

INDIA AND THAILAND: PERSPECTIVES ON BILATERAL STRATEGY AND ECONOMIC COOPERATION

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Abstract

It is only natural that two countries that have long history and rich cultural heritages would have established linkages dating back centuries ago; this is certainly the case with India and Thailand. More importantly, the two countries have not only maintained these age-old links but also translated them into a strong and prolific partnership on the global stage across a wide variety of policy matters. The links between India and Thailand can be traced back to almost 2,000 years, when under the orders of King Asoka of India, Buddhist pilgrims travelled to Suvarnabhumi, the golden land, of which Thailand was a part, to disseminate the teachings of the Buddha. Since then, Thailand and India have developed a deep and abiding connection, which reflects, even after all these years, in their cultural, religious and linguistic similarities.

Keywords: India, Thailand, bilateral strategy, economic co-operation

One of the strongest links between the two countries is that forged by Buddhism. Nearly 95% of Thailand's population aligns itself with the teachings of Theravada Buddhism. Even though the number of Buddhists in India is significantly lower, as the land where he achieved enlightenment, India leaves an indelible impression on Thailand and its people. Since the language associated with Theravada Buddhism is Pali, a Middle Indo-Aryan language, derived from dialects of Vedic Sanskrit, also known as Prakrit. By tradition, this is the language of religion in Thailand. Scriptures are recorded in Pali, and despite the fact that most Thai's do not understand Pali; it is also used in religious liturgy. Justifiably, over the years, aspects of 'high' Pali have trickled down into the vernacular, and today a number of words in Thai can be identified as having a Sanskrit or Pali root, thereby creating linguistic links between Thailand and two great cultures.

During the past twenty years or so, India and Thailand have seen their relationship blossom. The interactions between the two countries have expanded from a cultural and economic relationship to significant interactions on security, defence as well as the establishment of a free trade area.

The 1990s can be seen as the 'golden age' of intensified India-Thai relations. In 1996 Thailand initiated the 'Look West' Policy aimed at exploring new markets, energy source and new investments flows. Given Thailand's central location in Southeast Asia and its position as a regional hub, this policy serves to strengthen the region's partnership with South Asia and beyond. Thailand is an important ASEAN power and also a vibrant economy. As maritime neighbours, both India and Thailand face common security threats from emerging non-

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traditional challenges such as terrorism, security of sea lanes of communication and piracy and it is only in the fitness of things that the two sides are expanding their cooperation in this regard. Both India and Thailand are in a position to play a key role in shaping the future of Asia. Thailand's 'Look West' policy is the perfect complement to India's 'Look East' policy which has been instrumental in promoting bilateral relations between the two countries as well as in strengthening India's relationship with the region in general. India's economic liberation followed by its 'Look East' policy of 1993 was complemented by Thailand's 'Look West' policy of 1996.

The countries celebrated 65 years of diplomatic relations in 2012 and an examination of the latest figures for trade, economic and tourist traffic show economic and trade ties between the two countries are more than steadily growing. Bilateral relations have been further strengthened by ties with regional groups linking South and South-east Asia; the ASEAN, East Asia Summit (EAS) and BIMSTEC as also the Mekong Ganga Cooperation (MGC) and Asia Cooperation Dialogue (ACD) are prominent among them.

India-Thailand Free Trade Agreement

On 9th October 2003, India and Thailand signed a Framework Agreement for establishing an India-Thailand Free Trade Area (FTA). The Agreement envisages negotiation for establishing an India-Thailand FTA with a view to strengthening and enhancing liberalization of trade through progressive elimination of tariffs, progressive liberalization of trade in services, establishment of an open and competitive investment regime etc. With a view to accelerating the realization of benefits from this Agreement, pending negotiations towards the comprehensive FTA, India and Thailand implemented an Early Harvest Scheme (EHS) comprising 82 items of mutual interest for which both sides have undertaken tariff concessions during 2004-2006 in a phased manner.

The negotiations for the India –Thailand Free Trade Agreement are underway and both sides have agreed to conclude a Comprehensive Free Trade Agreement including Trade in Goods, Services, Investment and Economic Cooperation as a single undertaking by May, 2012. Second Protocol has been signed on 25.01.2012 to amend Framework Agreement for establishing Free Trade Area between India and Thailand for (i) inclusion of compression-type combined refrigerator-freezers, fitted with separate external doors, household type in the list of Early Harvest Scheme EHS) items and to eliminate tariff, simultaneously by both sides, on this item with effect from the date of implementation of this protocol and (ii) to amend Interim Rules of Origin for incorporating a clause of Third Party Invoicing.

Infrastructure

Infrastructure is an area of high priority for India as the country, along with international partners, is developing its road network, airports, ports, railways and power grids. Over one trillion US dollars would be spent in the infrastructure sector in next five years alone. The growing India-Thailand trade relations are set to reach next level as India anticipates more and more Thai companies making investments in India in several profitable fields. The challenge of overcoming the bottle neck of infrastructure deficiencies is being turned into a great business opportunity. India looks forward to Thai investment in the agro-processing sector to curb post-harvest wastage, which is unacceptably high (30-35% of total produce). Thai investors with their strengths in food processing would be welcome in developing cold-chains, ware houses etc. 100% FDI is allowed in this sector. India expects investments of US\$ 200 billion in this sector and growth of 20% in the next five years.

India and Thailand have injected a new vigor into their bilateral trade. They multiplied their bilateral trade volume six times in the first decade of the 21st century. The current bilateral trade figure of \$ 7.5 billion is set to double by 2015. The Dawei port project would provide a shorter shipping route and would help India get a quicker access to South East Asian markets as India has signed a Free Trade Agreement with the Association of South East Asian Nations (ASEAN).

India-Thailand Trade & Commerce

India and Thailand launched their bilateral and regional FTA talks in 2003 and the Early Harvest Scheme has already led to an upsurge in bilateral trade. Trade between India and Thailand grew from USD 4.7 billion in 2007 to USD 8.2 billion in 2011 and the proposed Indo-Thai bilateral FTA is set to double the bilateral trade volume to USD 14 billion. Both countries treasure shared historical and cultural linkages and are actively furthering the cause of strategic economic partnership building with socio-cultural diplomacy. India's 'Look East' policy and Thailand's Look West policy compliment and reinforce each other with a view to broaden economic cooperation.

During the January 2012 state visit of Thai Premier Ms. Yingluck Shinawatra to India, India and Thailand has signed the Second Protocol To Amend the Framework Agreement, which would enable third country invoicing for gear boxes made in India, and two-door refrigerators would be added to the list of products traded under the Early Harvest Scheme launched under bilateral FTA. This would help boost Indian exports to Thailand, as well as the bilateral trade.

The Indian export basket to Thailand mostly comprises gem and jewellery, metal ores, chemicals, machinery, vegetables, electrical household appliances and pharmaceutical products. Major imports include chemicals, polymers of ethylene, auto components, rubber, iron and steel. For Thailand Tourism is major

revenue grosser with a projected 10 lakh Indian tourist footfall scheduled for 2012. Amount of Foreign Direct Investment Inflows into India from Thailand from April 2000 to January 2012 was Rs crore 426.99 or USD Million 94.76, which as a percentage of total FDI Inflows was 0.06. India and Thailand have already worked together in regional forums like the East Asia Summit, ASEAN, the ASEAN Regional Forum, BIMSTEC and the Mekong Ganga Cooperation initiative reflecting the strategic partnership in bilateral relations.

India looks forward to Thai investment in its agro-processing sector to curb post-harvest wastage. The Dawei port project is set to provide a shorter shipping route and lower transaction costs for the India ASEAN trade, including India's bilateral trade with Thailand.

Table 1**India-Thailand Bilateral Trade 2007-2021 (till April) (USD Million)**

Year	Export	Import	Total Trade
2007-08	1,810.87	2,300.93	4,111.80
2008-09	1,938.31	2,703.82	4,642.14
2009-10	1,740.16	2,931.52	4,671.68
2010-11	2,792.80	4,272.09	7,064.90
2015-16	5.15	2.57	7.72
2016-17	6.49	3.90	10.39
2017-18	7.60	4.86	12.46
2018-19	7.30	4.82	12.12
2019- 20	5.48	4.28	9.76
2020-21 (till April)	2.65	2.19	4.84

Source: Ministry of Commerce & Industry, GoI

The ICC, which is headquartered in Kolkata, and has a focused North-East India initiative, believes the East and the North-East can play a significant role in enhancing India –South-East Asia business co-operation because of their proximity to South-East Asian markets, and the various mutual synergies, which are already present.

Economic and Commercial Partnership

Economic and commercial linkages form an important aspect of India's partnership with Thailand. The past few years have seen a rapid growth with the value of imports from Thailand and exports from India almost doubling from 2007 to 2012. Overall growth in total bilateral trade has grown steadily with 2012 registering the highest rate of growth (32.33% over 2011) and total value at US\$8.3 billion.

For the long term, Chanchai Charanvatnakit, the Consul-General of Thailand in India had said at a Thailand Trade Show in Chennai in 2011 that both countries have put a great deal of effort in forging a 'vibrant bilateral trade relationship.' Both countries are aiming for US\$14 billion in trade by 2014. Bilateral trade for the financial year 2011 was around US\$8.19 billion. Investment by Indian and Thai companies in each others' countries is growing. Indian Foreign Direct Investment in Thailand is estimated to be around US\$2 billion since 1970s. Approved Indian investment from Jan-Nov, 2011 is around US\$56 million. Thailand has invested US\$90.55 million in India (April 2000-Sep 2011) according to the Department of Investment Policy Promotion of Government of India.

The major Indian groups doing business in Thailand include: Tata Group (automobiles, steel, software), Aditya Birla Group (chemicals, textiles), IndoRama Group (chemicals), Ranbaxy*, Dabur, Lupin (pharmaceuticals), Bharti Airtel, NIIT, Punj-Lloyd, Kirloskar, Mahindra-Satyam, etc, reflecting the diverse sectors of interest. Among public sector companies, Indian Overseas Bank, Bank of Baroda, Air India, New India Assurance etc. are present.

Leading Thai companies in the fields of agro-processing, infrastructure, automotive, India-Thailand Moving On – 11 engineering, banking, housing and hospitality have active and growing business presence in India. Major Thai companies active in India are CP Aquaculture (India) Ltd., Ital Thai Development Pcl., Krung Thai Bank Pcl., Charoen Pokphand (India) Private Limited, Stanley Electric Engineering India Pvt. Ltd., Thai Summit Neel Auto Pvt. Ltd., Thai Airways International Pcl., Precious Shipping (PSL) of Thailand, Preuksa Real Estate, Dusit and Amarigroup of Hotels.

Tourism and Connectivity

Air connectivity between India and Thailand is growing with nearly 150 flights per week, reflecting a rapidly growing passenger traffic between the two countries. Bangkok is connected by air to nine Indian destinations. India and Thailand are co-operating closely on improving regional connectivity through initiatives such as India-Myanmar-Thailand trilateral highway, Asian Highway Network (under UNESCAP) and BTILS under BIMSTEC framework. About 790,000 Indian tourists visited Thailand in 2010, making India one of the fastest growing markets for Thailand for inbound tourism. In 2011, the number was about 8,30,000 for Jan to Nov (some slowdown in the later part of the year was due to floods in Thailand).

The Tourism Authority of Thailand (TAT) forecasts that the number of Indian visitors will exceed one million. The number of Thai tourists to India is around 45,000 (mainly to Buddhist pilgrimage sites)

Thailand places strong importance on its relationship with India. As observed, trade and investment between the two countries are on the increase even though the Thai-India FTA is not working properly. This is coupled with the increase in the number of visitors from both countries.

Thailand has a clearly defined strategy to enhance its connectivity with India even though infrastructure links are still limited. Thailand is currently at the crossroads as from a Thai perspective the “official” priority is on the development of Pak Bara port on the Andaman Sea while a Thai private company has obtained a concession to develop

Dawei port in Myanmar to act as a gateway with India, the Middle East and Europe. From a national security perspective, it is preferable for Thailand to focus its infrastructure development on Pak Bara as the location is in the country and not subject to external factors. However, if a regional perspective is taken, the option to develop Dawei port seems to be more interesting as it offers a shorter access route to the Andaman Sea for businesses located in Thailand Eastern seaboard. Since the development of Dawei is subject to private investment, it is possible to have both ports developed. Potential port competition on the Andaman may provide the impetus for enhanced logistics services that will support trade and investment connectivity along the Mekong-India Economic Corridor. However, it remains to be seen if the Thai concessionaire will be able to raise enough funds to pursue the very ambitious Dawei port development project. Infrastructure connectivity within Thailand and up to the border with Myanmar is not an issue. The challenge is more in the infrastructure connectivity from the border to Dawei.

Contemporary Situation

In the post cold war and post September 11 context international relations are being redefined and a new politico-security-economic international architecture is evolving and emerging. Even in a uni-polar world, new centres of power, partnerships and alliances are being forged and old ones reevaluated and reshaped. In a manner of speaking the world is coming to grips with and is trying to cope with new challenges and opportunities – strategic, security, political, social, ecological, economic and commercial. At a time when national, sub-regional, regional and international equations are rapidly changing and new perspectives and imperatives are emerging, countries with age-old multi-faceted and time-tested relationships like India and Thailand need to reflect on their bilateral, sub-regional and regional interface and take steps to contemporise their ancient relationship and give it a new relevance, meaning, definition and even identity of purpose.

The time had come for the two great neighbours, India and Thailand, to catapult their somewhat low content and low intensity relationship into a meaningful, mutually beneficial and a sustaining partnership based

on our respective national, sub-regional, regional and international imperatives and the new post cold-war convergences that make India and Thailand indispensable partners. There were new opportunities and the climate was much more propitious. First, the post cold-war strategic and security landscape has dramatically altered the perspectives of countries and regions, including India and Thailand. Today, Russia (erstwhile Soviet Union) and the United States are no longer adversaries casting the shadow of their rivalry over South-East-Asia and elsewhere; the US, the sole super power, has emerged as the pivot of this new global and regional architecture; the cold-war military alliances have become largely irrelevant; Europe is reshaping its relations with its Eastern neighbours as also with its NATO allies; the non-aligned movement has all but withered away; China has emerged as a major factor on the international scene, particularly in the Asia-Pacific; Japan seems to be in search of a new and enlarged role in the Asia-Pacific; India is emerging as a regional and global player with over-arching relationships; ASEAN [The Association of South-East-Asian Nations], an economic miracle of the 1990s, is also facing new challenges and new opportunities beckon it. Where do India and Thailand fit in here? Both India and Thailand need an uninterrupted period of peace in a secure and stable politico-strategic-economic environment. The economic growth and social stability of our two countries is contingent upon this. The Indian Ocean and the Bay of Bengal space, our common maritime boundaries and sea-lanes and the common neighbour we both have, Myanmar, are factors that cannot be ignored in our strategic and security calculus. India and Thailand have a common interest and a role to play in ensuring and maintaining peace, prosperity and stability in this region. In the larger Asia – Pacific regional context, we both, as major trading entities and importers of oil and energy, need to work together to ensure the safety and freedom of the sea-lanes passing through the Indian Ocean and South-East-Asia. Energy security is a major concern for both as both countries depend heavily on oil imports. Since our political stability, security and economic well-being are firmly anchored in the Asia-Pacific and in the Gulf to India's west, we have a deep and abiding common interest in peace and stability in this larger region as well. Our foreign, security and defence policies cannot be oblivious to the fact that our extended neighbourhood remains an area of tension and rivalry and, therefore, of crucial importance for our own peace, security and development. Central Asia should be seen as a part of our extended neighbourhood just as the Asia-Pacific is. Therefore, for example, recent events in Indonesia, East-Timor, Afghanistan, Fiji, the Gulf and West Asia, Pakistan, Iraq and elsewhere in our common extended neighbourhood are matters of common concern to us and call for a common and coordinated approach/policy, where possible. The Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) and its space is also of common interest to India and Thailand. It is noteworthy that in the post cold-war era, India is emerging as a major regional and global player with extremely supportive cooperation arrangements with the United States, Europe and Russia. India's relations with China have also improved considerably and both countries are cooperating in significant new areas, including in the Asia-Pacific. India's pivotal role in the Indian Ocean region

and South-East-Asia has been enlarged in recent years and India is now helping to safeguard the security of the Indian Ocean area, particularly the sea-lanes, and the sea-lane arteries of South-East-Asia. India now is also one of the nuclear weapon powers of the region and has a stake in preserving peace and stability of its neighbourhood. In this context, the vastly improved relations between India and China augur well for regional and international peace. It must also be remembered that India is a major politico-economic-military power with over-arching interest in the peace and stability of the larger region. India's growing economic, military and technological clout is bound to become a major factor for peace in our extended neighbourhood. While India does not wish to be seen as a counterpoise to China in South-East-Asia, India's growing strength †military and economic is also in South-East-Asia's interest and is necessary for peace and stability in Asia. Thailand is one of the fastest growing economies of the world and is a strategically important partner in a fluid neighbourhood. It is a pluralistic multi-ethnic and multi-religious democracy which faces challenges, domestic and external, similar to India's. India and Thailand, therefore, need to exchange views and cooperate in the shaping of this new emerging architecture in our region. India's strength should be seen as minimizing the vulnerabilities of South-East-Asia, particularly as India has no hegemonistic designs or a vested agenda in this friendly region. That is the essence of our evolving strategic partnership and the crucial importance of India-Thailand relations.

Second, both India and Thailand have a deep and enduring interest in containing the effects of the rapid 'nuclearisation' and the easy availability, transfer and possible use of weapons of mass destruction, (WMD) particularly in our extended neighbourhood. While Thailand and ASEAN have espoused the policy to declare South-East-Asia as a nuclear weapons free zone (SEANFZ) - and India supports this policy - for India, the perspective has been conditioned by the fact that India without minimum nuclear deterrence is 'defenseless' against her two immediate nuclear weapons possessing neighbours, China and Pakistan, though there is no cause for any immediate threat. India, however, is committed to a policy of no first use and never to be the first country to use nuclear weapons. India will also abjure the use of nuclear weapons on non-nuclear States. India has also declared a voluntary moratorium on further nuclear weapons testing. The commitment of India and Thailand to eliminate all nuclear and other weapons of mass destruction globally can be a useful starting point for an international agreement that is both binding and transparent. The same could be applied to other weapons of mass destruction including chemical and biological weapons. The important point is that in our view no country is immune or secure from nuclear and weapons of mass destruction and the missiles and the delivery systems carrying them and hence the only foolproof solution is to totally, globally and verifiably eradicate these from the arsenals of nations possessing them. The real possibility of acquisition of such dangerous weapons and technology by terrorists, criminals and non-state entities is a major concern for both India and Thailand. The clandestine acquisition of nuclear and other WMDs and missiles by some countries in our region and the transfer of these illegally to others including States and perhaps even non-State elements is fraught with dangerous

implications which the world is now coming to grips with. India and Thailand with their shared civilisational legacy of peace and non-violence have a responsibility to give a positive push to this process of total elimination of WMDs in a transparent, just and equitable manner. This has to be a part of our strategic partnership.

Third, India's "Look East Policy", initially, was mainly premised on foreign policy and economic considerations and the contours of this policy did not include the domestic concerns with international implications for India, Myanmar and Thailand. For example, the complex problems in India's North East and in the Andaman Sea have trans-national dimensions. To address these issues purposefully, India, Thailand and Myanmar will need to engage in a comprehensive and regular dialogue and evolve a coordinated policy. International boundaries in such sensitive regions should not prevent trans-national cooperation. In fact, such cooperation is necessary. Whether it is combating terrorism, crime, drugs and their nexus with crime, money laundering, trafficking in arms and humans and in other areas with trans-national implications, cooperation is indispensable to find solutions and to curb these dangerous threats. The same is true of securing the Bay of Bengal space against poachers, pirates and criminal elements. India can provide the leadership but the other concerned countries will need to extend cooperation. It is noteworthy that our External Affairs Minister drew attention to this new aspect of our "Look East Policy" which he felt should encompass such issues; likewise, the concerns of Thailand and Myanmar will also need to be addressed, where necessary jointly.

Fourth, Thailand and South-East-Asia are home to large overseas communities who have, by and large, integrated well with the host communities. But South-East-Asia in the past has been vulnerable to pressures and even destabilization from external sources. In the early 1960s, the countries of South-East-Asia feared Communist insurgencies and China's unclear role and agenda; external factors have always and even today continue to remain as an undercurrent in the security calculus of these countries. For Thailand and India developments in Myanmar and in neighbouring Indo-China, Indonesia, the Philippines, Malaysia and even in South China have always been factors in their security calculations. India is an integral part of this sub-region and any long term and permanent solution of the problems involved would have to involve India as well. India and ASEAN, both diverse and democratic polities, therefore, have a common stake in evolving coordinated policies and approaches in this regard. Happily, the ongoing strategic dialogue between India and Thailand is also addressing these issues purposefully.

Fifth, although, India and Thailand have for some time been victims of domestic and externally fomented terrorism and destabilization, the events of September 11 and more recent developments in India and Thailand and elsewhere have brought into sharp focus the dangers of well organized and funded groups at times sponsored by states and supported by a network of global terrorist outfits having nexus with criminal and drug gangs. The

use of religious fanatics and fundamentalists by these terrorists and their sponsors has given a new dangerous dimension to terrorism. In the 70s and 80s, some countries had systematically created an infrastructure of fundamentalism and extremism in vulnerable pockets of sovereign countries. Mosques and Madarsas were used by these unscrupulous elements to create disorder and alienation. Minority situations, poverty and social backwardness were used as fertile ground to spread hatred and intolerance, in some situations resulting in an ugly backlash. In many countries, separatist movements espousing so-called self-determination and self-rule have been fuelled by these externally sponsored fundamentalist and terrorist elements. We are aware of the attempts to create disaffection and alienation in Southern Thailand, Malaysia, Southern Philippines, Myanmar and Indonesia. In India too problems were created and persist in the Punjab, Jammu and Kashmir and in the North-East of India. India and Thailand are partners in the international war against terrorism in all its manifestations. Since both our countries face this menace, we need to look at this new and serious challenge to our polities and societies in the bilateral, sub regional and regional context. Apart from combined efforts, we need to exchange views on the causes and manifestations of this growing menace to our countries. Has uneven economic development and unjust and imbalanced distribution of the fruits of growth aggravated this problem? If so, what lessons can we learn from each other? To what extent, external factors are at the root of this problem? If so, can India and Thailand evolve a common strategy to combat terrorism and religious fundamentalism? Both India and Thailand are pluralistic, multi-ethnic and multi-religious societies with a rich composite ethos. Can our liberal, tolerant and open social order survive the challenges posed by religious extremism and terrorism? What do countries do when they are confronted by state sponsored cross-border terrorism? Can international cooperation help solve this problem? The uncontrolled growth and entrenchment of forces of fundamentalism and terrorism, particularly in our region, pose a grave danger and challenge, which India and Thailand have to countenance and fight unitedly. A primary security threat of today is from these sources and is of a very complex evolving and new nature. Its sources are both within and outside. Destabilization and subversion have become instruments of state policy of some countries in our regions. India and Thailand as partners in the global coalition against terrorism also have a responsibility to further bilateral, global and regional instrumentalities to fight these forces through political and legal cooperation. There is scope for much greater and more comprehensive cooperation and dialogue.

Sixth, closely related to the issues of religious fundamentalism and terrorism are issues of drug and human trafficking, crime, including transnational crime, cyber crime, trafficking in counterfeit currency, international piracy, cross border networking of criminals and anti-social elements. Southeast Asia is a part of the largest opium-producing region of the world; India too is a close neighbour of Afghanistan and Pakistan's and is emerging as a major transit route of illegal drugs etc. The Mafia and the criminal elements that control drug trafficking and transnational crime have the capacity to cause grave damage and disruptions to our societies

and economy. Apart from international and regional efforts, India and Thailand will need to redouble cooperation, bilaterally and sub-regionally, to unitedly combat these elements. Many of the separatist groups operating in India sustain themselves through drug money and have a nexus with criminals. Some of these outfits, particularly from the North-East of India, have their operational bases in Thailand, Bangladesh and Myanmar. It is understood that many Myanmar groups and other terrorist organizations like the LTTE also have links in some countries. While India and Thailand have been cooperating in flushing out and apprehending these elements, more active and purposeful cooperation is needed between all the concerned countries.

Seventh, a reference was made earlier to the presence of the large Indian Diaspora in Thailand and other countries of South-East Asia. According to one estimate there could be up to a million or more persons of Indian origin and Indian citizens in ASEAN alone. While the Indian Diaspora in Thailand, as elsewhere, has made a very significant – often underestimated and unrecognized - contribution to their adopted country as also to developing relations between their adopted country and India, optimal use of this extremely significant shared asset has not yet been made by the host countries in South-East Asia and India. The Indian Diaspora in ASEAN has now come of age and is extensively involved in business, industry, professional areas and social sectors, but their full potential both in the domestic context and in building permanent bridges between ASEAN and India has not yet been realized. The Indian community of Thailand must become an integral and indispensable part of this process. The India Studies Centre at Thammasat University is a fine example of the Indian community of Thailand building over-arching and enduring links with the mainstream. This can only benefit the two countries. In trade, commerce, investments, joint ventures, technology transfer and other economic and social arenas the possibilities are immense. The two governments must evolve common programmes and policies to encourage the fuller participation of the Indian Diaspora in building enduring links between India and Thailand.

Eighth, the most significant and enduring convergence of interest is in the area of trade, technology and economic relations. Thailand and ASEAN are already significant partners of India's in trade and commerce. The two-way trade between India and ASEAN in 2005 had reached a figure of US dollars twelve billion approximately making ASEAN a major trade and investment partner of India's. There are also growing two-way investments. This, however, is only a fraction of what is possible. Thailand is a major partner of India's with relations growing very rapidly. Contrary to popular belief, our two economies are not necessarily competitive in every area; there are significant complementarities too. The basket of the exports and imports of our two countries demonstrates this very well. However, we need to look at future possibilities in trade and commerce in a new perspective. The coming five decades are likely to be decades of knowledge and intellectual capital. Whether it is information technology, biotechnology, oceanography or space, our two countries will

have to position themselves to derive maximum advantage in a rapidly changing and highly competitive business and trade environment. India is already a world leader in some of these areas and is likely to play a dominant role along with China in the Asia-Pacific. This is India's area of core competency; over fifty percent of India's GDP already comes from the services sector with the knowledge sector growing in strength. Thailand too is well endowed in some of these frontier areas. India and Thailand, in a sense, are natural partners in this new knowledge era. For this to happen, our two economies will need to create and build an infrastructure of sustained partnership, coordinate our approaches and policies in the World Trade Organization (WTO) and other fora, augment cooperation under the India-ASEAN dialogue, IOR-ARC and BIMST-EC, and create opportunities in third countries, particularly in our extended common neighbourhood. Cooperation in HRD and science and technology is indispensable for this. We need to identify and divide areas of our respective excellence and core competence and evolve institutional cooperation arrangements. The existing bilateral trade, likewise, needs to be augmented through a 'green channel' approach, preferential sourcing of imports and creating growth areas in each other's territories. Incidentally, this was one of the objectives of the India-ASEAN partnership and BIMST-EC of which both India and Thailand are founder members. While India and Thailand have modest investments in each other's countries, lack of awareness and information, restrictive laws and business practices, not to speak of an entrenched negative mindset, has dampened further large investments. Ideally, India and Thailand should treat each other as a common market or at least a free trade and investment area in which the movement of goods and services are smooth and without impediments or too much red tape. Hopefully, the India-Thailand FTA/CECA will give an added fillip to this process and will enable the full potential to be realized early. The Prime Minister's recent announcement of giving a push to the India – Thailand FTA – and India – ASEAN FTA - is welcome and should spur this stalled dialogue. This can happen alongside the larger BIMST-EC or Mekong – Ganga Economic Cooperation canvas. Like investments, technology and joint ventures based on each other's excellence, endowments and comparative advantage can prosper in a free trade area. The level of our investments is too meager to do justice to the enormous potential that exists. The 1997 currency and financial crisis in Thailand and some other countries of Southeast and East Asia hold important lessons for India and for the future. Cooperation in the area of financial services is an example. Quite clearly, there is scope to share experiences in regard to currency management, capital markets, financial services, banking, non-productive investments and regulatory mechanisms. India has 'globalised' cautiously and slowly as compared to Thailand. Both have faced problems in this regard. There is acute need for us to compare notes so that we may avoid the pitfalls of globalization and unrestricted and excessively rapid integration with the global economy. India could profit from the experience of Thailand, which has managed globalization with comparative ease and success. Thailand also has a longer and more intimate experience of dealing with foreign investments and privatization. Here again, India could profit from Thailand's experience.

Thailand has been practicing market driven economy for over three decades now. How did Thailand cope with the resulting social and economic challenges? Finally, both India and Thailand are founder members of WTO and the Bretten Woods Institutions. As one of the largest and fastest growing economies of the world, India offers unique cooperation possibilities for the mutual benefit of the two countries. Both countries will have to shed their old entrenched mindsets and evolve a new partnership based on our unique convergences and mutual interests.

Ninth, Thailand has rich and unique experience in the development, maintenance, and modernization and up gradation of infrastructure, particularly roads, airports, ports, power, telecommunications and communications. Thailand has excelled in the social and services sectors, particularly in sectors such as health care, population control and welfare, primary education, hospitality, tourism, ecological management and poverty alleviation. Thailand's experience in managing a pluralistic, diverse and heterogeneous society is also noteworthy. There is much that India can learn from Thailand in these and other areas. There is a strong common interest in promoting sub-regional, regional and international tourism in the Bay of Bengal space, the Buddhist tourist circuits and in showcasing our cultural and historical places that are very similar. HRD (Human Resource Development), education, science and technology, information technology, biotechnology etc. are also areas in which the two countries have a common interest. India is well placed to share her experience and indigenously developed expertise in some of these areas. Students and scholars from the two regions could form an important bridge and can become a shared asset. Culture and our age-old civilisational common heritage are the inspiration and the bedrock of our contemporary relations.

Finally, India-Thailand convergences and shared interests also extend, in the contemporary context, to the sub-regional and regional canvas. In pursuance of India's look east policy, India became a sectoral dialogue partner of ASEAN in 1993 and a full dialogue partner in 1995. Today India and Thailand have far reaching cooperation arrangements as dialogue partners. Our dialogue has now been upgraded and institutionalized enabling India and Thailand to exchange views at the highest level. The areas of cooperation include trade and commerce, science and technology including information technology, HRD, tourism, investments and joint ventures and exchange of information and experiences on global and regional economic issues, financial issues, terrorism and narcotics and on issues of a macro and sub-regional nature. Both India and Thailand are committed to expanding people-people links in all areas drawing inspiration from our age-old links. India is also a member since 1996 of the ASEAN Regional Forum (ARF). Under the aegis of this Forum, India participates in activities ranging from regional confidence building measures, preventive diplomacy and conflict management, security of the sea-lanes, piracy, natural disasters, disarmament related issues, terrorism and trans-national crime to strategic and security issues affecting the region or the members of ARF. India and Thailand as member of ARF

have constructively cooperated on various issues. At the track-II level, both India and Thailand are members of the Council For Security Cooperation in the Asia –Pacific [CSCAP] and other bodies. This regional and sub-regional super structure reinforces the bilateral arrangements we have evolved to exchange views with each other on issues of the moment. Although, India is not a member of the Asia-Pacific Economic Community (APEC), there is no doubt that India’s participation in such fora is a matter of time as without India these organizations are meaningless. Thailand and India could usefully cooperate in these regional arrangements as well. The East Asia Summit mechanism offers an opportunity to create a pan-Asian platform at the summit level to address common issues on the Asia-pacific canvas. Likewise, the Asia-Europe Summit Meetings (ASEM) is also a useful forum in which India and Thailand could coordinate their perspectives on issues concerning Asia and Europe.

At the sub-regional level, India, Thailand and Myanmar are founding members of the Bangladesh – India – Myanmar – Sri Lanka and Thailand - and now Nepal and Bhutan - (BIMST-EC) Economic Cooperation Forum. This forum is unique because it includes five SAARC and two ASEAN member countries bordering the Bay of Bengal and India. There is scope for transforming this region into a free trade area, or even a common market. Proposals such as development of tourism, creation of common infrastructure and common projects such as an airline to serve the region have been under discussion although not much progress has been achieved. Another sub-regional proposal mooted five years ago relates to the Mekong – Ganga Economic Cooperation linking five ASEAN countries (Thailand, Myanmar, Cambodia, Vietnam and Laos) to India. This is still in a very preliminary stage but the possibilities for mutually beneficial cooperation are evident. India and Thailand have also discussed other sub-regional cooperation arrangements including triangular and quadrangular growth areas. India and Thailand are Indian Ocean littoral states and have an interest in promoting and operationalising the stalled Indian Ocean Rim Cooperation Grouping (IOR-ARC). There is much at the regional and sub-regional levels that India and Thailand can do to optimize their synergies and convergences of interests.

India and Thailand, even in the contemporary context, and notwithstanding their present low level of bilateral relationship are natural partners with strong and abiding shared bonds of history, geography, strategic interests, economic and commercial inter dependence and a common stake in maintaining and preserving our unique culture and way of life. There are, however, many impediments to be overcome. First and foremost, both India and Thailand had developed, particularly during the cold-war period and in the colonial era, mindsets, which often mitigated against looking at each other with greater empathy and understanding. Our respective perceptions on many issues differ. While India did not always find ASEAN supportive of her core concerns, ASEAN too has had similar complaints about India. There are influential groups in some ASEAN countries, which have entrenched perceptions of India as a poor, backward, under developed country with overwhelming

domestic and regional tensions whose future is hopeless. India's close links with the erstwhile Soviet Union during the cold-war years and its fall out on South-East-Asia was seen to be a negative factor inhibiting closer relations. They, therefore, preferred to look eastwards towards the Pacific rather than towards India. Some ASEAN countries' membership of western military alliances and India's policy of non-alignment reflected the cold-war period imperatives of the two countries. As pointed out, India's close relations with the erstwhile Soviet Union and indifferent relations with the West, particularly the US, were also factors in keeping the two countries far apart. China's shadow too loomed large and was a factor in the negative perception of India. The changing ethnic and social fabric of South-East-Asian societies, at times, obscures the age-old civilisational links between our two regions. Indeed, many Indian leaders, scholars and opinion makers may have made the mistake of overstating this age old cultural bond, particularly in the contemporary context. In so far as India is concerned, we woke up too late in recognizing the importance and indispensability of strong ties with South-East -Asia and in evolving a look east policy. We perhaps moved away from our history, roots and civilisational imperatives during the early years following our independence. Like Thailand preferred to look eastwards, India chose to look westwards.

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