

Australia India Roundtable, 13 November 2019, Melbourne

Summary

Session I: India-Australia Bilateral Relations

Introductory comments noted the timeliness of this discussion in light of the recent meeting of Prime Minister Modi and Prime Minister Morrison in Bangkok, the forthcoming visit by PM Morrison to India and India's work on an Australia engagement strategy reciprocating the Varghese report.

Relations were said to be undergoing a 'boom' period. Previous 'booms' usually occurred with changes in government in Australia, tended to be personality driven and waned as other priorities impinged. It was important to move beyond the historical 'boom and bust'. Likewise India has often seen Australia in the second tier of relationships, and while Australia has not historically asked much of India, nor has it offered much that India needs.

Seeking to differentiate the current boom, one participant noted that the 2017 Australian Foreign Policy White Paper identified India as a key partner in the Indo-Pacific and that agencies such as DFAT were being restructured to support the White Paper's vision.

Discussion then ensued as to whether Australia does in fact have an Indo-Pacific strategy. Australia's engagement in East Asia took place within a consistent and concerted political, economic and security strategy for that region. This is not the case in the India Ocean region, the primary focus is on India. It was suggested Australia has no Indo-Pacific strategy but a vision; this is also true of India. China is no longer shy about talking of the Indo-Pacific and could be described as the only country to have an explicit Indo-Pacific strategy.

One participant noted that while rhetoric had shifted to the Indo-Pacific, Australian aid had both declined and moved east towards the Pacific. This not only impacted those most in need, but also closed avenues of engagement with countries around the Indian Ocean.

While PM Morrison's description of India and Australia as 'natural partners' was largely unchallenged, one participant cautioned that it can lead us to take each other for granted. The strengthening economic relationship came from economic liberalization in India, rather than any shared past.

It was proposed that PM Modi and his recent re-election represented a significant shift in Indian politics. Modi was a break from the English-speaking, urban, western-educated elites that had dominated policy and politics since independence. He represented the values, aspirations and views of the 'Indian heartland'. Modi, particularly since re-election, was drawing on these to inform government policy notably in relation to Kashmir and Islam. This shift challenged the view that Australia and India were natural partners with shared values, as PM Morrison claimed. It also raised the question of how well placed Australia was to connect with, and understand, the 'heartland' and its growing political influence.

The rise of China and the uncertainty of U.S foreign policy has led to the view that a closer bilateral relationship is a strategic necessity. One speaker noted that it was only recently that India has seen

Australia as an independent actor, distinct from the U.S; this re-appraisal is largely due to China's actions.

Speakers noted that the developing relationship was a mixed bag. A strategic partnership had been established and was developing range and depth. But economically, Australia was nowhere near the top as a trade or investment partner for India; India is however Australia's 5th largest trading partner – though, of course, a small partner compared to China. An FTA would benefit India by giving it market access to services.

Several participants queried why Australian industry was so reluctant (unlike the Japanese) to invest in Indian start-ups. Another participant noted that industry appetite for engagement varied, and that some Australian states were more forward leaning than others eg Western Australia's new Asia strategy and the Northern Territory's perspectives.

It was acknowledged that both countries want to see a peaceful rise of China, but for India the geographical security issues generated by China (and Pakistan) were central. Also, India's trade relation with China is very different, with a large excess of imports over exports – far different from Australia's huge export-dominated China trade.

Though promising, the strategic partnership with Australia lacks the range and depth of the partnerships India has with the US and Japan. This said, the US has little strategic interest in the Indian Ocean and there appear to be serious limits to the Japanese commitment to cooperation.

According to some at the Roundtable, working with regional countries to balance China was the way forward, and from this perspective there was a need to enhance Australia's strategic partnership with India.

Security cooperation was underpinned by the 2008 Agreement (and subsequent documents). Dialogues and service-to-service engagement were going well; less so R&D and industry cooperation beyond dialogue. It was probably the case that both parties were looking to the other to do more, including in non-traditional security issues such as natural disasters.

It was noted the Varghese report did not consider defence as a priority sector.

Civil nuclear cooperation is a significant part of the partnership; Australia's exports of uranium to India were important for India's economic development. It was recalled that while India is the second-largest producer of coal, Australian coal had lower carbon dioxide emissions and should be prioritized (viz Adani).

Speakers noted that cooperation in skills-development and education had grown enormously and the 2006 bilateral Research Fund had been an important promoter of collaboration and knowledge sharing. One speaker commented that co-operation in science and technology is arguably better than in any other bilateral relationship and this needs to be maintained.

There was brief discussion of the role of the Indian diaspora in strengthening bilateral relations. Despite the large growth in the Indian-born population, their profile and engagement in Australia was very different to communities in Canada (over 10% in parliament, majority Sikh) and the UK. Caution was urged - for every good diaspora story, there was a countervailing negative one eg. many can be treated like cash cows for international student fees.

Session II: Recent Developments in the Indo-Pacific

Session II opened with the observation that the issues/concerns/developments raised in Session I were not unique to India and were in many cases shared by other regional states.

Balancing China was also a concern for many in Indonesia, but was Indonesia able to work with others to achieve that? Indonesia's principal concern with China is the Exclusive economic zone (EEZ). Australia's preference for the US agenda constrains closer cooperation with Indonesia. In light of the election, we may see a change in Jokowi's foreign policy. While Australian public attention was focused on conservative Islam in Indonesia, Jokowi's government was welcoming back ministers from a less democratic era. This has impacted on democracy; Australia needs to recognize these developments.

Indonesia, it was suggested, has an interest in countries like India and Australia engaging in ASEAN-centered forums – especially if Indonesia and ASEAN wish to soft-balance China. Middle powers need to help balance China in regional fora. Anxiety about Chinese domination in the region creates a space/area of mutual interest where Indonesia, India and Australia could work more collaboratively. Given ASEAN centrality is critical for Indonesia, one participant suggested India and Australia work together to prioritise ASEAN centrality in the Indo-Pacific as a balance to major powers in general.

On the South China Sea, Vietnam and the Philippines have been the ASEANs most clearly challenging China's assertiveness. One participant asked if there was evidence of the claim that 'half of ASEAN is now a Chinese lake?' Subsequent discussion suggested that ASEAN was growing uncomfortable about the influence of China within the body, and some were beginning to discuss their capacity to deal with it. It has led to more transparent articulation of the difficulty in reaching common ground given the different member perspectives/relationships with China.

Another participant observed that China was not the only constraint on consensus, citing Malaysia which operates through a 'Muslim-world' construct that reaches past Asia into Turkey and the Middle East. From that perspective, there was complaint about ASEAN being a 'talk-shop', not addressing problems faced by Muslims. For India, Malaysia was important - sitting on the Malacca Straits a key trade route linking India with the rest of Asia, but there at present serious difficulties (including treatment of Muslims and developments in Kashmir) in the India-Malaysia relationship. A participant added that India was developing military power in the western area of the Malacca Straits, including joint exercises with Indonesia.

Throughout the day there was discussion on the various definitions of Indo-Pacific. Rather than focus on lines on map, some thought there was value in adopting a functional description. It is a broad maritime space connecting many countries. It is more than the countries of the Asia-Pacific and more than the region's democracies. But critically it is a contested space and the key issue is: whose 'order' will shape the region?

In discussing the Quad, some proposed that it is an adjunct to three separate trilateral security dialogues. It has no unified vision of the Indo-Pacific. Each Quad participant has its own security interests and military capabilities. It is important to distinguish the Quad's 'political signaling' from constituent member military strength. The view was put to the meeting that despite some initial ambivalence in committing to the Quad, its 'members' were now publicly on board. Bipartisan support

in Australia has certainly been affirmed. The Roundtable also heard the view that both Japan's and India's commitment to the Quad concept was limited.

All bilaterals include 2+2 dialogues involving foreign and defence ministers. Sanctions on Russia have led Central Asian markets to look elsewhere. India in the SCO is alert to Central Asian markets reaching out.

The US reset of relations with China has come at a time of great global disarray. There is a huge degree of uncertainty ahead, and it will continue whatever the outcome of the US election. One view is that China seeks a bipolar world, but a unipolar Asia. It pursues zero-sum strategies, like belt and road, and seeks to emerge as the new power broker and security provider in Asia, undermining the US Indo-Pacific order.

It was noted that this unpredictability had affected Japan particularly; both China's rise and the Trump presidency. It had been ill-treated by the US in relation to the Korean Peninsula and doubted US commitment to guarantee security in the region. Nonetheless its South East Asian diplomacy showed considerable skill. And, unlike Australia, it was likely to host President Xi soon.

ASEAN had also been caught out by the rapidly changing landscape. One view was that ASEAN now recognized the problems, but progress was incremental. Discussion canvassed Australia and India's need for a strong ASEAN. How ASEAN deals with China has a direct bearing on Australian and Indian interests eg. there were increasing Indonesia/Singapore military exercises. India and Australia need to enhance military cooperation with ASEAN. Some participants expressed concern that the ASEAN-China Code of Conduct (on which there had been no broader consultation) should not abrogate the rights of third parties or diminish internationally recognized rights eg. UNCLOS.

A rising China was producing a geostrategic shift in the thinking of East Asia. China's maritime posture in Southeast Asia and the Indian Ocean region had changed profoundly. Regional stability thus far has been fixated on the US role. ARF has achieved success in confidence building measures and counter-terrorism, but had been less successful in conflict prevention. Some speakers worried the failure of the ADMM + to agree a joint statement on the South China Sea issue suggested the ADMM + could go the way of the ARF. This prompted the observation that the biggest threat to ASEAN centrality comes from ASEAN itself. The OAIP - with the Indo-Pacific at its centre - was seen by some as a welcome step forward.. It was noted, however, that the Outlook reflected ASEAN's desire to do things its own way and at its own pace.

ASEAN feels there is a lack of clarity as to what a 'Free and Open' Indo-Pacific actually means.

Countries in the region were boosting their national defence capabilities because of China, as well as strengthening their bilateral security ties and alliances.

PM Modi's decision not to join RCEP was discussed. Some saw it in strategic terms, as a sign of India's lack of commitment. Others noted it was due to unresolved issues on core economic interests. India considered the agreement could undermine existing rules and, in the light of global developments, provide a means for China to dominate the region. One participant suggested an alternative view was that RCEP offered a means to engage China.

On the DPRK, the Trump administration had walked away from existing policies. Nonetheless it was important that Inter-Korea momentum and dialogue be sustained. China has been long frustrated by the

DPRK's positions on the US. China fears the DPRK provides the US with incentives to increase security cooperation with ROK and Japan, while China loses its position as an intermediary between the DPRK and the world.

One participant raised the role of Russia in the region. An important observation was that India had been attempting to restore relations with Russia for a decade. Russia's relevance to India was continental security; Pakistan's interests with Russia were tied to Islamic extremism. Russia however considers itself to be a European power. While it is putting its eggs more in the Chinese basket (because of sanctions impact and energy needs), it has concerns over Chinese influence in Central Asia and Russia's Far East. India will not see eye to eye with Russia on the full range of issues, but it cannot ignore growing Russian interest in Southeast Asia.

A common observation was the lack of effective regional security architecture in the Indian Ocean. Regional groupings are weak. In terms of developing effective architecture, it was suggested that mini-lateral groupings could be the way forward - one such grouping could be India-France-Australia. Developing these blocs depends on the strength of the bilateral relationships. It was suggested India has been less keen on developing trilateral relationships. But there were also constraints on full-scope defence and security partnerships - eg the one with Japan was not realistic without US as the central pillar. It was observed that Chinese think tanks frequently wonder how far the India-Australia-US relationship will go. Or whether India and the US would create an alliance - to some degree this was up to China, but was not considered likely.

In concluding observations, one participant suggested discussions needed to focus more on China's domestic politics. Old factional balances have been disturbed by the consolidation of power under Xi Jinping. There had been a return to 'strong-man politics'; power sharing agreements since Deng Xiaoping are now less relevant. There was a systemic incompatibility between China's political and economic system. Economic reform has produced new centres of power in the form of wealthy individuals. So far the mechanism to co-opt this new force was to welcome the newly rich as CCP members. How long can this new balance endure? - China's new billionaires have different interests from those of the Party; their economic interests are not always the Party's interests.

Session III: Foreign and Security Policy Challenges of India and Australia

Discussion opened with references to PM Modi's developing a 'New India' through nation building and decisive leadership. It aims for India to be a robust, independent power with substantial strategic capability. In terms of regional posture it is aggregating comprehensive national power, embracing greater regional responsibilities and pursuing strategic balancing in the Indian Ocean and Southeast Asia with the aim of security and growth for all.

Recalling PM Morrison's Lowy Speech, it was suggested that India would be comfortable with the view that global institutions cannot substitute for nation states over national policies. It was argued that European-style post-national supra sovereignty did not fit with Asia - where freedom was seen to be dependent on national sovereignty. Several speakers observed that Australia does not support joining supranational government.

It was reiterated that India is confronting the Chinese on the continent in a manner Australia will never be required to. India will need to increase military deterrence capabilities and partnerships eg in response to the development of new Chinese aircraft carriers.

That Australia is so enmeshed economically with China, creates a different dynamic; this is also held true for much of Southeast Asia. This dynamic plays into how Australia deals with security threats, since China has economic leverage. But there was no question that there is an influential view that Australia does face real and identified security threats from China, particularly in cyber.

It was noted that India, like Australia, sought to avoid adopting a confrontational posture with China (though it was observed that developing circumstances may still force our hands on this). But Australia was not naive about the challenges. Domestically there was a huge amount of discussion and coverage of China in the region and the growing Chinese influence.

An Australian participant outlined the Pacific Step-up, the Australian Government's response to increased Chinese business, influence and aid funding in the South Pacific.

Engaging China

India's engagement with China was framed by domestically sensitive issues; the trade deficit with China is one such. Considerable non-tariff trade barriers hinder the ability of Indian companies to enter the Chinese market; this sensitivity influenced India's approach to RCEP. Border incursions occur in advance of key events such as visits to border regions. China, it was argued, constantly changes the goal posts for border agreements. Moreover there is Pakistan's role as a 'nuclear proxy' and the Chinese-leased Gerdwar port giving access to the Indian Ocean. China frustrates Indian efforts to become a permanent member of the UN Security Council. Both countries are trying to improve bilateral ties, but some felt China will continue to obfuscate.

A balancing note was voiced that while there were undeniable challenges in relations with China, for Australia there were also huge benefits in the relationship. It was important to remember this.

The varying geographical definitions of 'Indo-Pacific' were again raised. A functional definition would recognize that every country defines it according to its context ie. India will place more emphasis on Africa, and Australia more on the South Pacific. There will continue to be a need to prioritise resources geographically, towards eastern Indian Ocean first, and inevitably to the west as China increases its presence on the African coast.

One participant suggested that more consideration needed to be given to what greater US engagement in the Indian Pacific might look like were it to up its interest. If greater engagement were to manifest itself in America pursuing primacy the Australian and Indian positions could be very different..

Conclusion

There is still not enough happening between India and Australia. Growing the relationship requires courage and imagination. Dialogues such as this can assist and spur governments.

India is embarked on the hard-noised pursuit of its national interests through becoming a robust, independent power with substantial strategic capability.

While India's hard security concerns are different Australia's, it should be recognized that shared concerns are no less real even though they stem from different interests and arise in different contexts.

Both countries have interest and capacity in strengthening existing regional security architecture and expanding it, including at a mini-lateral level.

While there is now public commitment to the Quad, that commitment was varied and placed constraints on how far it could be pushed.