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Australia-India Partnership: Strategic Convergence?

By Ian Hall

Synopsis

The President of India's recent visit highlights the progress that has been made in Australia-India relations. But it also underscores the work that still needs to be done to manage shared security challenges.

Commentary

FOR THE first time ever, India's head of state visited Australia in November 2018. President Shri Ram Nath Kovind landed in Sydney on 21 November to begin his three-day maiden visit that was a sign of how far the relationship between the two countries has come of late.

Twenty years ago, things were quite different. The 1990s saw some efforts made to stimulate bilateral trade, but otherwise Australia and India had shown little interest in each other. Then came the nuclear tests in 1998. Canberra – long committed to bolstering the nonproliferation regime – responded vigorously, suspending all official visits to India, and withdrawing its military attaché.

The 9/11 Effect

New Delhi, for its part, was not impressed. Indian officials and analysts suggested that Australia lacked a basic understanding of the country's strategic predicament. They hinted too at hypocrisy, pointing out that Australia benefitted from extended nuclear deterrence, courtesy of the United States.

It took some time to patch things up. In 2000, Australian Prime Minister John Howard visited New Delhi, but it took until the middle of the decade to restore real momentum.

The catalysts were the 'War on Terror', in which Australia was engaged with its allies in Afghanistan, and warming US-India ties.

In this changing atmosphere, Australia and India concluded a Memorandum of Understanding on counter-terrorism and intelligence sharing in 2003. A deal on Defence Cooperation followed in 2006.

As New Delhi was brought in from the cold, the Howard government signalled it was keen to lift Canberra's ban on uranium sales to India. Bilateral trade also began to pick up. Australia expanded its diplomatic footprint in India, and the two countries consented, in 2007, to join the first iteration of the Quad.

Choppy Waters: Security First

The election of Kevin Rudd's Labour government put a brake, however, on this progress. New Delhi feared – with some reason – that a Mandarin-speaking prime minister and self-proclaimed China specialist would prioritise relations with Beijing over others. When Rudd decided to pull out of the Quad, and Foreign Minister Stephen Smith made the announcement with his Chinese counterpart, Yang Jiechi, at his side, these concerns appeared vindicated.

Shaken, and irked by Rudd's vacillation on the uranium ban, New Delhi pulled back, treated Canberra with caution, and refused to extend another invitation to the Australian navy to participate in Exercise MALABAR, run with Japan and the US.

Although the Rudd government shook New Delhi's confidence in Canberra, China's assertiveness during and after the Global Financial Crisis soon pushed the two back together. A Joint Declaration on Security Cooperation was concluded in 2009, elevating the bilateral relationship to a 'strategic partnership'. Two years later, the ban on uranium sales was lifted by Rudd's successor, Julia Gillard.

Thereafter, momentum picked up. During Prime Minister Tony Abbott's visit to India in September 2014, a bilateral civil nuclear deal was unveiled. During Narendra Modi's landmark visit to Australia that November – the first by an Indian prime minister for more than a quarter of a century – a broader security cooperation agreement was signed.

It promised regular high-level dialogues, possible defence technology transfers, and more cooperative efforts in counter-terrorism, people-smuggling, search and rescue, humanitarian and disaster relief, and peacekeeping.

An Australia-India-Japan Trilateral dialogue followed in mid-2015, then the reinstatement of a new version of the Quad in 2017, and an inaugural bilateral 2+2 Foreign and Defence ministers' summit held the same year. In parallel, the tempo of joint exercises accelerated, beginning with the maritime AUSINDEX, in 2015, and then Indian Air Force involvement in the multilateral Pitch Black, hosted by Australia, in 2018. Bilateral army exercises will soon follow.

...Trade Later?

Modi's visit also raised hopes that the two countries would make progress in building stronger trade and investment ties. Bilateral trade has stagnated for a decade, remaining stubbornly at around US\$14.5 billion a year, skewed in Australia's favour. The investment story is better, but far from ideal. A lack of complementarity is partly to blame, but so too it is due to ongoing problems with market access for some Australian goods and with India's underdeveloped manufacturing base.

In Canberra, the Indian PM pledged that his government would try to wrap up talks on a bilateral Comprehensive Economic Cooperation Agreement (CECA) by the end of 2015. This did not occur. The talks stalled with the two sides reportedly far from agreement.

To try to regain the initiative, in 2017 Canberra asked former High Commissioner to India Peter Varghese to explore ways to inject some energy back into the economic relationship. His hefty, frank 500-page 'India Economic Strategy to 2035,' published in July 2018, formed the basis for much of the discussion between the two sides during President Kovind's visit.

On the Indian side, Varghese's findings were welcomed with polite remarks from its High Commissioner in Canberra. On the Australia side, promises were made to implement Varghese's key recommendations, including creating a strategic economic dialogue, advocating for India's inclusion in APEC, better supporting education providers in the Indian market, boosting research collaboration, encouraging more direct flights, and expanding diplomatic missions.

Commitments and Convergence

Whether these commitments will be met is a moot point. It is significant, however, that Australia's Opposition Labour Party – which is likely to come to power in mid-2019 – has given Varghese report bipartisan support. Despite the scale of the challenge, boosting the Australia-India economic relationship is a high priority for Canberra. So too is deepening defence and security ties.

Both capitals are keenly aware that neither Australia nor India would benefit from a Chinese-dominated Indo-Pacific, in which the freedom of sea lanes is threatened, the terms of trade and investment are dictated, the autonomy and stability of regional states is compromised, and those who disagree are coerced into submission.

Both also have a lot to gain from the sharing of strategic assessments and pooling of intelligence on Beijing's behaviour, developing interoperability, especially in areas like anti-submarine warfare, and cooperating to compete better with Chinese connectivity and infrastructure projects.

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