

Keynote Address

by H.E. Le Luong Minh,

Secretary-General of ASEAN

**“Enhancing ASEAN-India Connectivity: Prospects and Challenges”
at the Symposium towards the Realisation of ASEAN Connectivity
Plus: Moving Forward with ASEAN-India Connectivity**

27 November 2013, Bangkok

Excellency Pradap Pibulsonggram, Representative of Thailand to the
ASEAN Connectivity Coordinating Committee,

Excellency Anil Wadhwa, Ambassador of India to Thailand,

Excellency Kimihiro Ishikane, Ambassador of Japan to ASEAN,

Excellencies, Members of the ASEAN Connectivity Coordinating
Committee and Permanent Representatives to ASEAN,

Excellencies, Distinguished Participants, Ladies and Gentlemen,

As we in ASEAN work towards enhancing connectivity within ASEAN, we are also reaching out to engage and work with ASEAN’s Dialogue Partners to support ASEAN Connectivity and foster ASEAN Connectivity Plus. I would like to express my deep appreciation to the

Government of Thailand, in cooperation with the Government of India, for organising this Symposium and to the Government of Japan for its support under the Japan-ASEAN Integration Fund. This Symposium is a good opportunity to promote greater ASEAN-India engagement on connectivity. It is a great pleasure for me to share with you some thoughts on ASEAN-India connectivity and how it is evolving in the coming years with the growing ASEAN-India Dialogue Relations.

During these past few years, we have seen significant improvements in connectivity in ASEAN -- be it air travel, road connections, maritime linkages, border crossings or movement of people. More and more bridges have been built, among them the First Thai-Lao Friendship Bridge, which you will be visiting after this Symposium. This and many other infrastructure projects constitute a clear demonstration of “connectivity at work” in ASEAN.

Over the past two decades, ASEAN-India dialogue relations have been increasingly strengthened with a comprehensive agenda for cooperation and a strategic partnership in place. ASEAN-India connectivity epitomises this natural progression. The convening of the First ASEAN Connectivity Coordinating Committee – India Meeting on Connectivity last June marked a significant milestone, by which ASEAN and India could explore the means and ways to pursue the Master Plan

on ASEAN Connectivity, advance ASEAN-India connectivity, and strengthen ASEAN-India relations.

With a combined market of over 1.8 billion people, a GDP of more than US\$4.1 trillion and, more importantly, a proximate and strategic geographical location, the potentials for ASEAN-India cooperation on connectivity are immense and still are to be tapped. The possibility for ASEAN's cooperation with India could embrace all three dimensions of ASEAN Connectivity – from physical infrastructure linkages by road, rail, air, sea, and ICT, institutional connectivity through trade and transport facilitation and aviation cooperation to people-to-people connectivity through culture and tourism.

Building Critical Infrastructure for Connectivity

Excellencies,

Ladies and Gentlemen,

There are very critical elements to advancing ASEAN-India connectivity. The completion and operationalisation of vital infrastructure links between ASEAN and India are of paramount importance. The India-Myanmar-Thailand Trilateral Highway will connect Moreh in India to Mae Sot in Thailand via Myanmar, where work is currently being undertaken to upgrade the 71 bridges on Tamu-Kalewa-Kalemyo Friendship Road. Expected to be completed by 2016,

the Trilateral Highway, and its eventual connections to Cambodia, Lao PDR and Viet Nam will facilitate movement of goods between the Mekong region and India's northeast region.

Greater connectivity will further enhance trade between ASEAN Member States in the Mekong region and India, which has more than doubled over the past 15 years. The establishment of the Mekong-India Economic Corridor will reduce travel distance significantly and contribute towards greater trade and investment in the area. The Mekong-India Economic Corridor is expected to generate 1.19% increase in real GDP and reduce income inequality by 0.23% in 2020. Thus, ASEAN-India connectivity will boost economic growth and improve the quality of life of the peoples in the area.

Massive investment in infrastructure is needed to realise the Mekong-India Economic Corridor. We need to develop the Dawei deep sea port. We need to build the highway between Kanchanaburi and Dawei. We need to construct railway links, establish industrial estates and promote maritime links between ASEAN and India. With the impending establishment of the ASEAN Community by 2015, we encourage the private sector to seriously explore and take advantage of these investment opportunities.

Creating an Enabling Environment

Another critical element for advancing ASEAN-India connectivity is creating an enabling environment. We need to develop policies and effective institutions, at the national, sub-regional and regional levels, to provide the platform for cooperation and coordination in enhancing connectivity.

This soft infrastructure can, at times, be more important than physical infrastructure for increasing trade and income. By way of illustration, studies have shown that a shipment of goods will incur a cost equivalent to a tariff of 0.8% per day, so an average shipment of 20 days will incur the tariff equivalent of 16%. If the appropriate policies and institutions such as reliable trade facilitation and administrative procedures at customs are in place, it is possible to reduce inspection time, simplify documentation process and reduce the number of shipment days, thereby reducing the transaction costs of ASEAN trade significantly.

Over the past decade, total trade between ASEAN and India had increased more than six-fold from US\$ 12 billion in 2002 to US\$ 75 billion in 2012. With the implementation of the ASEAN-India Trade in Goods Agreement where tariffs on over 4,000 product lines will be

eliminated by 2016, two-way trade is targeted to reach US\$ 100 billion by 2015 and US\$ 200 billion by 2022. The implementation of the ASEAN-India Trade in Services and Investment Agreements, which is expected to be signed next month, would also contribute towards deepening economic engagement between ASEAN and India.

ASEAN has also embarked on the negotiations for the Regional Comprehensive Economic Partnership or RCEP. RCEP aims to achieve a modern, comprehensive, and mutually-beneficial economic partnership agreement among the ASEAN Member States and ASEAN's FTA Partners, including India. Early completion of the RCEP negotiations along with the implementation of relevant agreements, instruments and mechanisms should provide the enabling environment that will advance ASEAN-India connectivity further.

Strengthening People-to-People Linkages

Another critical element is strengthening people-to-people linkages between ASEAN and India. Our peoples have been intimately bound by shared histories and cultures, as evidenced by the Angkor Watt and Borobudur in present-day Southeast Asia.

Given the growing interest to reconnect with this shared past and heritage, tourism serves as a main gateway to bring about greater

people-to-people interaction. The number of tourist arrivals between ASEAN and India recorded steady growth. The total number of tourist arrivals from India to ASEAN increased from more than 2.4 million in 2010 to 2.7 million arrivals in 2011 while those from ASEAN to India reached 521,755 in 2011 from more than 400,000 in 2010.

The Tourism Ministers recently signed the Protocol to amend the Memorandum of Understanding between ASEAN and India on Strengthening Tourism Cooperation. This would further strengthen tourism collaboration between the national tourism organisations of ASEAN and India.

To accommodate this growing tourism interest and strengthen people-to-people linkages, we should also focus on strengthening ASEAN-India air connectivity by working towards greater liberalisation of air services, for both cargo and passengers. Thus, we encourage the early conclusion of an ASEAN-India Air Transport Agreement to open up more flights to more destinations resulting in more tourists and business travellers.

We also appreciate India's contribution to developing the capacities of our peoples especially from ASEAN's newer members, Cambodia, Lao PDR, Myanmar and Viet Nam, through various projects

such as Entrepreneurship Development Centres, Centre of Excellence for Software Development, and Training and Centres for English Language Training.

The Road to ASEAN-India Connectivity: Prospects and Challenges

Excellences,

Ladies and Gentlemen,

Critical factors are needed to advance ASEAN-India connectivity. There are several challenges that we have to address to ensure these critical factors are put in place.

First, we have to address the massive infrastructure needs in ASEAN and India. ASEAN will need approximately USD 60 billion a year for ten years to complete implementation of the Master Plan on ASEAN Connectivity. With such substantial requirement, efforts are underway to mobilise resources. The ASEAN Connectivity Coordinating Committee has engaged the Asian Development Bank with the support of Japan to develop a pipeline of commercially viable projects that could be financed by various mechanisms. We are also exploring other project ideas to bring ASEAN's infrastructure projects to the market. India's success in attracting private investment to the infrastructure sector and using public-private partnerships (PPPs) could provide useful lessons and best practices for us in ASEAN.

Second, we need to focus on synchronising the activities of related agencies in charge of border management in each ASEAN Member State and India. This will entail creating an enabling policy framework to facilitate and promote goods in transit, multi-modal transport, and inter-state transport, which would benefit both sides, and a wider free trade zone. On the part of ASEAN, we need to develop national regulations that take into account regional commitments. For both ASEAN and India, cooperation and coordination to facilitate trade and transport is of vital importance. In this regard, we also have to ensure that the commitments under the ASEAN-India Free Trade Agreements are implemented in a timely manner so that the benefits of the ASEAN-India Free Trade Area will be readily felt by our communities and our peoples.

Third, we need to foster greater engagement between the public and private sectors. The business communities in ASEAN and India should explore and familiarise themselves with the economic and business environments of both regions so that they can see the enormous opportunities to be created by ASEAN-India connectivity. For our part in ASEAN, in partnership with Dialogue Partners and multilateral organisations, we will endeavour to promote connectivity and to engage in more business dialogues and events, enabling the private sector to see

the possibilities for participating and contributing to advancing connectivity.

Excellencies,

Ladies and Gentlemen,

Connectivity cannot be achieved without the support of various stakeholders in our region. With the ASEAN-India connectivity train on its track, we need to continue exerting concerted efforts to ensure that all these plans and measures are implemented. We need to continue working with all stakeholders and partners to enhance ASEAN-India connectivity, knowing that its success will contribute to the achievement of a people-oriented, people-centred ASEAN Community by 2015.

Thank you and I wish you all a productive discussion!