



## **India-Australia in the Indo-Pacific: a Blossoming Partnership**

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As the world strives to brace itself to navigate through the transforming geo-political realities in the Indo-Pacific region, India and Australia's attempts to create bonhomie presents a jigsaw. India and Australia share many commonalities such as democracy, membership in Commonwealth, passion for the game of cricket, and business interests, involving mainly resources. However, the relationship has achieved far below its potential. Both India and Australia are important stakeholders in the Indo-Pacific region. Therefore, it is appropriate to diagnose as to what ails the relationship, and why it ought to be mended, and how could it be done.

The issues involved in India-Australia relations are complex and multi-dimensional. The relationship is over 220 years old, when trading started between Calcutta and Sydney in the 1790s. In fact, India was one of the first Asian countries that Australia opened diplomatic relationship with in 1944, three years before India's Independence. Nonetheless, the initial optimism in nurturing the relationship had failed to bloom. Australia's Cold War partisanship and India's strident Non-Aligned policies had diluted the politico-economic and strategic priorities of both the countries.

In the last six decades, political exchanges between India and Australia have remained minimal and inconsistent. Knowledge and understanding about each other's history, culture and

people was diffused and distorted. Migration, which could have offered the possibility for improving the same, was marginal. According to the 1954 census, only 2,600 Indians resided in the whole of Australia. The situation has only changed incrementally, and the number of permanent residents stand at 29, 018 during 2011-2012. India-Australia trade and investment was indifferent. When India attempted to 'Look East' to augment its trade and investment potential in the 1990s, Australia resisted India's entry into the Asia-Pacific Economic Cooperation (APEC). Australia's trade and investment focus remained in the Pacific. Moreover, India's strategic preoccupations were confined to the South Asian region, whilst Australia was content with the US naval presence in the Pacific. Hence, the outcomes of India-Australia relationship remained sub-optimal.

The metamorphosis of global political, economic, and strategic landscape – especially in the Indo-Pacific region – due to the emergence of China as well as India's developmental trajectory, offers both opportunities and challenges to India and Australia. The growing Indian economy is in dire need of energy and resources to maintain its growth trends. Australia is the largest exporter of coal, and possesses 23 per cent of world's known Uranium reserves. The recent lifting of ban on Uranium exports to India is a sign in the right direction. Further, Australia could help mitigate growing India's thirst for gas. It will be a win-win situation for both countries as Australia is in search of newer markets, and India is looking for additional sources.

In the last decade, India-Australia trade has witnessed tremendous growth from US \$ 3.3 billion in 2000 to US \$ 21 billion in 2011-2012. It is projected to reach US \$ 40 billion in 2016 as negotiations on the Comprehensive Economic Cooperation Agreement (CECA) progresses. As of 2011, India's investment, especially in mining and infrastructure sector, in Australia has reached US \$ 11 billion, and is expected to touch about US \$ 30 billion in the next five years. Australia's investment in India reached US \$ 4.3 billion in 2011. The growing optimism about each other's potential makes India and Australia an attractive destination for each other for investment. In the service sector, education constitutes the backbone of India-Australia engagement. Education-related travel to Australia has crossed US \$ 2 billion, and enrollment of Indian students has grown at an annual rate of around 41 per cent since 2002. There are about 36, 000 Indian students studying in Australian institutes and universities. Moreover, Indian tourists contributed US \$ 800 million to the Australian economy in 2010.

Besides trade and investment possibilities, strategic and security domain still remains relatively unexplored, and get limited attention. The increasing Chinese naval presence is causing concerns to both Australia and India. China is the largest trading partner of India and Australia. They strive to cope with growing Chinese power without jeopardising their respective commercial ties to it. Australia is trying to look westwards in the Indian Ocean for wider market accessibility, which concurs with India's 'Look East' towards the Pacific. This places both India and Australia in an advantageous position for enhanced strategic co-operation to further their national interests. It would enable them to protect the Sea Lanes of Communication (SLOC), and also counter piracy, fight terrorism, restrict illegal migration and effectively manage natural calamities such as Tsunami.

Despite the positive trends, the relationship faces a number of hurdles. Although Australia has taken numerous steps to address issues such as quality of many vocational institutes and safety of students in its international students programme, many Indians remain unconvinced about the reforms. On the other hand, Rio Tinto's US \$ 2 billion iron ore mining project in Orissa is lumbering for a decade due to India's unclear management decisions. A quick measure of initiative and policy changes can address those concerns.

Furthermore, for the purpose of image building, increased visibility and positive portrayal in the media can be initiated along with augmented institutional capacity to engage in public diplomacy. India-Australia co-operation at multi-lateral level such as East Asia Summit (EAS) is a welcome development. Moreover, co-ordination and sustained efforts are required for reform in the IMF, the World Bank, and the UN Security Council for mutual benefit. Australia will be holding the chairmanship of Indian Ocean Rim Association for Regional Cooperation (IOR-ARC) next year after India, and this would provide another opportunity for greater regional co-operation and engagement. The recently released 'Australia in the Asian Century White Paper' has prioritised India for closer interaction. Therefore, the need of the hour is to strengthen the partnership, which has a promising future.

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