



IDSS COMMENTARIES (13/2005)

IDSS Commentaries are intended to provide timely and, where appropriate, policy relevant background and analysis of contemporary developments. The views of the authors are their own and do not represent the official position of IDSS.

Deepening Singapore-India Strategic Ties

Manjeet S Pardesi*

22 March 2005

SINGAPORE and India are developing a stable, long-lasting and comprehensive multi-dimensional relationship by cooperating on economic, political, and strategic issues. The many high-level official visits involving ministers and senior military personnel between the two countries since President S R Nathan's state visit in January 2003 -- which was also the first state visit by a Singapore President to India -- testify to the importance attached to their bilateral ties.

The two countries have agreed in principle to conclude a Comprehensive Economic Cooperation Agreement (CECA) that would be signed this year. Once concluded, the CECA would include Singapore's first Free Trade Area (FTA) with a developing nation, while being India's first FTA with a high-income country. In 2003, Singapore and India signed a Defence Cooperation Agreement (DCA) that included an exchange of personnel, intelligence sharing, joint naval, air, and land exercises as well as defence policy dialogue. Singapore views India as a potential great power in the midst of internal transition and as such is keen to engage India economically and strategically.

Past Relations – Cold War Years

The fact that the two countries have been cooperating on numerous fronts for more than a decade now does not, however, mean that they have always enjoyed good relations. Soon after its birth in 1965, Singapore's then Prime Minister Lee Kuan Yew sought India's friendship. Singapore wanted India to play an active role in the economic development, political stability, and security of Southeast Asia. However, after suffering a military debacle at the hands of China in 1962, and a politico-military stalemate with Pakistan in 1965, the Indian army could in no significant way help Singapore militarily. Moreover, the two countries adopted different economic growth models, which meant that they hardly interacted economically. Singapore embarked on an export-driven growth strategy, while India pursued an import-substitution socialist economic model.

Relations between the two significantly deteriorated after India signed a 25-year Treaty of Friendship and Cooperation with the former Soviet Union in 1971. Singapore, which was pro-West in its foreign policy orientation, saw this as a de facto alliance between the Indians and the Soviets. India's ambivalent stance during the Soviet invasion of Afghanistan and its pro-Vietnam policy during the Cambodian crisis further strained its bilateral relations with Singapore. Later, India embarked on a military modernisation programme in the 1980s, a period which also saw an expansion of India's naval power in the Indian Ocean Region. This

naval expansion followed the development of port facilities in the Andamans at the mouth of the Straits of Malacca and the leasing of a Soviet nuclear submarine. This led many Southeast Asian states, including Singapore, to view India suspiciously. All in all, the Cold War was a period of missed opportunities since there were no fundamental bilateral issues of dispute between the two countries.

After the Cold War

The end of the Cold War led to a drastic shift in India's strategic orientation following the collapse of its Soviet 'ally'. The end of regional conflicts in Afghanistan and Cambodia meant that Singapore and India could now renew their relations positively. Moreover, the opening up of the Indian economy in the early 1990s brought with it new opportunities for trade and investment. The end of the Cold War also saw a reduced American presence in the region and the emergence of an economically and militarily strong China. Consequently, Singapore was keen to involve India economically and strategically to balance other political heavyweights in the region. On its part, the then Prime Minister of India, Mr P.V. Narasimha Rao, formally articulated India's "Look East Policy" during an official visit to Singapore. To reciprocate the Indian initiatives, Singapore championed India's successful inclusion in the ASEAN Regional Forum in 1996. In 2002, India became a full dialogue partner of ASEAN and has since held annual summits with the regional grouping, again thanks to Singapore's adroit diplomacy. On its part India endorsed Southeast Asia as a Nuclear Weapons Free Zone and signed ASEAN's Treaty for Amity and Cooperation in 2003.

Economic Engagement

When Mr Goh Chok Tong paid a state visit to India as Singapore's Prime Minister in 2004, he was given the prestigious Jawaharlal Nehru Award for his work in promoting bilateral relations and for inducing an 'India Fever' in Singapore's business community. Singapore's major foray into India began with the launch of a multi-million dollar IT Park in Bangalore in 2004 that coincided with Mr Goh's state visit. In the short period of a decade since then, Singapore has emerged as the second-largest foreign investor in India (behind the US and not counting Mauritius which provides tax haven to companies investing in India).

Today Singaporean companies have stakes in banking, pharmaceuticals, telecommunications, and infrastructure (including ports) sectors in India. In 2004, Temasek Holdings – Singapore's state investment agency – opened its first overseas office in Bombay. Singapore is keen to enter India's booming civil aviation sector and is also courting Indian companies to list on the Singapore Stock Exchange. Singapore has emerged as the main destination for Indian exports in Southeast Asia with bilateral trade touching S\$12 billion last year. India is keen to integrate its rising economy with East Asia and is looking at Singapore as a base to expand into this region. On its part, Singapore also believes that it is ideally located to act as a conduit between the rising economies of India and China – a role that it once played during the colonial era. It is imperative for India to push forward and successfully conclude the CECA with Singapore as early as possible to show that it is equally committed to furthering bilateral relations.

Strategic Engagement

Since the end of the Cold War, India has worked hard to shed its image as a militarily threatening power to ASEAN. Since 1991, naval ships from Singapore have been regularly

visiting Port Blair in the Andamans and since 1996 have also been visiting Vishakhapatnam. Likewise, Indian naval ships have also been regularly visiting Singapore. The Indian navy has conducted its largest number of joint naval exercises with Singapore. These have included missions across the spectrum, from search and rescue to anti-piracy and anti-submarine warfare. The navies of the two countries that have traditionally exercised in the Indian Ocean Region (including the Arabian Sea and the Bay of Bengal) just completed a bilateral exercise in the South China Sea earlier this month. The two navies have also interacted in several multilateral exercises. Singapore and India have crucial stakes in protecting their common commercial sea-lanes, combating piracy, choking off narco-trade, curbing gun-running, and preventing maritime terrorism.

In 2004, India granted Singapore's air force and army training facilities on its soil. This was a significant step for India, which has traditionally avoided foreign military presence of any kind on its soil. In October 2004, Singapore and India held their inaugural bilateral exercise codenamed SINDEX 04 in Central India. The first bilateral army exercises – involving armour and artillery units from both sides – began in February 2004 in West and Central India. Currently still underway, they will finish in April this year. These exercises are aimed at enhancing mutual understanding and interoperability between the two militaries. It is also speculated that in the not-so-distant future, India might seek access to naval logistics/access facilities in Singapore as a quid pro quo for granting Singapore training rights on its soil.

Singapore has also been sending officers to attend courses in Indian military academies. Since 9/11, India and Singapore have also shared intelligence on security and terrorism-related issues. India's growing security cooperation with the US and the sheer number of joint Indo-US military exercises have been viewed positively by Singapore. Singapore is open to the idea of joint patrols with the Indian, American, and other regional navies in the Straits of Malacca.

Conclusion

Singapore understands that as India and China grow economically and militarily there may emerge a Sino-Indian rivalry for influence in the region. In January 2005, at the launch of a local think tank, Mr Goh Chok Tong, now Senior Minister, remarked that given India's rising economic power and its integration with East Asia, "it will be increasingly less tenable to regard South Asia and East Asia as distinct strategic theatres interacting only at the margins". Singapore has already successfully cultivated strong ties with China through bilateral diplomacy, economic cooperation as well as multilateral regional institutions. There are no sources of tensions or bilateral disputes in Singapore-India relations. Moreover, there is a broad convergence of views on regional security issues between the two countries. Given the generally bullish long-term prognosis of the Indian economy, it makes sense for Singapore to now engage India to broaden its economic and strategic space as well as its strategic maneuverability.

* Manjeet Singh Pardesi is an Associate Research Fellow with the Institute of Defence and Strategic Studies (IDSS), Nanyang Technological University.