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India-ASEAN Relations in an Era of War and Tariff: Reassessing Act East Policy in a Fragmented Global Trade Order

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ABSTRACT

The present changing world order is increasingly characterized by geopolitical conflicts, tariff wars and disrupted supply chains. This suggests a clear retreat from the values of liberal globalization. Within this fractured world order, regional partnerships have become even more important from the strategical and economic point of view. This article argues that the relationship between ASEAN and India is critical to maintaining stability, cooperating in multilateral engagement, and supporting the rule of law within the region of the Indo-Pacific. It also identifies that India-ASEAN relationship is affected by the fragmentation of global trade, the rise in protectionism, and the pursuit of geo-economic power by various countries. The article also discusses how India's Act East Policy is meant to balance two competing interests in the context of an increasingly uncertain global environment. The study adopts a qualitative and analytical approach which makes use of policy literature, trade statistics, and scholarly discourse on the effect of wars, tariff impositions, and major power rivalries on India-ASEAN economic and strategic engagement. The focus of the research is on significance of ASEAN, the role of India in alternative supply-chain frameworks, digital connectivity such as UPI and fintech cooperation, semiconductor collaboration, and maritime security in the Indo-Pacific. The paper argues that in order to counter the contemporary challenges like coercive economic practices and protectionist tendencies, the cooperation between India and ASEAN should be enhanced. The strengthening of regional connectivity, reduction of non-tariff barriers, and building trust-based multilateral relationships are the immediate needs to ensure an inclusive growth and regional stability. Ultimately, a strong India-ASEAN partnership can lessen the adverse effects of fragmented globalization and contribute to a more resilient and cooperative global trade order.

INTRODUCTION

The world is currently going through a phase of deep uncertainty that is characterized by a series of wars and tariff disputes, economic sanctions, and the fragmentation of global trade networks. The liberal international order founded on the principles of free trade and interdependence after the end of the Cold War, is slowly being replaced by protectionism, strategic competition, and economic coercion (Rodrik, 2018). Major countries are applying tariffs, controlling exports and restricting trade to create geopolitical pressure. Trade disputes such as United States (US)-China tariff war and US tariffs on a set of Indian exports have distorted the established trade flows, raised production and logistics costs, therefore leading to an economic uncertainty (International Monetary Fund [IMF], 2019; United Nations Trade and Development [UNCTAD], 2022). Nowadays, international trade is not completely driven by efficiency and advantage, but is also affected by security concerns, strategic trust and political alignment (Farrell & Newman, 2019).

In addition to this, prolonged conflicts such as the Russia-Ukraine War and ongoing tensions in West Asia have disrupted the global energy, food, and shipping networks. All this have led to the fragmentation of global supply chains and trade relations (World Bank, 2022).
In this dynamically shifting paradigm, regional partnerships are being recognized. Today, countries are turning their attention from global multilateral institutions to trusted regional groups as a means of securing their supply chains and ensuring strategic autonomy in trade and economy (World Bank, 2022). For India, Southeast Asia, and specifically Association of Southeast Asian Nations (ASEAN), has turned out to be one

of the most important partners in this context (Ministry of External Affairs [MEA], 2023). Also, the Indo-Pacific has emerged as a critical strategic and economic space that emphasizes the need of India's engagement with Southeast Asia (Acharya, 2021). The India-ASEAN partnership not only refers to an economic relationship but also makes up for a strategic alliance in the current situation of tariff wars and global fragmentation. As global trade becomes more politically driven and the supply chains are being reshaped, India-ASEAN relations assume even greater importance (Bhowmick & Paul, 2024). Therefore, necessitating a reassessment of India's Act East Policy in an era marked by tariffs, conflicts and the fragmented world order (Mandal, 2023).

Historical Background and Evolution of India-ASEAN Relations

The cultural, religious, and trade-related interactions between India and Southeast Asia have existed for thousands of years. There has been exchange of ideas, customs, and goods between India and Southeast Asia since at least 2000 B.C. Both of these places have been trading with each other through land-based and water-based routes. The spread of religions like Hinduism and Buddhism, and the culture and values has changed the political and social landscape, as well as the architecture and entire fabric of the societies of both regions. For example, the incredible temples at Angkor Wat in Cambodia and Borobudur in Indonesia are testaments to the influence of India (Acharya, 2021).

However, during the era of colonial influence and most of the Cold War, India's exchanges with Southeast Asia remain notably lacking, as it focused on economic self-dependency and adhered to a non-aligned foreign policy. Even in post-independent India, such limitations remained largely in place until the early 1990s when the economy of India liberalized. After the Cold War ended, India took a new direction towards Southeast Asia; recognising the value of collaboration, India launched the Look East Policy that was further strengthened with the initiation of the Act East Policy in 2014. This represents a fundamental shift towards prioritisation of trade relations on an economic, political, strategic and connectivity basis (MEA, 2023).

One of the crucial developments that have increased economic ties between India and ASEAN, was India's accession as a Sectoral Dialogue Partner of ASEAN in 1992 and a Full Dialogue Partner in 1996. Its active participation in the ASEAN Regional Forum (ARF), East Asia Summit (EAS), as well as in the ADMM Plus forum strengthened security cooperation (MEA, 2023). Moreover, India and ASEAN have formed the ASEAN-India Free Trade Agreement (AIFTA) that became effective in 2010, followed by agreements on services and investment in 2014. This has created a positive effect on the overall commercial partnership, and there has been a significant increase in total traded items between Indian and ASEAN nations (MEA, 2023).

India’s exports to ASEAN consist of pharmaceuticals, crude oil, machines and food, while India's import from the ASEAN countries consist of electronic products, petrochemical products, palm oil and other raw materials (Government of India, 2024). While ASEAN is one of the most significant partners for global commerce, there is a great deal of trade imbalance and high tariff risks caused by excessive tariffs (The Economic Times, 2025). The trade picture between India and ASEAN has been altered significantly over the last ten years due to the US-China trade war, trade protectionism, the trade wars and restrictions on the penetration of technology.

In addition, geopolitical crises like the Russia-Ukraine war have caused havoc in the global food, fuel and commodities markets, bringing disruptions in international supply chains and creating uncertainty among supply chain practitioners (World Bank, 2022).

Nations are taking measures to diversify their existing trade partners to mitigate dependencies on particular markets (IMF 2020), thus paving the way for India and ASEAN to bolster trade cooperation as well as enhance their respective resilience. ASEAN still retains its position as the preferred manufacturing hub globally, and India remains poised to continue its success in both production and consumption — with strong prospects of cooperation between government and enterprises. Both sides continue to have a view to maintain a strong, free, and rules-based international order and a strong network of ASEAN connectivity in Indo-Pacific (Acharya, 2021; AOIP, 2019). Some important domains of cooperation include: maritime security, digital connectivity, FinTech and Semiconductors, and sustainable supply chain management (MEA, 2023). Considering the trade wars, the phenomenon of economic coercion and fragmentation in globalisation, the scope of this research aims to explore this relationship between India and ASEAN through the lens of the Act East Policy.

Literature Review

Recent studies show an increasing shift from global economic liberalization towards economic protectionism, competition based on geo-economics and use of strategic economic instruments for trade. Rodrik (2018) argues that countries have become less interested in free global markets and more influenced by increasing political and economic concerns leading to prioritizing their own national interests and security over open trade. Similarly, Baldwin and Evenett (2020) argue that the trade war between US and China constitutes a fundamental change in the world economy where tariffs, export restrictions and technology restrictions will no longer be seen as simply economic tools, but as being used as competing strategies leading to diversified supply chains and de-coupled economies.

The use of geo-economics has also been described as growing in prominence within the academic literature. Various authors define geo-economics as the employment of economic instruments to accomplish strategic objectives (Blackwill & Harris, 2016) and as economic instruments of power and coercion through the use of trade, technology and financial networks (Farrell & Newman, 2019). Acharya (2021) identifies ASEAN's important contributions to overall regional stability as being caused by its use of dialogue, consensus building and using multilaterally developed means to achieve cooperation among the different ASEAN member states even though many challenges exist due to differences in the interests of the individual member states of ASEAN. Consequently, it can be assumed that ASEAN continues to play an important role in maintaining an inclusive regional order across the wider Indo-Pacific region. In general, a number of research studies have found that the ASEAN–India Free Trade Agreement has provided a very positive stimulus to increase trade volumes and levels of economic engagement between India and all of the other ASEAN member nations. However, research studies also indicate that trade deficits exist, that non-tariff barriers exist and that regulatory constraints exist on the growth of trade and investment between India and the member countries of ASEAN through the ASEAN–India Free Trade Agreement. Definitions of the concept of India's Act East Policy differ based on various academic commentaries, but researchers have noted that there is a rapidly increasing importance of connectivity, maritime cooperation, digital partnerships and resilient supply chains.

In summary, while all of these studies shed some light on the issues of trade fragmentation, geo-economics, the role of ASEAN and India–ASEAN Economic Cooperation, very few of the research studies have focused on these issues simultaneously given the existing and ongoing tariff wars and economic coercion in the Asia-Pacific Region. Thus, this research project is intended to fill this significant research gap.

RESEARCH GAP

Most of the available literature looks at tariff wars and economic coercion through the lens of major powers, resulting in little attention paid to India and ASEAN. The existing studies on India - ASEAN trade primarily focus on trade deficits and trade volumes without showing how geopolitical developments have affected their bilateral trade. More importantly, the impacts of India's Act East Policy and how it relates to pre-existing tariff wars and fragmented globalization are still largely unexplored.

RESEARCH OBJECTIVES & METHODOLOGY

Research Objectives-

The paper is guided by the following objectives:

1. To examine the influence of tariff wars, sanctions, and economic coercion on the trade and strategic relationships between India and ASEAN.

2. To assess how India's Act East Policy will influence its economic and strategic partners throughout ASEAN due to the present geopolitical situation and growing level of uncertainty around the world.

3. To study the impact of non-tariff barriers, trade deficits and supply chain disruptions on India-ASEAN trade relations.

4. To examine the part ASEAN plays in building confidence and establishing collaborative economic growth within the greater Indo-Pacific.

Research Methodology

The study uses a qualitative and analytical method drawing only on secondary information. Some sources of this secondary information include: Ministry of External Affairs, ASEAN Secretariat, WTO, UNCTAD, World Bank, trade databases, academic literature, and relevant reports. To assess major developments surrounding India-ASEAN relations, the study utilizes geo-economic, regional and trade policy perspectives. There is use of descriptive, comparative and critical methods to explore some of the trends and challenges within India-ASEAN relations. This is an evidence-based study; however, the study's findings are based on secondary data, and subsequently will continue to evolve with each passing day due to changes in existing geopolitics.

CORE FINDINGS

India-ASEAN Trade Relations in the Era of Tariff Wars

The current global trading environment is rapidly being influenced by an increase in tariff conflict, economic nationalism, and increasing protectionism. As these changes have occurred, trade policies are being used for much more than just reducing tariffs and opening up market access; they are now being used as an instrument to protect national industries from trade diversion, industrial over-capacity and transshipment via third countries (Rodrik 2018, Blackwill & Harris 2016). The reconfiguration of global supply chains as a result of the strategic competition of large economies and trade restrictions is creating both opportunities and challenges for the region (World Bank 2022; UNCTAD 2022).

Countries have become more cautious with their external economic relations due to the tariff-war environment. In particular, tensions between the world’s two largest economies the United States and China, have increased the incentive for firms to diversify their production and sourcing networks and have given rise to new strategies like 'China+1' (IMF 2020; Yaacob 2024). The China+1 aims to mitigate the risks associated with over-reliance on a single country like China. The economic importance of Southeast Asia has increased because of the reorganization of global value chains and new options for investment, production, and export growth (World Bank, 2022; Bhowmick & Paul, 2024). Similarly, the changing of trade flows and the new outlets for third-parties to enter new markets overall have raised many worries about both economic competition and the legitimacy of the market place (Sharma, 2025; IASSCORE, 2025).

Due to globalization, policymakers have acknowledged that there is a need for an increased and more balanced approach for regulating and enforcing trade (The Indian Express, 2025). As trade relationships continue to evolve, governments are attempting to address the different types of trade agreements that exist. Governments are no longer focusing only on reducing tariffs to promote trade. Governments are now paying more attention to whether trade boosts domestic sectors, increases national economic resilience, and produces balanced economic rewards for all participants (Bhowmick & Paul, 2024; Invest India, 2022).

This change in priorities has been strengthened by the increasing frequency of tariff conflicts. Countries are realizing that long-term growth depends not only on market access but also on robust supply chains, trustworthy economic partnerships, and an open rules-based trading system that can adjust to shifting global conditions as international trade becomes more fragmented and uncertain (IMF, 2020).

Impact of Global Tariff Wars on India-ASEAN Trade

The US-China trade war that began in 2018, altered the global trade patterns. The trade war led to the disruption of the global supply chain network that links North America, Asia, and Europe because of increased tariffs on consumer electronics, machinery and equipment, as well as other products used in production. This process has been accelerated by the trade war between the United States and China (Baldwin, 2020). Countries began to reassess their production and sourcing relationships as they began to feel the effects of the increased tariffs imposed by the two largest economies in the world (Baldwin, 2020; Evenett & Baldwin, 2020). Therefore, the tariff confrontations between the United States and China have impacted the regional trading partner relationships of India and ASEAN and have contributed to the uncertainties facing businesses throughout the world regarding production locations and sourcing (World Bank, 2022; IMF, 2019).

India has experienced both positive and negative impacts of the trade war. Several Indian manufacturers depend on imported intermediate goods from China as inputs to the manufacturing process. Due to the increased tariffs that have been placed on those Chinese goods, these manufacturers have seen their costs increase significantly. Additionally, China has been a key supplier of critical intermediate goods to India like Active Pharmaceutical Ingredients (APIs) and electronic components, which creates challenges of additional costs and risks for India when supply chain interruptions occur (World Bank, 2022; Singh, 2024). There are fluctuations in prices of commodities as well, which have created more uncertain conditions. The International Monetary Fund (IMF) stated that tariff wars have driven up the price of commodities and created uncertainty about trade within Asia due to the change in the flow of global goods (IMF, 2019).

One of the most prominent effects of global tariff wars has been trade diversion. With major economies having placed tariffs on each other, exporters have increasingly been attempting to route their goods through countries with lower tariff rates. The increase in trade through countries having lower tariff rates has increased concerns regarding trans-shipment and the circumvention of tariffs. This has led India to take a more cautious stance on imports originating from the ASEAN region and entering India (Sharma, 2025), thereby increasing debate on the rules of origin contained in the ASEAN-India Trade in Goods Agreement (AITIGA) and also for stricter enforcement mechanisms (The Indian Express, 2025).

The Russia-Ukraine conflict has also resulted in the disruption of global commodity flows for energy, food and fertilizer. The sanctions imposed by the US, the European Union, the United Kingdom, Australia, Japan and others have resulted in global markets being disrupted, adding to inflationary pressure. ASEAN countries that depend on imported energy have not been able to acquire consistent sources of supplies. Rising costs across regional supply chains and the subsequent lack of trust in international trade and investment has been among the major impacts of trade wars (UNCTAD 2022; World Bank 2022).

Trade wars also erode trust in the regional trade relationship and bring about complexity in negotiating trades because countries competing for geopolitical influence and economic dominance eventually gravitate towards forming different sets of alliances. As a result, Indian and ASEAN member countries have expressed greater concern over access to markets; disparity in tariffs and better enforcement of trade agreements (Sharma 2025; Economic Times 2025). India has continued to point out trade imbalances and has made requests to review trade agreements as a means for resolving these issues (Indian Express 2025; KNN India 2026).

Nonetheless, there exist some favorable opportunities for India as a consequence of the current trade conflict and tariffs. For example, Indian companies may be able to increase their exports to the rising demand of ASEAN markets as the products that they currently purchase from China will no longer be available. As noted by the IMF in its report published in March 2020, many Asian countries have engaged in efforts to reduce their overall reliance upon Chinese imports through diversification in their manufacturing sectors due to the ongoing U.S.-China trade war (IMF, 2020). ASEAN member states recognize India as a strategic partner to export a range of goods, such as electronics, pharmaceuticals, engineering products, and manufactured products due to the ongoing trade diversifications (Bhowmick & Paul, 2024; MEA 2023).

The shift in how global trade has caused multinational companies to search for other places to relocate some of their existing production bases that are currently heavily depended upon a single country. Both India and ASEAN provide appealing sites to develop new production facility sites in addition to existing manufacturing facilities. Furthermore, nations building robust and diversified supply chains continues to enhance the economic collaboration and strategic importance of India and ASEAN for other countries also (World Bank, 2022; IMF, 2020; Yaacob, 2024).

India has also emerged as a major source of agricultural products; pharmaceuticals; and some energy-related products and, therefore, can serve as an increasingly significant supplier for ASEAN economies that are searching for stable sources of economically important products. In addition, ASEAN countries can take advantage of having strengthened economic ties with India in order for those economies to reduce their exposure to the risks associated with disruptions to the global trade system (Government of India 2024; MEA 2023).

India-ASEAN Trade Patterns

India has steadily increased trade with its partners countries of ASEAN over the last two decades. The total amount of trade was projected to be approximately $120 billion by 2025. Pharmaceuticals, petroleum products, automobiles, and textiles are the primary goods exported from India to the ASEAN region, while electronic components, chemicals, palm oil, and industrial intermediates are the main imports India sources from the ASEAN countries (Government of India, 2025). While trade has risen since the start of the year, India continues to have a persistent trade deficit with the ASEAN region (particularly Indonesia, Singapore, and Malaysia). Despite the reduction in tariff barriers with the ASEAN-India Free Trade Agreement, which made it easier for India to gain access to new markets within ASEAN, there are still many challenges, including non-tariff restrictions, regulatory barriers, and implementation problems that hinder India's ability to export (Jain, 2020). In addition, the growing global tariff war and disruption of global supply chains has created additional challenges by increasing uncertainty and affecting regional flows of trade (World Bank, 2022). Therefore, building a resilient trade structure has become an important national priority.

The widening trade imbalance has become one of the defining features of contemporary India–ASEAN trade patterns. Trade has increased significantly, but Indian exports do not keep pace with imports from ASEAN. In 2024-25, this imbalance in trade led to a trade deficit of approximately US$45.20 billion between India and ASEAN (The Economic Times, 2025; Deccan Herald, 2026). This growing trade deficit has resulted in an increased demand for India to examine different elements of the ASEAN-India Trade Framework and find solutions to problems relating to access to markets, tariffs that are disproportionately weighted, and differences between what has been done in terms of expected vs actual delivery of goods and providing services. (The Indian Express, 2025).

Role of the Act East Policy

The Act East Policy has significantly increased Inda's trade, investment and connectivity with ASEAN. Key actions under the policy include road, rail and port links between India and Myanmar, Thailand and Vietnam, such as the India-Myanmar-Thailand Trilateral (IMTT) Highway, Kaladan Multimodal project, and planned extensions of the Mekong-India Economic Corridor (MEA, 2023). Digital connectivity initiatives, including cross-border fintech linkages, are also a major focus of the Act East Policy. For example, the India-Singapore UPI-PayNow linkage allows for real-time, cloud-based payments from India's UPI to Singapore's PayNow (MEA, 2023). As imposition of tariffs from other countries increase, these logistics and connectivity initiatives become increasingly important to establish diversified production networks and alternative trade routes from traditional supply chains (Jaishankar, 2019; Mandal, 2023).

Additionally, India and ASEAN member states such as Singapore, Malaysia and Vietnam are collaborating to strengthen semiconductors and electronics cooperation to lessen reliance on China. In order to build regional resilience, efforts to strengthen pharmaceutical and medical supply chain cooperation are also being pursued (Hussain & Tan, 2024). Such cooperation will help reduce the reliance on a particular market and build more resilient supply chains across regions (European Foundation for South Asian Studies [EFSAS], 2020). In addition, India is engaging with ASEAN-led processes participating in the East Asia summit and ongoing reviews of the ASEAN-India free trade agreement (MEA, 2023). There has been ongoing promotion of regional value chains and industrial partnerships as a way to address interruptions created by tariff wars (Hussain & Tan, 2024). This policy also illustrates India's ambition to bolster its position within an open, free and inclusive Indo-Pacific as trade and supply chains are becoming increasingly influenced by greater global geopolitical competition (Jaishankar, 2019). By doing all of this, India is solidifying its status as a trustworthy partner to Southeast Asia while, at the same time, providing options to unpredictable global marketplaces and mitigating the risks associated with increasing protectionism (Mandal, 2023; Bajpaee, 2023). Notwithstanding the achievements realized by way of the Act East Policy thus far, issues such as trade imbalances, tariff asymmetries and unequal benefits from economic integration persistently impact the India-ASEAN trade relationship (Bhowmick & Paul, 2024).

Opportunities in the current context

While tariff wars are disruptive, they can provide opportunities for collaboration between ASEAN and India. As ASEAN nations invest in developing more reliable partners for regional supply chains and reducing their reliance on one economy, they are seeking trustworthy nations (IMF, 2020). This provides an opportunity for India to expand its market share in sectors such as pharmaceuticals, automotive components, electronics and engineering goods (Bhowmick & Paul, 2024).

India's manufacturing output has seen considerable growth under the "Make in India" initiative. The collaboration between Indian firms and the ASEAN region allows both parties to participate in mutually beneficial manufacturing networks as well as regional value chains (Government of India, 2024). With the continuous repositioning and scrutiny of existing global sourcing and manufacture grounds, decision-makers may identify ASEAN as a potential location to invest and manufacture (World Bank, 2022).

With the recent focus on digital commerce and fintech, India and ASEAN have the opportunity to collaborate on developing systems and technologies that promote trade and relationship-building across the two regions in non-traditional ways. These initiatives will allow for smoother payments across borders and enable new partnerships and ways of doing business in the fintech industry in the region, which should contribute to greater economic integration between India and ASEAN (MEA, 2023).

The Act East Policy is a reaffirmation of India's continued commitment to increasing trade, establishing infrastructure, and creating resilient supply chains among both regions (Mandal, 2023). While both regions face numerous challenges including tariffs and supply chain disruptions due to the ongoing global trade war, there are still opportunities for India and ASEAN to build on their partnerships towards economic development.

Significance of ASEAN and Indo-Pacific Stability

ASEAN has historically viewed itself as a major actor in the broader Indo-Pacific region. The establishment of ASEAN, however, was recently highlighted by Acharya (2021), who noted that through ASEAN-led initiatives, ASEAN provides a mechanism for dialogue, cooperation and multilateralism both inside and outside the region to facilitate greater interaction between member states. ASEAN promotes a consensus-building approach to regional cooperation in order to represent the views of smaller and medium-size powers (e.g., India) in contrast to major powers; thus, creating an even playing field for all countries to participate in cooperative agreements (Acharya, 2021; AOIP, 2019).

The development of these cooperative security and economic linkages through dialogue and consensus between member countries has led ASEAN to be regarded as an important anchor for stability in the Indo-Pacific region and serves as a foundation for the economic connection of major global and regional powers to one another (Ao, 2022; AOIP, 2019).

ASEAN has been given increased importance as a result of current worldwide economic conditions that result from ongoing tariffs being imposed and development of new strategic relationships between multiple countries and regions (Yaacob, 2024). Given the multilateral character of ASEAN, the organization provides an avenue for India and other countries to engage with nations in the greater Southeast Asia region without needing to align their foreign policy with any major power (Acharya, 2021). In today's world where tariffs war and trade disputes reign supreme, the importance of ASEAN as a medium of dialogue and coordination with all major powers becomes greater. As there is a possibility that trade disturbances might not be limited to strictly economic effects, but might result in even more serious restrictions of strategic trust and disruption of established supply chains (Farrell & Newman, 2019). The ASEAN Indo-Pacific Outlook is a document showing dedication to cooperation and respect for the law as methods of establishing stability in regions of rivalry among major powers (AOIP, 2019).

The regional engagement of India is conducted through the EAS, ARF, and ADMM-Plus mechanisms of regional cooperation. The engagement in a multilateral context is a way for countries' cooperation and resolution of regional security challenges, economic development and technology issues by allowing major powers to participate in the process without establishing exclusive alliances owing to the rivalry (Acharya, 2021). Thus, the strategic partnership of India and ASEAN brings an opportunity to establish the alternative supply chains, economic and technological cooperation, thus reducing vulnerabilities connected with economic coercion (Farrell & Newman, 2019).

Overall, the countries of ASEAN and India work on establishing resilience of stability in the Indo-Pacific region amidst growing tensions and uncertainties. Despite the fact that the tariff wars make cooperation between the regional countries difficult, they at the same time strengthen the position of ASEAN as a place for de-escalation and economic interactions between rivals (Ao, 2022). Therefore, for India, ASEAN is not just a trade partner but a source of stability in the balanced and inclusive Indo-Pacific region, where stability of the supply chain and avoiding economic rivalry is the solution (Acharya, 2021; MEA, 2023).

Challenges in India-ASEAN Relations

Despite the above-stated opportunities, there are still some challenges that affect India-ASEAN relations. Trade imbalance and non-tariff barriers remain a major concern, as India's trade deficits with ASEAN, particularly in electronics, palm oil and intermediate goods, continue to persist. Although, free trade agreements exist, there benefits can be fully realized by addressing issues such as non-tariff barriers, regulatory differences, and certification requirements. At the same time, India's economic relationship with ASEAN is exposed to the external shocks that are a result of tariff wars, sanctions, and export restrictions imposed by major powers. Over-dependence on selected trade partners for critical goods can limit the capability to exercise strategic autonomy.

At the same time, infrastructure and connectivity gaps pose serious limitations, as physical and digital connectivity between India and ASEAN is uneven due to inadequate port capacity, limited transport networks, and fragmented digital infrastructure. As a result, there remains certain trade inefficiencies.

Furthermore, there is need of greater policy and institutional coordination. The Act East Policy reflects India's interest in dealing with ASEAN in different domains like trade, digital economy and maritime security. However, maximization of the benefits of the policy will require uniformity, collaboration, and cooperation from India and ASEAN's policy and institutional levels.

These challenges are further compounded by broader geopolitical uncertainties, as India and ASEAN trade relations operate under the geopolitical conditions created by the US-China competition, regional maritime disputes, and the shifting alliances.

CONCLUSION

In the present geopolitical conditions characterized by trade wars, economic sanctions, and fragmented globalization, the India-ASEAN relations come to the forefront. It is both a strategic necessity and an economic opportunity for India and ASEAN to come together. A long history of trade, cultural relationships and shared experiences provide a strong foundation for partnership. The Act East Policy of India was introduced to further develop and improve the relationship between India and ASEAN by focusing on improvement of infrastructure, increase of trade cooperation, and better cooperation at institutional level.

The trade wars and geopolitical conflicts have exposed the disadvantages of relying on distant or monopolized supply chains. Countries have realized the need to form stronger regional partnerships. ASEAN provides a well-established, multilateral and stable framework for India's economic and strategic outreach into Southeast Asia. India can not only reduce trade imbalances and vulnerabilities but also contribute to the regional stability and inclusive growth by strengthening trade integration, diversifying supply chains, and investing in technology and connectivity.

Additionally, this helps India to engage in multilateral problem-solving. This will help ensure that Indo-Pacific remains an open, rules-based and cooperative region and not dominated by coercive or unilateral power. This partnership shows that middle power countries and regional groupings can help mitigate some of the negative impacts of an uncertain global trade environment and at the same time creates a long-term sustainable trade, technology and strategic relationship.

In conclusion, the research shows that the importance of India-ASEAN cooperation can be better realized than ever before. By leveraging historical ties, expanding trade and technological engagement, and participating in ASEAN-led frameworks, India can ensure resilient economic growth, strategic autonomy, and a stable regional order in the Indo-Pacific. There is a need to strengthen this partnership not just for economic reasons but for strategic reasons too, keeping in view the ongoing tariff wars, supply-chain disruptions, and geo-economic competition.

POLICY RECOMMENDATIONS

Based on the above discussion of India-ASEAN trade relationship amid tariff wars and economic instability in the world economy, certain policy recommendations emerge.

1. India should diversify its export in areas where demand is high in ASEAN countries, including pharmaceuticals, electronics, engineering goods, and renewable energy production.

2. Resilient regional value chains can be created especially for semiconductors, electronics, and automotive parts.

3. Digitalization of India-ASEAN business relations may be increased through cross-border payment facilities and e-commerce practices and fintech cooperation.

4. Reducing the complexity of rules of origin, certification process and other nontariff measures will facilitate efficient trade process.

5. More investments should be made in transport, logistics and digital infrastructure, that are critical for enhancing connectivity.

6. Finally, India and ASEAN need to coordinate their institutions better, develop ways of handling supply chain disruptions and involve SMEs, women and startups into the process.

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