



Indian Council of World Affairs
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Report

on

‘Australia India Dialogue’

at

Melbourne, Australia
18 March 2014

Opening Remarks

Speakers reflected on the great potential for closer cooperation and more comprehensive enmeshment between Australia and India. The relationship has developed significantly since categorised by both governments as a strategic partnership in 2009.

It was noted that there is a tendency to talk down the significant progress made in high level visits and cooperation in areas as diverse as trade, anti-malaria research, disaster management and maritime security. It was suggested that the relationship is at a happy juncture with the hardest times in the past.

The economic foundations of the relationship will prove crucial to driving the relationship forward in the future. The economic links that tie Australia and India are strong; each country ranks amongst the other's top ten trading partners. Supply-side constraints in India are driving the growth of the relationship as Australia is a major source of natural resources. Uranium exports are considered important for India's energy security concerns. The 2012 Asian Century White Paper noted that stability in Asia depends on Asian countries such as India. India has the largest middle class in Asia.

Greater people-to-people links were highlighted as a key area where the Australia-India relationship can continue to grow. Furthermore, as Australia moves towards a more knowledge-based economy, the contribution made by Indian students in Australia will prove significant. There have been over 300 formal agreements made between Australian and Indian universities to facilitate educational and student exchange. As the New Colombo plan develops, it could provide a key platform for Australian student exchanges throughout Asia.

Both Australia and India will be key drivers and beneficiaries of a stronger Indo-Pacific region. It was noted that Australia has largely treated the Asian Century as an opportunity, a view noticed and appreciated in India. Further, India has favoured engagement with the region through multilateral institutions such as the United Nations (UN), Group of Twenty (G20), the Indian Ocean Regional Association (IORA), the East Asia Summit (EAS) and other Association of South East

Asian Nations-centred forums. This reflects the foreign policy position of India which favours a 'multi-polar Asia within a world characterised by dynamic multipolarity'. The commitment of both India and Australia to multilateral institutions and regional engagement is an area in which the countries can cooperate more closely.

It was noted that Australia and India share a lot in common, both in terms of their values and interests. Cooperation in fields such as science and technology, counter-terrorism and disaster management are strong and can continue to develop.

However problems of capacity and impatience were noted as posing a significant barrier to the relationship. On the Indian side, there are huge expectations of a rising India and a diplomatic capacity problem to engage with the world. On the other side, Australia lacks patience when confronted with a complex, overwhelming entity such as India. It was stated that India tests patience but greatly rewards the patient. Therefore, for the Australia-India relationship to flourish Australia's patience and commitment will be key requirements, particularly where business and long-term investment are concerned.

Session I: The International Situation

The following were identified as key features characterising the international situation in which Australia and India find themselves: First, international politics is in flux. Second, the shift of power from the West to the rest is increasingly becoming a reality, although this shift is neither static nor inevitable. Third, multipolarity is here to stay as patterns of relationships will be marked by multilateral groupings and geostrategic triangles. Fourth, inter-state political conflicts will be centred around territorial and maritime boundaries. Fifth, non-traditional issues such as climate change and human security will grow. Finally, non-state actors will play a greater role in international politics. In a globalised world, however, every state will play a role in shaping the international system as it evolves. The question is whether changes in the international situation will be peaceful or will lead to conflict.

From the Indian perspective, the international system must reshape in a multipolar way.

While managing relations with its immediate neighbours in South Asia and with great powers remains the major preoccupation of India, its foreign policy scope is broadening towards its extended neighbourhood – the wider Indo-Pacific region – to include Australia.

For Australia, its view of the international system has been focused on three elements: its key relationships (with the United States, China, Japan, South Korea, India and Indonesia); involvement in multilateral institutions (the G20 and EAS); and its responsibilities in its immediate neighbourhood. Summarised by the Secretary of the Department of Foreign Affairs and Trade, Peter Varghese, as a ‘six plus two plus N’ approach. Australia is also currently on the UN Security Council until the end of the year.

One arena the roundtable agreed Australia and India could cooperate more closely on was in existing multilateral forums, such as the EAS. Australia sees itself as a middle power. It prefers to engage in order-building in international affairs through a dogged, low-gear idealism. This entails understanding the limits of its influence but doing as much as possible within those limits. Australia is keen for the EAS to develop as a vehicle for engagement on regional issues. For India, the multilateral system is where India interacts most effectively with Australia. Strengthening the EAS was highlighted as an area in which Australia and India could potentially work together more closely.

It was suggested that the most significant issue between Australia and India is the lack of agreement over the role of the US, with India strongly favouring multipolarity whereas Australia is committed to the current US-led order. However this was challenged by participants who suggested that India is equally committed to the continued role of the US in the region. Contrary to popular belief, India sees its most important bilateral relationship as being with the US. It wants to avoid anything precipitous in order to achieve a longer period of peace for economic development. India has not shut the door on the Trans-Pacific Partnership.

The biggest difference in perception, it was argued, was the role of China. India wants to build its relationship with China but is wary and vigilant about China’s assertiveness, and is keen to invest in its strategic partnership in the region. China is Australia’s largest trading partner but

Australia has a complex relationship with China: while the economic community in Australia would prefer the status quo, the strategic policy establishment believes that China cannot be accommodated in a 'business-as-usual' mode.

It was noted that Australia and India need to work harder in understanding the nature of the other's relationships with the US and China, and misperceptions must be addressed. Other areas identified where Australia and India see things differently were Iran and Russia.

Session II: The Regional Situation: Indo-Pacific Region

India's regional engagement has traditionally focused on its immediate neighbourhood. For example, the creation of a benign Afghanistan is a major foreign policy preoccupation for India. Over the past few decades, however, its regional view has broadened to include the Asia-Pacific. This is best demonstrated by the 'Look East' policy of the early 1990s. In India the Indo-Pacific concept is widely considered to be a useful tool as it reflects this expanding regional view.

Australia's regional engagement is similarly demonstrated by its commitment to an Indo-Pacific terminology. Australia, however, does not have a substantive Indo-Pacific policy. This is due to the different security environments of the Indian Ocean region and the Pacific from Australia's perspective. The Indian Ocean region is characterised by relatively weak states, one major player, India, few multilateral structures and continental security challenges. The Pacific region, on the other hand, has strong states, long-standing alliance structures, numerous multilateral institutions and maritime security challenges. The demand for substantive military cooperation across the two regions is low and the policy to integrate these two regions is unrealised and shaped by resource constraints. Consequently, Australia is still negotiating how to approach the Indo-Pacific concept. Australia's overarching aim is to maintain a stable regional order.

The Indo-Pacific approach to regional foreign policy is increasing in salience in both countries as well as in the US, and provides a common basis for regional cooperation. However the concept requires further development, particularly in Australia; some participants viewed it as an

idea whose time is yet to come. As the Indo-Pacific concept evolves, Australia and India need to ensure a clear understanding of each other's perception of the concept and work together to align regional perspectives.

Areas where Australia and India can work together include the EAS, G20 and the UN system, including issues concerning women, peace and security and on maritime cooperation. Areas of concern discussed included China-Japan relations, territorial disputes, North Korea and Fiji.

Session III: The State of the Nations: Australia and India

Economically, Australia is at the tail-end of a long period of sustained growth. After weathering the Global Financial Crisis, the economy is slowing down leading to a period of uncertainty and insecurity. The Australian population at large has not yet reconciled with Australia's place in Asia. The asylum-seeker issue continues to dominate popular media. Australia is trying to develop its relationship with India; currently the relationship is somewhat mercantilist with the population at large seeing India as a place to do business. However, Indians are the biggest migrant group to Australia and art, culture and people-to-people links have the power to cut through stereotypes. It was suggested that Australia still needs to wake up to India properly.

Looking at India, the country is rapidly approaching a period of change and evolution. Similar to 1991, the country is currently undergoing a financial crisis. The reforms that were implemented after the last crisis set the country on the path of rising economic power. The demand for trade with Australia is high. However, recent economic slowdown has not been addressed adequately due to a variety of complex factors, especially political transition. The Indian general elections to take place this year will be the biggest event of its kind in the world. Around 100 million people will be voting for the first time and this adds an element of uncertainty in predictions.

It was suggested that India is on the cusp of real transformation following the election. The next Indian government is likely to focus on ramping up the economy and may be more assertive towards China. For Australia to continue its economic growth, radical reform is needed along with the ambition to be a bigger Australia.

It was suggested that Australia and India have a common interest in some of these problems, for example, in the gender-based violence that exists in both countries, where solidarity amongst the communities that care about these issues can be assisted by promoting greater people-to-people links. Facilitating people-to-people exchange is critical to the development of soft power which can assist in ameliorating popular perceptions of India in Australia, and raise the issue of gender inequality in India.

Session IV: Bilateral Relations: Political, Economic, Defence and Strategic Issues

Australia and India cannot afford to neglect their bilateral relationship, particularly in the maritime sphere given that the ocean ties Australia and India together. The maritime system is currently in disarray and requires attention. The IORA was mentioned as a forum for cooperation for ocean economies.

The commitment of both states to multilateral forums was highlighted in the suggestion that Australia and India work harder in collaborating to promote the East Asia Forum. Both Australia and India are signatories to the Treaty of Amity and Cooperation and given that ASEAN centrality is paramount for regional peace and security, it is in the interest of Australia and India to promote the Forum. This is an important area for potential future cooperation. However, Australia and India need to be cautious in their actions; ASEAN states fear a great power carve-up and this may prove to be a barrier to progression.

Australia wants one main thing from India: growth. Recently India has been distracted from the goal of economic growth and Australia hopes that the upcoming election will focus on the economy with the election of a leader that will oversee economic reforms. Australia seeks steadily increasing diplomatic, economic and security ties with India. The two countries can work together to cooperate in areas such as agricultural research, geospatial modelling, weather forecasting, climate finance, fighting pandemics, disaster management, affordable medicine and cyber-governance. There is a growing convergence between the two countries and an acceleration in the momentum of the relationship. It is important to educate the domestic population of each country that the Australia and India are moving forward together.

The continuation of the StrategicResearchFund for scientific cooperation was mentioned as a very important goal.

Concluding Remarks

The Australia-India relationship is truly multi-dimensional. Shared interests and common values will continue to drive the relationship forward in the future. Moreover, economic ties are strong and will provide the basis from which other areas of the relationship can develop. However the relationship cannot be viewed solely through a mercantilist lens; the people-to-people links are incredibly important and this is an area that Australia and India need to invest time and resources into developing. This will create a ‘thick’ and maturing relationship between the two countries which will allow both countries to overcome potential roadblocks that might disrupt the relationship.

This dialogue is an example of a track-II diplomatic effort which can help to deepen understanding of the Australia-India relationship. It is important to focus on follow-up track-II dialogues to create new channels and implement practical steps that will anchor the relationship during a period of change. Cooperation at this level can establish the foundations for closer collaboration at other levels and assist the continuing evolution of the Australia-India relationship.

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