 1600 km across four states in North East India. For Thailand, our Andaman and Nicobar Islands are much closer than any other country.

With increasing trade, connectivity and active dialogue, the physical and notional geographical distance between India and the South East Asian nations has diminished significantly over the last 10 years. Tourism and cultural contacts between India and South East Asia have shown a perceptible increase. Large communities of Indian-origin in the ASEAN countries, most notably in Myanmar, Malaysia, Singapore, Thailand and Indonesia have become a vibrant link with these countries, and have contributed to people-to-people linkages. The North East is therefore, a natural gateway through which India will reach out to South East Asian countries.

India's multi-faceted relations with the ASEAN, an association which represents ten countries from South East Asia, have become one of the cornerstones of our foreign policy. Since the adoption of our Look East policy in the early 1990s, these ties have evolved into a strategic partnership in 2012.

Given the growing economic clout of the South East Asian countries, their relative economic stability and the changing geo-political scenario, India has enhanced economic relations with the ASEAN, complemented by regular dialogue, and socio-cultural ties.

However, the North Eastern states have been left behind in this growing partnership with South East Asia. Although statistics about the North East's contribution to India's trade with ASEAN are not available, it is at the moment very negligible.

So far the role of the North East in India's overall trade basket has been below its potential. A study by the Indian Chamber of Commerce and Price Waterhouse Cooper in 2013 estimated that the North East's overall contribution to India's export basket of US\$254 billion, was only about US\$0.01 billion.

Recognising this fact, in recent years the Government has announced policies and incentives which seek to boost the North Eastern region's economy and strengthen its infrastructure. By doing so, these initiatives will also enhance the potential of the North East to enhance their commercial engagement with South East Asian economies. The very fact that this conference is being held in Guwahati shows the

importance that the government attaches to the role of the North Eastern region in ensuring the continued success of our Look East Policy.

The new government in India has reiterated its commitment to strengthening ties with South East Asia, and has called for an Act East strategy. We have just hosted the visit of the Prime Minister of Vietnam to India. In the second week of November our Prime Minister Shri Narendra Modi will travel to Myanmar to participate in the annual ASEAN India Summit and the East Asia Summit - the occasion will also present an excellent opportunity to interact with the leadership from these nations.

Before we focus on how we can link the North East with the South East Asian economies, I would like to give snapshot of India-ASEAN commercial ties. Presently our trade with South East Asia is substantial at US\$76 bln, catering to a combined market of 1.8 billion people. Following the 2009 FTA for trade in goods with ASEAN our exports to ASEAN showed a compound aggregated growth rate of 16% per annum.

Nevertheless, India's trade with ASEAN is just 3% of total ASEAN trade –and there is immense untapped potential. Our leaders have in fact set the target of US\$100 bln for India-ASEAN trade by 2015. To give depth and momentum to our economic ties with ASEAN, Agreements for Trade in Services and Investments are currently being signed to facilitate movement of professionals; and create a liberal, facilitative and competitive investment regime among participating countries. India is also negotiating a Regional Comprehensive Economic Partnership Agreement with ASEAN and its partner countries, which, once signed will become the most dominant free trade area globally.

The North East has immense potential to make a greater contribution not just to the India's external trade, but specifically to trade with South East Asian Nations. Given its geographic location the North East can position itself as a manufacturing hub for the entire sub region, including South East Asia.

Under the 2007 North Eastern Industrial and Investment promotion policy, several incentives are being offered to set up new industrial units and capital investments in the North Eastern region.

Recently our Prime Minister launched the “Make in India” campaign, inviting industry to set-up manufacturing plants in India. Reforms have been announced in the labour sector to introduce transparency in labour laws and pave the way for skilling of youth, so that India can meet the global requirement of skilled labour workforce in the years ahead. To promote the country's trade and investment relations abroad, and to mainstream States in this effort, a new Division – “States Division” has been recently created in the Ministry of External Affairs, to facilitate trade, investment, tourism, academic and other external linkages of States. The new Division will liaise with our Embassies abroad on the requirements of the states in India and facilitate engagement of foreign diplomatic missions in India with our states.

Corporate Sector from ASEAN countries and India can avail all these incentives and partner with state governments to set up industrial clusters and production networks in the North East so that our economic ties with South East Asia will become economically sustainable. It is essential to create economic corridors and integrate economic activity in the North East with other parts of India to ensure sustainable

economic growth in the North East, which will be critical to the further development of trade with South East Asia.

The Government's Vision 2020 document envisages increasing the GDP growth rate and per capita income growth of the North Eastern region, *inter alia*, through a skill development and capacity building programme. India's corporate sector and ASEAN countries can establish programs for building skills and capacity of youth in our North East.

However our efforts to enhance manufacturing and productivity in the North East will succeed only if we give urgent attention to backend linkages, develop infrastructure within the North East region and strengthen connectivity of the North Eastern region both within India, and externally with the neighbouring countries. To sustain manufacturing industry and enhance productivity, North Eastern states will need adequate power supply, mobile and internet connectivity and financial linkages.

New projects have been introduced to improve transport networks in the North East. The North-South-East-West Corridor (NS-EW) highway project will enhance the North Eastern region's connectivity within the country. A National Highways & Infrastructure Development Corporation has been set-up recently with the mandate of construction of roadways of more than 10,000 km, especially in North Eastern India.

The Government is also giving special emphasis to improving road connectivity with South East Asia. India is contributing to the India-Myanmar- Thailand Trilateral highway in which we have built 160 km of the Tamu-Kalewa-Kalemyo (TKK) in Myanmar, and have committed to the construction of another 120 km of the Kalewa-Yargi roads and upgradation of 71 bridges on the TKK road in Myanmar. The Trilateral Highway will open up India's landlocked North East to Southeast Asia and allow freight and container trucks to move from Imphal to Mandalay. The Highway is a part of the Asian highway and will create a regional and vibrant market by dramatically reducing time and cost of travel between many places in the North East and upper Myanmar. Completion of the Rhi-Tiddim road would also result in seamless connectivity between Mizoram and Mandalay in Myanmar. At the same time feeder highways are necessary within the North Eastern states, to connect inland areas to highways which connect us to Myanmar.

Improved railway linkages will also benefit the North East and allow quicker transportation of goods both within India and also to the border areas. The Rail Budget this year has allocated an outlay of Rs 5116 crore, a 54% increase over previous year's budget for various projects in the NE states. The Union budget has also earmarked an additional sum of Rs 1000 crore for rail connectivity.

Connecting the North East with Trans-Asian railways, the government recently ratified an intergovernmental agreement for constructing and upgrading a long-term rail network which, *inter alia*, will link North East India with South East Asia. As part of this network, there are plans to construct a 350 km rail track from Assam to Manipur and further to Myanmar.

The Kaladan Multimodal Project, expected to be completed soon will connect Kolkata and other ports on our East Coast with Sittwe port in Myanmar. The completion of the Dawei deep-sea port in Myanmar, will result in a much shorter sea route to the South East Asian region as compared to the Straits of Malacca. To promote maritime trade, from early October, Shipping Corporation of India started

on a trial basis, direct fortnightly shipping services from India's Eastern coast to Yangon, which would cut down shipping time by one third.

Air connectivity of the North East within India and with neighbouring countries needs to be revamped in view of the obvious benefits and commercial returns it holds. Thailand, Malaysia and Singapore are already operating several flights a week to many Indian cities. However the North East has not figured so far in the India-ASEAN aviation linkages. There is a standing offer from India to air carriers in ASEAN countries, to begin flights to 18 destinations in India's Tier II and Tier III cities including Guwahati.

With expedited modernization of Guwahati airport, it could easily become a major hub for air connectivity in the North East. It should also be complemented by building regional hubs in Agartala, Imphal and Dibrugarh. A recent proposal to develop no-frills airports is a welcome and timely initiative. Introducing charter flights, development of new airports and modernisation of existing ones will facilitate enhanced trade and investment, and tourism both within this region and with the South East Asian nations.

Incidentally the new airport in Kolkata was constructed by a joint venture with Ital-Thai Development Corporation, a Thai company. There is tremendous scope for cross-border investments and public private partnerships with both Indian and South East Asian Companies in infrastructure and connectivity projects in the North East. In addition to the government, international and multilateral financial institutions can play a critical role by supporting these projects.

For seamless connectivity across the border, there is a need to upgrade Land Customs Stations; addressing immigration, customs, phyto-sanitary facilities, permissions for transporters, and insurance issues all along our border especially with Myanmar. Many of these issues will be addressed through negotiations for the India-Myanmar-Thailand Transit Transport Agreement which began in September this year.

Tamu-Moreh crossing which is already a border trade post, can be developed further inland, with well-planned border clearance infrastructure at the Integrated Customs Post in Moreh. Moreh could emerge as the support centre for trade promotion activities through commodity exchanges, logistics servicing and warehousing facilities.

Along-with physical connectivity with South East Asia, it is important to promote mobility of people as well. We are already granting visa on arrival for tourists from seven ASEAN countries. To increase ease of doing business, we need to enhance mobility of our businessmen and professionals, by granting them long duration and multiple entry business visas.

Ladies and Gentlemen, linking the North East with the South Asian region requires a holistic and cross-sectoral approach, which takes into consideration the requirements of physical and soft infrastructure, strengthening connectivity, building entrepreneurial skills, and enhancing socio-cultural ties. This multi-sectoral agenda requires participation of several stakeholders, most notably the North Eastern States, the private sector, international financial institutions and many others.

I sincerely hope that the conference will provide an opportunity for fruitful discussions.