

## **Why Asia needs India**

**Urs Schoettli, Consultant on Asian Affairs and Member of the stars  
International Board, Tokyo and Mumbai**

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It seems rather odd to explain why Asia needs India, when India is the second most powerful Asian nation. However, Asia is a huge continent and although communications have greatly improved and intensified during the past half century, it remains highly compartmentalized. When you ask a Japanese whether he is Asian, he tends to reply that Chinese and Indians are Asians, whereas he is Japanese. Much of the world-wide focus on Asia is in fact turned on China, East and South East Asia. Looking at the trade and investment ties between India and Eastern Asia there is huge scope for improvement and expansion.

The rise of China is the most important geopolitical challenge of our times. First and foremost it affects its immediate neighborhood. A number of island disputes in the South China and East China Seas afflicts Beijing's relations with several nations. Most significantly, the United States have made it clear that freedom of navigation in the South China Sea is crucial and that Washington is not going to quietly accept the Chinese claims. What happens in these parts of the world must also be of great interest to India, as a significant part of world trade passes through the sea lanes that are at the center of China's current maritime ambitions.

Recently relations between the United States and India have intensified significantly, not least on the highest level. It is obvious that from Washington's perspective India is of great and ever growing geopolitical significance. American strategists see India as a valuable partner and as an important counterweight against China. Indeed, in the Asian century the Indian Ocean has gained in importance for global security. During the past two decades in this part of the world China, using the strategy of a "string of pearls", has continuously expanded its presence, building and operating harbors in Pakistan, Sri Lanka and Myanmar. Still, apart from the US fleet, India has the strongest naval presence in the Indian Ocean.

However, it is not only the United States that looks at India's new role in an Asia dominated by the new-old hegemon in Beijing. Particularly since Shinzo Abe became Prime Minister, Japan has become much more interested in South Asia and most notably in India. From the start relations between Abe and Indian Prime Minister Narendra Modi have been very cordial and close. Due to a shrinking and ageing population at home ever more Japanese companies have to look for overseas markets. As strategic communalities between Delhi and Tokyo have grown, Japanese industry and investors have become more interested in the huge business opportunities in India.

Geopolitics is today a major driver of economic growth in Asia. In the case both of South East Asia and India, there is significant interest in increasing economic ties with Japan. Regarding big infrastructure projects both India and Indonesia have

become major targets of the Japanese who are also increasing their corporate presence in Malaysia, Vietnam and Thailand. Of course, price considerations and technologies on offer play a major part in these newly intensified economic relations. But the shadow of China looms large and the intention to reduce Chinese economic influence is obvious.

As we are in the midst of a protracted transfer of power in the White House, things are fluid and no major long term decisions are to be expected during the forthcoming months. Nevertheless, the specter of a new cold war looms large. Although the Pacific should be large enough for the two major powers, the United States and the People's Republic, not to get into each other's way, statements from Beijing and Washington commenting events in and around the South China Sea point to a confrontational direction. On the one hand China sees itself contained through a string of American bases and defense treaties ranging from Hokkaido and the Korean Peninsula down to the Philippines and Taiwan. Chinese strategists see this as an encirclement. On the other hand, the United States as the sole super power that claims to uphold a world economic order where international trade and exchange are of key importance, sees itself as the protector of the freedom of the high seas.

For any strategy that aims at the containment of China India is of crucial importance, as it is the only Asian power that is able to stand up to the Chinese, Japan being severely constrained by its own constitution. It is, therefore, with great interest that a great number of Asian countries are watching India's geopolitical ambitions evolving. Not least there is concern how India is going to play its position in South East Asia, where for the time being China rules supreme. Furthermore, while China is becoming once again more ideological there are common interests amongst the major democracies in Asia, notably Japan, Australia, Indonesia and India. Expectations are high and there is a common understanding that India, while sharing Washington's concern at the new muscle power of the Chinese, will not simply be an Asian "frontline state" of the US. Whatever the coming years will bring in terms of open or hidden US-Chinese rivalry, one thing is sure: Asia needs India as a factor of stability.

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