

REPORT

6TH CUTS INTERNATIONAL ANNIVERSARY LECTURE ON

‘INDIA’S ECONOMIC INTEGRATION WITH ASIA’ **BY SHRI SALMAN KHURSHID**

Date: 13th August 2013

Venue: Russian Centre, New Delhi.

Background

CUTS International to mark its 30th Anniversary is organising a series of lectures around the world, including India, with eminent friends on topics of interest to CUTS’s work agenda.

In this series, the 6th leadership lecture was delivered by Shri Salman Khurshid, Minister for External Affairs, India. The theme of the lecture was “*India’s Economic Integration with Asia*”.

The event was chaired by Dr. Abhishek Manu Singhvi, MP, Dr. Ajay Chhibber, Director General, Independent Evaluation Office, Government of India & former Assistant Secretary General, United Nations and Dr. Rajiv Kumar, Senior Fellow, Centre for Policy Research.

The event started with a 10 minutes documentary: 30 Years of Social Change showcasing the journey of CUTS through 30 glorious years and CUTS’ endeavours which was enthusiastically received by one and all.

Welcome Speech by Mr. Pradeep S. Mehta

The discussion commenced with Mr. Pradeep Mehta, Secretary General, CUTS International welcoming all dignitaries on the dais and guests and congratulating the august gathering at the event.

He then invited the Minister for External Affairs, Shri Salman Khurshid to deliver his lecture.

Lecture by Shri Salman Khurshid

At the outset, Shri Khurshid congratulated Mr. Mehta for the commendable work done by CUTS and welcomed other dignitaries sitting on the dais.

He began by highlighting the different perceptions one has for India’s integration with Asia. He elucidated that there are three circles of integration:

- (i) a circle within the country itself in our approach towards facing external challenges
- (ii) a larger circle with neighbours sharing a common destiny, such as the SAARC
- (iii) the largest circle with our distant neighbours such as China, Iran, Afghanistan, Iraq and others.

In this regard, he also mentioned that India is beginning to explore the other unexplored opportunities in the Pacific and the Indo-Pacific regions as these are geographically much different being based on water connectivity, while others only on land. He emphasized that this concentric circle is substantively unique and gives India a pivotal role in terms of

physical attributes, which calls for leadership responsibilities especially in the SAARC region. But for this, India has to ensure that it follows the principle of giving more than what it takes, because if it takes more, it demands more and in this vicious circle, the entire idea of SAARC gets demolished.

He further spoke about the integration with South-East Asia, Australia, Africa and the Gulf region and said that even their contributions for India are very significant but cannot be at the pivot, because the stepping stone or the pivot should be India itself and all others only aides to its growth. Very aptly, he remarked that our own contributions and efforts to integrate with the world will make India reach its pinnacle. Talking about connecting with the West and East, he asserted that if we ourselves do not build a road, we will not have a road connecting the West-East. Likewise, if we do not assure our goodwill with Pakistan, our dream of nullifying hostility between the two neighbours shall always remain a distant dream.

The Minister highlighted India's efforts in integrating more closely with Asia such as the TAPI Pipeline project connecting Central Asia- the trilateral highway project connecting India with Malaysia and Thailand and the Car Rally project which require well equipped roads, high standards of science and technology, expeditious transfer and transit systems etc. However, he insisted that above all we need conceptual, emotional and intellectual links to be built much more strongly than the above stated physical links which automatically follow the former.

The Minister spoke about the sense of recoil amongst us and about how we have since ancient times been clutched by the traditional way of thinking which has held us back and prevents us from thinking 'out of the box', which is the need of the hour. He accentuated that we have a tendency to quickly get inside the box for safety and comfort whereas we should not have any box at all to run back to. The Minister chaffed away by stating that in India, unscrupulous politicians do try to destroy the box, but, unfortunately, the wrong one!

Further, the Minister laboured the point of India's integration with China, our strongest competitor. He elaborated that our engagement with China demands that we speak with strength, effectiveness, confidence, faith and belief in a manner that China develops an appetite to reach to us. Our engagement with China should be such that before it approaches other countries such as GCC, it is reminded of its shoots with India, those that India had planted years ago, which had withered away with time. He affirmed that India only needs to nurture those shoots and that can only happen with our integration with the three circles and then China. He articulated the importance of a cognitive and accommodative communication with China where India hears what China has to say, without any hostility and unhealthy competition, as there is no rationale behind non-cooperation between the two countries. He remarked that there will be a day when both ancient civilizations will work hand in glove to let a larger picture of Asia to emerge globally, without surrendering our domestic needs.

The Minister acknowledged that for Indo-Asian integration, good relations with China are of utmost importance as there is much to learn from and teach China. Therefore, he stressed that we should repudiate questions which doubt our approach towards China because we do not wish to contain and curtail China in process of engaging with it, rather we believe in a much healthier integration. He finally remarked that India and China have a common destiny and destination.

Talking of India's relationship with Turkey, the External Affairs Minister highlighted that because of its physical attributes Turkey is often understood as a part of Asia also and elucidated our ancient relationship with Turkey. He asserted that most countries understand us including Europe, Hungary, South-East Asia and now also Turkey.

The Minister conclusively stated that we have to be integrated historically, physically, politically and philosophically. He opined that if this is done, we shall prove to be successful in fulfilling our responsibility towards Asia. He also asserted the fact that India has achieved this in the past but then had to face a decline.

He ended his note by beautifully explaining that one should not lose hope and never succumb to difficulties and challenges because after every night follows a bright day. *"There is nothing more beautiful to know that there is a certain dawn tomorrow"*.

Comments by Dr. Ajay Chibber and Dr. Rajiv Kumar

Dr. Chibber began by mentioning about his long association with Mr. Mehta, Mr. Salman Khurshid his senior at St. Stephen's College, Delhi University and Dr. Rajiv Kumar.

To begin with he acknowledged the relationship of India with Turkey and the long forgotten past that the two economies shared and acceded to the remarks made by the Minister on the same. Adding to that he spoke about his encounter with the Turkish people while he served as the World Bank representative in Turkey and lived there for 6 years. He further went on to quote his experiences in Vietnam and the proposal to place a statue of Mrs. Indira Gandhi as India was the only country to offer food help to Vietnam, just after their war.

Expressing his views on India's integration with Asia he stated that if the two track approach for such integration is handled with care and a balance is maintained, the 21st century like the 19th century will again be the Asian century with Asia contributing 60-70 per cent to the global economy. For the same, he mentioned that India should integrate within Asia and be a contributor to its growth.

Dr. Chhibber also stressed the need to clarify our vision for such engagement and avoid conflicts thereby improving institutional growth in India. Lastly, he punctuated the role of Myanmar as a connecting bridge between India and China and the potential growth possibilities for India in that region. He underlined the importance of growth and development in Myanmar, which can affect much of Asia.

Following the speech by Dr. Chibber, Dr. Rajiv Kumar emphasised that with our neighbours, we should speak about cooperation and not integration. At the same timer India should focus on its foreign policy so that it can foster cooperation globally. He explained it by saying that *"India should lead by power of its example to be successful"*.

In this respect, he also expressed his opinion that India should maintain its identity, involve political leadership and include its neighbouring states for closer cooperation. He underlined that in this process India's national interests should not be sacrificed and therefore, we should identify and articulate our own interests first before understanding the others'. With reference to this he also stated that Asia is large enough to accommodate India and China and that time is not very far away when there will be openness, but for the same to happen we have to build our own infrastructure, technology and all other growth catalysts.

Comments by the Chair

Dr. Abhishek Manu Singhvi, who came a bit late due to other urgent preoccupations, began on a very positive note by acknowledging the existing difficulties but also pointing out to the potential future for regional cooperation. On a lighter note, he said that one can say the above looking at the array of acronyms we have in the field of regional cooperation such as SAFTA, SAARC, ASEAN etc.

He stated that while a common market for Asia is our dream, there are several components of that dream, the first being economic integration with South Asia and the need to leverage our legacy bonds with it. He affirmed that India is on the right direction for integration but we need to deepen and widen that further. In his view, if this is achieved then even if India does not have close integration with Pakistan, the latter will be forced to be a part of the big integrated circle.

He expressed a concern that if we look at the statistics and figures, we are following the “Look West” policy rather than the one that we have adopted to “Look East”. He stressed that although the rates of growth in the west are declining per day, they are still more vital than the ones in the east. He mentioned that we strongly need to overcome a trust deficit with China as bad politics should not trample good economics.

Lastly, Dr. Singhvi after mentioning the factors which India can look at for its communication with the east, concluded by stating that the future lies with integration and not segregation. We should affirm our “Look East” policy and improve innovation, research and development while eradicating poverty and inequality from our country.

To conclude the panel discussion, Mr. Mehta remarked that efforts should be made by the government to make our manufacturing sector more cost effective. On the issue of South Asia and India, he quoted a former ambassador of Nepal: Bekh Bahadur Thapa, “India should act as elder brother and not a big brother” in the region.

Floor Discussion

Pursuant to the panel discussion, the floor witnessed a rich interaction between the panellists and the participants.

The questions raised were varied ranging from India’s integration with Africa, Indo-Chinese relationship and scope of exploration in the South China Sea, South Asian network, steps being taken for the domestic players and integration with South East Asia.

The views taken by the panellists on Africa were concurrent that there is a large presence of India in Africa such as the Pan Africa Network etc. but a separate platform is required for that discussion. Dr. Singhvi also urged CUTS to organize a separate event on India’s integration with Africa. Mr. Mehta informed Dr. Singhvi and the audience that CUTS, which has its own centres in Africa at Lusaka and Nairobi since the year 2000, is working on the same and lectures will be organised on the theme of regional integration in Nairobi and Accra in August. He also mentioned that CUTS 3rd centre in Africa will be opened by the Foreign Minister of Ghana: Hanna Tetteh on 26th August.

Shri Khurshid emphasized that we need much more domestic integration but for that we need a lot of brainstorming. Also, our political system should be more responsible and we should negotiate for a Representational electoral system, which would help our democracy hugely. Otherwise in the first-past-the-post system many small players get elected who do not necessarily have a national view.

On the question of joint exploration with China, he said that there are multiple future possibilities but not in the near future. Integration with China in the upcoming years is inevitable for India.

On the issue of Competition Policy cooperation with other Asian countries, the Minister answered that once the Foreign Trade Agreements are in place, the next big thing for India will be the issue of Competition as we are still building the ground for it within our own country.

Lastly, Mr. Mehta highlighted the need for effective implementation of Article 307 of the Constitution of India about economic integration within India and expressed hope and expectation to continue working towards economic integration with Asia and Africa. We need a Free Trade agreement with India!

He stated that India is a *sui generis* country. We have different dynamics not comparable to any other regional cooperation arrangement. He further elucidated that India is the largest country in South Asia and thus we have to find our own solutions for border conflicts and domestic politics.

He reiterated Shri Khurshid's views on closer cooperation with Africa and mentioned the efforts made by CUTS International for closer integration between India and Africa. He also advocated for a proportional representation system and a Presidential system of governance in India, just like Sri Lanka and South Korea which have moved from a parliamentary to a presidential model of government. While concluding he stressed upon the importance of breaking down the internal barriers.