

INDO-PACIFIC STRATEGIC PAPERS



Transforming India-Australia Relations into a Strategic Partnership

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Colonel Sanjive's instructional duties have included tenure at the Officers Training Academy in 2002-04, and at the Weapons and Trials Wing at the Infantry School, Mhow in 2009-11. He attended the Technical Staff Officers Course in 2005-06 at the Institute of Armament and Technology, Pune. He has also served in the UN as a Military Observer in the Congo, where he was responsible for planning and coordinating military operations as Deputy Chief G-3 Operations. He is currently attending the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies at the Australian Defence College.

Abstract

This paper analyses how India and Australia can build on their relationship to become strategic partners. It argues that rising Chinese assertiveness needs to be balanced by a security architecture that is not led by the US, if a Cold War-type grouping of nations is to be avoided. It contends that a security architecture based around the ASEAN Regional Forum or East Asia Summit may not be effective, as the ASEAN countries lack military capacity and do not propagate military alliances.

The paper asserts that a strategic relationship between India and Australia, based on common political, economic and security cooperation, could provide the balancing influence. Being located away from China's immediate area of influence, such a relationship would not directly threaten Chinese interests but would still be able to exert influence over the sea lines of communication passing through the Indian Ocean region. The paper concludes that a strategic alliance between India and Australia could contribute to a more stable Indo-Pacific region and ensure the independence of action of South Asian countries.

Transforming India-Australia Relations into a Strategic Partnership

Introduction

India and Australia, the two flourishing democracies in the Indo-Pacific region, have increasingly come together in the economic and diplomatic arena based on common values. Both countries rely on a rules-based world order, which is a prerequisite driving economic growth in both countries. Being an island country, Australia is dependent on freedom of navigation through the Indo-Pacific region with secure sea lines of communication (SLOC).¹ For peninsular India, strategically located in the centre of the Indian Ocean—and with 70 per cent dependency on imported oil and gas for energy requirements, and most of its trade going through the sea—security and dominance of the SLOCs through the Indian Ocean are a strategic necessity.²

The dynamics of aggressive control over international waters in the South China Sea recently exercised by China, and the parallel shifting of the US' strategic focus via its policy of pivoting to the Asia-Pacific, leaves a relative void in the Indian Ocean region which needs to be augmented by regional powers.³ These changing regional dynamics open up space for balancing bilateral and multilateral security arrangements in the Indian Ocean region, underpinned by US support. Naturally, India and Australia, with a strong maritime heritage and bonded by common values, have an opportunity to build their relationship from a political and economic level to one underpinning overall security in the India Ocean region.

This paper analyses how India and Australia can build on their relationship to become strategic partners. First, the paper analyses the current regional imperatives. It then examines the current Indian and Australian relationship, leading to a conclusion that the changing geopolitical focus towards an economically-rising Asia and an increasingly-assertive China necessitates the development of an overarching multilateral security architecture in the Indian Ocean region—one which India and Australia have the opportunity of creating.

Regional imperatives

The Indian Ocean is the third largest water body in the world. It encompasses critical SLOCs carrying 61 per cent of total global container traffic and 70 per cent of traffic in petroleum products, with the Malacca Straits being an important choke point connecting the ocean with the Pacific Ocean.⁴ The region also has large untapped offshore hydrocarbon reserves, which will be critical to feeding the growing energy demands of Asia.⁵ Krishnappa Venkatshamy concludes that 'maintaining stability in the region is therefore critical to regional as well as global prosperity'.⁶ With India and Australia having the two largest navies in the region, it falls on them to contribute towards overall security in the region.⁷

The biggest driver of the altering security situation in the Indo-Pacific region has been the rapid rise of China and its increased assertiveness in the South China Sea. China is increasingly challenging the rights of The Philippines and Vietnam in the dispute over islands in the South China Sea. It is also taking such coercive measures as developing military airfields on the reclaimed islands. This assertiveness has also seen China impose restrictions regarding the permissions required for the use of air space in the area, a development which been opposed by those nations committed to freedom of navigation, led by the US.

This increases the possibility of China taking similarly aggressive actions over other territorial disputes, such as in the East China Sea with Japan, and over land borders with India, as a show of strength of its increased military capabilities. According to Venkatshamy, China's maritime modernisation efforts, based on the development of submarines for sea denial and large numbers of long-range missile systems, are 'centred around its expansionist motives to obtain a strategic foothold in the Indian Ocean and counter American influence in the region'.⁸

In order to balance against a rising Chinese influence, the US announced its policy of pivoting its strategic focus towards the Pacific Ocean. President Barack Obama recently remarked with reference to China that '[i]f we don't write the rules for trade around the world, guess what, China will'.⁹ Given the assertive and coercive nature of Chinese policy in the South China Sea, that result will definitely be a challenge to the current rules-based order.

The ability of South Asian countries to exercise complete freedom of economic independence in such an environment will be the key towards long-term security in the Indo-Pacific region. However, ASEAN countries have been constrained in their ability to contribute towards overall security in the region, as they tend to work through consensus building and lack sufficient military capabilities. Frederic Grare contends that 'many countries in the Indo-Pacific region, including Australia, fear the prospect of an Asian multilateralism dominated by China'.¹⁰ C. Raja Mohan contends that, with increasing hegemonic Chinese influence in the Indo-Pacific region, many countries are looking to India to play a larger role on the regional scene.¹¹

Historically, Australia depended on Britain prior to World War 2, and thereafter on the US, to contribute towards ensuring security in the Indo-Pacific region.¹² As such, it had its economic alliances with countries aligned around these two powers. However, in this new century, for the first time Australia is in the position of having China as its largest trade partner but its security alliance with the US.¹³ With the US shifting its strategic focus towards the Pacific Ocean so as to balance against China, it is perhaps timely for Australia to review its over-dependence on trade with China.

Overview: Indian and Australian relations

Although India and Australia share common democratic traditions and are increasingly becoming closer trade partners, the relationship during the last 60 years is one which has never reached its true potential.¹⁴ Australia's alliance with the US, and India's relationship with the Soviet Union during the Cold War era, produced its own dynamics of differences.¹⁵ After the nuclear explosions by India in 1998, Australia reacted with much more than a robust response, including cancellation of all ministerial-level talks and the recalling of defence attaches. According to David Brewster, the reaction was perceived by New Delhi as much more than was required and was seen as directed towards impressing Washington.¹⁶

It also created a perception in New Delhi that Canberra was not following an independent foreign policy and would only follow the lead of the US.¹⁷ It was only after the India-US civil nuclear agreement that relations between India and Australia again warmed up and saw two Prime Minister-level visits from Canberra. The subsequent Australian policy to start the export of uranium to India was seen as a step towards regaining the lost ground of the last two decades and removing distrust between the two nations.¹⁸ The fact that the step involved then-Prime Minister Gillard taking the issue to a vote in Parliament, and risking political capital, is indicative of the importance Australia attached to removing all obstacles towards engaging India in a new partnership.¹⁹

The last decade has seen major improvements in security engagements between Australia and India, which have gained in momentum in recent years.²⁰ The period saw the signing of several security-related bilateral agreements, including an agreement on countering terrorism in 2003, a memorandum of understanding on defence cooperation in 2006, a defence information-sharing arrangement in 2007, and an agreement on intelligence dialogue, extradition and counter-terrorism in 2008.²¹ A joint declaration on security cooperation, along similar lines to the ones Australia also shares with Japan and South Korea, was signed by both Prime Ministers in 2008.²²

However, Grare cautions that sharing common concerns does not necessarily mean the adoption of a common approach. Given the strong military relationship shared by Australia with the US, centred on maintaining common security through bilateral arrangements, and India's foreign policy focus of maintaining strategic autonomy, India may be hesitant to form a regional security arrangement with Australia.²³ However, with the signing of the framework for security cooperation by both Prime Ministers in 2014, further impetus has been given to defence cooperation.

India and Australia conducted a bilateral level naval exercise (AUSINDEX) in September 2015, the first combined naval exercise since their combined participation in the Malabar exercise in 2007 triggered a *démarche* by China which resulted in a freeze on further military exercises. This was to be followed by India's participation in the Australian Air Force's Exercise PITCH BLACK in 2016.²⁴ Hence, the increasing level of defence cooperation is now not being limited by the possible concerns of China, and is gravitating towards significant collaboration in the broader Indo-Pacific region by increasing military interoperability and building mutual trust.

The rising level of bilateral economic trade is another area propelling strategic cooperation. Trade between the two countries in 2013-14 was valued at US\$14.8 billion, with India being Australia's 12th largest trading partner and seventh largest export destination.²⁵ The Indian economy has grown at around seven per cent annually since 2003, powered by merchandise, services, telecom and financial services.²⁶ Hence, it is being seen as a major destination for the export of raw materials, a major component of Australia's export trade.²⁷

As noted by Australia's Department of Foreign Affairs and Trade, a 2010 feasibility study into a possible joint free trade agreement concluded that the growth of trade between the two countries is based on complementarities wherein India would be able to use Australia's exports in items such as iron ore and coal to meet its growing economic demands, and to fill infrastructure gaps associated with its own export requirements.²⁸ The report recommended that both Governments consider negotiations on a comprehensive bilateral free trade agreement.²⁹ The political direction given by both Prime Ministers towards concluding the same within 2015 is an encouraging milestone binding both nations strongly.³⁰

Towards establishing a strategic relationship

There is a need to create an alternative security architecture to balance against China's military rise and its perceived hegemonic policies.³¹ An architecture led by the US may not be the right answer, as that would parallel the Cold War dynamics of two opposing groups and may further contribute towards precipitating a deterioration of the security situation. The example of China quickly giving a *démarche* to India, Australia, Japan, Singapore and the US after their joint naval exercise in 2007, and requesting an explanation of proposals for the formation of a quadrilateral arrangement, is a case in point.³²

Anything similar would likely be exploited by the Communist Party of China in invoking nationalist feelings within China. Considering the technological and military advantage of the US over China (which cannot be overcome in the near future), the US can continue to guarantee overall security while keeping clear of any direct involvement in a sub-regional security arrangement in the region. So a parallel security architecture, less the US, may be a better option.

Hence, India and Australia, and possibly other South Asian countries, should consider aligning together in creating such an overarching security structure.³³ This would achieve wider security, acceptable to most of the countries in the Indo-Pacific region.³⁴ For such an arrangement to be effective, however, Grare contends that 'India and Australia must play a more active role in institutions, helping to build a new regional order [as] mere presence in existing security institutions differs from active participation and cooperation'.³⁵

Conclusion

The regional imperatives in the Indo-Pacific region point towards the continuing rise in influence of China. This in itself would not be a cause of worry had it not been accompanied by rising Chinese assertiveness in the South China Sea. The countries in the region cannot ignore the development of military airfields on the reclaimed islands. The rising Chinese assertiveness needs to be balanced by an alternative security architecture without the lead of the US, if a Cold War-type grouping of nations is to be avoided. A security architecture based around the ASEAN Regional Forum or East Asia Summit may not be effective, as the ASEAN countries lack military capacity and do not propagate military alliances.

In such a situation, a strategic relationship between India and Australia, based on common political, economic and security cooperation, could provide the balancing influence. Being located away from China's immediate area of influence, such a relationship would not directly threaten Chinese interests but would still be able to exert influence over the SLOCs passing through the Indian Ocean region. The creation of such a strategic alliance between India and Australia could thereby contribute to a more stable Indo-Pacific region and ensure the independence of action of South Asian countries.

Notes

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