

STRATEGY

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Improving on zero

Australia and India attempt strategic convergence



Graeme Dobell

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The Hon Julie Bishop, Australian Minister for Foreign Affairs arrives for the Foreign Ministers' Framework Dialogue co-hosted by Minister of External Affairs, Ms Sushma Swaraj during her visit to India to promote trade and investment opportunities for Australia, New Delhi, India, 14 April 2015. Picture by Graham Crouch/DFAT

EXECUTIVE SUMMARY

India no longer sees Australia as merely a strategic stooge of the US. And Australia is starting to accord India the importance India always saw as its right. Those are big changes in attitude and policy—and in the two countries' understanding of each other's interests.

Strategy: The Australia–India strategic relationship was in zero territory—often in negative mode—for much of the 20th century; indeed, effectively since India's independence. In the 21st century, though, Australia and India can reach for greater strategic convergence, building on:

- growing bilateral cooperation
- Australia's alliance and India's quasi-alliance with the US
- a shared vision of the Indo-Pacific, in which Australia gives explicit acknowledgement to India's importance while India starts to understand Australia's obsession with Southeast Asia
- responses to China's power.

People: Australia in the 21st century can have a set of relationships with India based on people as much as on economic and strategic need. Ahead of strategy or trade, migration is changing Australians' and Indians' conceptions of each other. Australia has a burgeoning Indian population—India now ranks fourth in the list of the top 10 countries of birth of Australia's population.

Economics and trade: As China slows economically, Australia turns to India. The negotiation of an Australia–India free trade deal—a Comprehensive Economic Cooperation Agreement—aims to match the bilateral agreements Australia reached with China, Japan and South Korea. In the 21st century, India–Australia two-way trade in goods and services has doubled in annual value to \$15 billion—still small beer when compared to the figure of \$150 billion for our trade with China, but with great potential for growth.

Improving on zero: The previous negative relationship was based on a lot of hard history (White Australia, the Cold War, alliance versus non-alignment and India's nuclear weapons status). Myriad examples, big and small, illustrate how difficult things were. That past counsels caution about the speed or extent of the strategic convergence that can be achieved. Still, this time it's different—our astigmatism and the antagonisms should not derail the opportunity, and the need, to see each other clearly and do much more together.

CHAPTER 1

The sub-zero decades

Optimism about the possibility for strategic convergence between Australia and India in the 21st century starts from a low base—their difficult, distant and often negative relationship of the 20th century. Almost from India's independence, the strategic relationship was in minus territory. In the 20th century, just getting Australia and India out of the negative to the starting point of zero was out of reach.

In the 21st century, the two massively different Indian Ocean neighbours both seem intent upon building a more positive relationship for the future. Today's trend offers optimism, even while history suggests we shouldn't expect too much, too quickly.

One review of Oz–India relations came up with the wonderful phrase 'silence punctuated by occasional hiccups' (Mayer & Jain, 2008). More than silence, Australia and India in the 20th century were often at odds. Interests differed, priorities clashed. The relationship wasn't neglected—it was in the negative. When the two countries did focus on each other, they argued.

The history of differences became a habit, producing a mutual astigmatism that made it difficult for Australia and India to look clearly or closely at the other.

Beyond vastly different histories and cultures, Australia and India have been on opposing sides in lots of important fights: White Australia, the Cold War (Australia chose the US while India preferred non-alignment), nuclear disarmament and India's nuclear weapons status, even the initial efforts at Indian Ocean regionalism; in the economic realm, the exclusion of India from APEC membership, the course of the Doha round in the World Trade Organization and deep differences over international rules for farm trade.

India is fiercely proud of its autonomous foreign policy; Australia is fiercely loyal to its alliance. When Australia places itself in the international system, it talks as a 'middle power'. India knows it's an important power, even when it doesn't have much power.

The history's marked by differing priorities and hierarchies. A lot of countries have mattered more to Australia than India—including the US, Japan, China and Indonesia. Moreover, for Canberra, Southeast Asia trumps South Asia.

India's such a world unto itself that it took a long time for it even to give much policy priority to East Asia. For decades, India's East Asia policy was really a binary/bilateral mindset that was all about China. It made sense as border policy but showed little geopolitical imagination.

Only after the end of the Cold War and the collapse of the Soviet Union did India decide, in 1991, to get serious about East Asia, initiating its 'Look East' policy. If modern India took so long to get excited about East Asia, little wonder that it seldom found Australia interesting.

Myriad examples, big and small, show this 20th century history of difference and astigmatism between Australia and India.

Diplomatically, exchanges between Canberra and New Delhi sometimes played out in slow motion. Australia's High Commission in India spent much of the 1980s negotiating the protocol for a meeting between an Australian Foreign Affairs deputy secretary and his counterpart in the Indian Foreign Ministry. The issue that took years to resolve was what level of the Indian diplomatic bureaucracy would be appropriate to meet an Australian deputy secretary.

Diplomatically, exchanges between Canberra and New Delhi sometimes played out in slow motion.

It was only in October 1995 that Australia's Department of Foreign Affairs and Trade (DFAT) created a separate South Asia and Indian Ocean Branch, putting the region on the same bureaucratic level as key countries such as the US, China, Indonesia and Japan.

Then, in December 1998, just as diplomatic relations were resuming after the nuclear bomb tests by India and Pakistan, that upgrading was reversed. DFAT merged South Asia into one branch with mainland Southeast Asia. Canberra denied any downgrading of the importance of South Asia to Australia—it was merely a rationalisation due to a tight budget.

In the year that India and Pakistan came out as nuclear weapons powers, here was an extraordinary example of policy astigmatism—the inability to devote sustained attention to India.

The contrast with the concentrated focus Australia gave to China or Japan or Indonesia was one of the reasons so much of the 20th century was 'minus' territory for New Delhi and Canberra.

As a crude measure of where India ranked in Canberra's strategic thinking, consider the number of times countries and regions were mentioned in Australia's seven Defence White Papers from 1976 to 2016 (Table 1).

Table 1: Mentions in Defence White Papers, 1976 to 2016

| Country/region | 1976 | 1987 | 1994 | 2000 | 2009 | 2013 | 2016 |
|----------------------|------|------|------|------|------|------|------|
| United States | 12 | 62 | 60 | 43 | 80 | 86 | 129 |
| China | 10 | 4 | 20 | 13 | 34 | 65 | 64 |
| Indonesia | 20 | 13 | 25 | 33 | 20 | 32 | 32 |
| India / Indian Ocean | 3 | 9 | 8 | 11 | 32 | 68 | 51 |
| Asia-Pacific | 0 | 0 | 30 | 44 | 3 | 3 | 0 |
| Indo-Pacific | 1 | 0 | 0 | 0 | 0 | 58 | 68 |

The 1987 paper mentioned the Indian Ocean nine times, while India itself got zip. Astigmatism, indeed. As India and Australia started to move beyond zero in the 21st century, Australian strategic consideration of India rose dramatically, especially as the Defence Department embraced the concept of the Indo-Pacific instead of the Asia-Pacific.

If Australia wasn't looking too closely in the 20th century, that usually didn't matter because India hardly noticed. There's no bilateral problem when neither side cares.

When India peered out at the world, its glance seldom lingered on Australia. In 2003, the strategic affairs editor for *The Hindu* newspaper, C. Raja Mohan, produced an excellent book, *Crossing the Rubicon: the shaping of India's new*

foreign policy, on the transformation of Indian foreign policy following the end of the Cold War and the 2001 attacks on the US.

He described India shifting from non-aligned idealism to pragmatism ('from Third Worldism to the promotion of its own self-interest'), emphasising economics, not politics, and after 'five wasted decades' seeing the US as a 'natural ally' (Mohan 2004).

Mohan covered a lot of ground in his 300 pages but managed to alight on Australia only once—mentioning it in a list of US allies in Asia. That single reference to Australia was an accurate expression of the temperature of Australia–India strategic relations at the start of the 21st century—no longer in minus territory, but groping slowly to lift beyond zero. As India and the US looked at each other anew, Australia benefited.

Commonwealth to cricket to chemistry

The slow and stuttering course of the Australia–India relationship over the past 70 years has been troubled by the 'curse of the Cs'.

The Cs refer to what the two Indian Ocean states seem to have in common: cricket, the Commonwealth, and a common elite language from the colonial past.

The Cs suggest nearness and understanding where little exists. The curse of the Cs is to conceal how little India and Australia really know of each other.

Even the greatest shared value—democracy—misleads about the meeting of minds, because the two democracies are so extraordinarily different in every dimension.

Another C doesn't get as many mentions as the Commonwealth or cricket, but it's been part of the promise and part of the curse—leadership chemistry.

The shared will of leaders has never been enough to get India and Australia together.

The shared will of leaders has never been enough to get India and Australia together. The differences of history, beliefs and systems have easily defeated determined leaders pushing in sync in New Delhi and Canberra.

The most recent chemistry experiment was Tony Abbott's embrace of Narendra Modi as a brother when Modi visited in 2014 (Iggulden 2014).

It was 28 years since the previous visit by an Indian PM (Rajiv Gandhi). Granted, Modi mainly came for the G20 in Brisbane, but the bilateral visit that followed was, indeed, gush-worthy, and Tony Abbott was right to flatter: 'India, as we know, is one of the world's emerging super powers. India, I often say, is the emerging democratic super power of Asia' (Abbott 2014).

And then there's that personal chemistry. Here's Tony in gush mode: 'I regard Prime Minister Modi as more than a kindred spirit, as almost a brother' (Iggulden 2014).

During the Modi trip, the brothers exchanged three hugs (Malhotra 2014). The embrace was that of political brothers and economic partners and potential strategic companions. Nothing wrong with a bit of mutual affection between top politicians from different places; the job of leaders is to tell good stories at home and abroad.

Leaders dabbling with their charismatic chemistry can produce strange experiments, even explosions. Kissinger's barb is that nothing's more dangerous in diplomacy than two leaders getting together and thinking they can solve

stuff with personal chemistry and a chat—the stuff they think they’re solving turns into a higher-order stuff-up delivered from the summit.

Australian leaders have regularly gone courting in India but haven’t got much return. Meg Gurry, mapping the 70-year journey of Australia and India, wrote that ‘[e]very leader since Whitlam has at some stage in their term of office “discovered” India, spoken of the unfulfilled promise between the two states, and set out to forge and institutionalise a stronger bilateral connection.’ Each effort, she noted, ended in ‘disappointment and frustration’ (Gurry 2015).

It takes two to tango, and India has tended to see little of interest in Australia as a partner. Peter Mayer and Purnendra Jain observed in 2008:

Rather than engage in repetitive exercises in [Australian] self-flagellation, it is time to recognise that if there has been neglect in the relationship, it has been largely because of indifference on the part of India that the relationship has never achieved the depth which many Australian observers have hoped for. (Mayer & Jain 2008)

As a journalist, I’ve written a couple of times about the aspirations sparked by surprising personal chemistry between Indian and Australian prime ministers. The oddest odd couple: Moraji Desai and Malcolm Fraser in the late 1970s, in a meeting of minds between an octogenarian leftist and a conservative patrician grazier. Desai and Fraser joined in an attempt to deepen the bilateral relationship and to broaden the remit of the Commonwealth to give it a stronger Asian focus (Dobell 2015a). Both efforts faded fast as they left the scene.

In the 1980s, the chemistry between Rajiv Gandhi and Bob Hawke was even stronger. Hawke radiated exuberance and warmth in talking about Rajiv. They bonded during battles inside the Commonwealth over sanctions against South Africa’s apartheid regime. Fighting Margaret Thatcher stirred Hawke’s battle lust and sparked an unusual fire in Rajiv.

In one of the last great formal dinners in Canberra’s Old Parliament House, in October 1986, Rajiv Gandhi and Bob Hawke stood together and bathed in mutual affection. The personal warmth proclaimed that anything was possible in reaching across the Indian Ocean. After the avocado, roast lamb and fruit salad, the two leaders devoured a feast of shared admiration.

Rajiv Gandhi toasted Hawke: ‘I am repeatedly asked, by the Australian media, what there is to the special relationship between you and me, Bob. Of course, you’re a delightful person, but there is much more to it than just that.’ (Dobell 1986)

Gandhi said Australia and India had confined their relationship to cricket and the Commonwealth, and his trip marked a turning point:

In earlier years, it was not entirely clear whether Australia was an antipodal outpost or belonged to our part of the world. Australia’s policies and influence are now centre-stage in international affairs. We see that the destinies of our countries are tied-in with the Indian Ocean which laps both our shores. Arising out of our shared democratic values, we have a common interest in justice, fair-play and human rights. (Dobell 1986)

Nearly two decades earlier, Rajiv’s mother, Indira Gandhi, as the first Indian prime minister to come to Canberra, stood in the same building and spoke of Australia as a bridge:

Australia looks out on the world in two directions. On the one side lies the Indian Ocean and the developing monsoon lands of Asia. On the other lies the Pacific and the affluent ‘new world’. Australia does not have to choose between these two worlds. It can act as a bridge between them. We are glad that it is doing so. (Gandhi 1968)

Indira Gandhi seldom walked over that Australian bridge ever again, coming back only for the Commonwealth summit in Melbourne in 1981. And for all his enthusiasm, her son couldn’t build much beyond that ‘antipodal outpost’ line.

Indira and Rajiv, at least, didn't maintain a family grudge because of the diabolically bad chemistry between Jawaharlal Nehru and Robert Menzies. When that pair clashed at the United Nations in 1960, arguing over the Cold War, Nehru took the rostrum to savage Menzies, denying that the Australian's views could be taken seriously. Menzies' version was that Nehru was poisonous, sneering and grossly offensive: 'All the primitive came out in him' (Martin 1999). This was personal chemistry as explosive device.

John Howard was extremely positive about India's growing importance, even prophesying that India would prevail over China in the great contest of the 21st century. As Australia's second longest serving prime minister wrote in retirement, Canberra is starting to feel the tensions in the 'great duality' of its dealings with China and the US. In his memoirs, Howard makes some big bets against China in favour of both India and the US (Howard 2010). He offered the sort of long view that comes more comfortably to a leader no longer doing the daily business:

Being the largest democracy in the world, India does not face a Chinese-style denouement. By the end of this century, India could well be more powerful economically and politically than China.

In office, Howard's attempts at chemistry got little response, with New Delhi taking the view that such efforts were merely Australia paying proper tribute. When, in retirement, Howard reached for the top administrative job in international cricket, he was vetoed by India; even cricket can be a metaphor for conflicting institutional ambitions.

The differences between Australia and India will be bridged by systemic needs and policy problems, not by leadership bonhomie.

The differences between Australia and India will be bridged by systemic needs and policy problems, not by leadership bonhomie. Instead of chemistry, the drivers can be the convergence of strategic interests and the strengthening of economic ties—plus the growing Indian diaspora in Australia.

Of course, the discussion of strategic convergence between Australia and India risks recycling what's always a dangerous conclusion in international or personal relationships: 'This time it's different!'

This time, Australia and India don't have to rely on the old standards—cricket, the Commonwealth and leadership chemistry—to construct a story of shared interests and closer purposes. Australia and India in the 21st century are being drawn together by far more favourable currents than in the previous century.

We can see those currents flowing in the meeting of minds between Modi and Abbott. Here were two political pros who saw the potential for a lot of mutually beneficial business—both strategic and economic.

The emotional content in Modi's visit to Australia was in his meeting with Indians living in Australia. Reaching out to the Indian diaspora—rally functioning as celebration (Rajvanshi 2014)—Modi offered a strikingly different marker for what India and Australia can aspire to, based on people, not just policy.

Still, an expansive mutual policy agenda marks the rise in temperature between Australia and India. And there's now the chance for some leadership cooperation that builds on a substantial economic and security agenda; the leaders don't have to create the sense of opportunity and aspiration.

Previous generations of leaders met every two years at the Commonwealth summit. The Commonwealth framed interactions between Australia and India, often in a comfortable rather than dynamic fashion—plus, the Commonwealth policy challenge tended to be Africa, not Asia. Little wonder that cricket was ever the dominant metaphor.

These days, the leaders of Australia and India get together at least twice a year, at the East Asia Summit and the G20. As Modi observed in Canberra:

Prime Minister Abbott and I have spent the last week together; at the East Asia summit, the G20 and for this bilateral summit. This reflects the broad framework of our relationship defined by our growing partnership in the cause of a peaceful and prosperous world and a strong and broad-based bilateral relationship. (Abbott 2014)

The emerging Indo-Pacific system and multilateral economic framework and alliance interests with the US (and distrust of China) all add weight to the drive of bilateral ambitions. Those are the elements for strategic convergence, offering a basis for leadership chemistry that continues beyond individual leaders.

Prime Minister Malcolm Turnbull's foreign policy lecture in March 2016 contained some familiar leadership enthusiasms about India's great political achievements as 'an improbable democracy and an unlikely nation'. From there, though, the script expanded on new ground, based on the idea that, as China slowed economically, India was 'next in line' with new and exciting opportunities:

We wonder at the scale of the Chinese economic miracle and so we should—but my friends the Indian political miracle is just as remarkable and just as inspiring.

The Indian economy by 2050 could be as large as that of the US and still growing fast, according to Treasury projections. Its working age population is currently approaching the same size as China's, with a billion people aged between 15 and 64.

But while China's working-age cohort is likely to shrink by 20 per cent by the middle of this century—at which point its demographic descent could be steeper than contemporary Japan—this is the point that John Howard has often made that China faces the prospect of getting old before it becomes rich. John I think it may become both actually at the rate they're going. But India's workforce will keep growing well into the second half of this century.

India's investment needs, its voracious appetite for energy and the rapidly-expanding demands of its burgeoning middle class add up to another historic opportunity that we must seize, as we have with China and Japan.

Trade with India has not looked this promising for hundreds of years ... (Turnbull 2016)

CHAPTER 2

Reaching for strategic convergence

For India and Australia, a striking new reality has arrived. One of the great negatives in India's traditional view of Australia is turning into a positive. Suddenly, Australia's alliance with the US makes us look interesting.

For decades, India saw Australia as little more than a pale reflection of US policy. At its most dismissive, the Indian perspective saw a US stooge that would do as Washington wished.

New Delhi may not yet give Canberra much credit for independent thought or action. But being rusted on to the US no longer causes India to dismiss Australia as essentially irrelevant in the geopolitical and defence discussion.

India seeks greater bilateral defence cooperation with Australia as an Indian Ocean actor with some useful assets. See this, partly, as India slowly responding to Australia's long-held aspirations to improve naval cooperation.

More importantly, it reflects an Indian aspiration that must be translated into military capability. India needs to muscle up if it hopes to fulfil its core beliefs about its central role in the Indian Ocean.

India's reaching towards a quasi-alliance with the US, having already created the forms of a strategic partnership. True, it's still very quasi and not worthy of the term 'alliance'. Yet in the slow-moving realms of strategic realignments, the US-India partnership has been built in quick time. What the US and India have done together in the 21st century is a huge shift from the harsh words and sharp distrusts of the 20th century.

Broadening the lens from bilateral to multilateral adds to the sense of change. The multilateral focus brings in the strongest US allies in the region—Japan and Australia.

Japan and Australia long traded at a strategic discount in New Delhi precisely because of their US alliances; now those alliance memberships add a little lustre. The negative has gone positive. India's non-aligned colours fade as New Delhi's realist core beats ever more openly.

Beyond US linkages, Australia and Japan are interesting to India because of the expanding demands of the emerging Indo-Pacific system.

India will never dance with the US alone. And an India in the process of arriving at the top wouldn't want to see only two chairs in the throne room reserved for the US and China. Indo-Pacific concert is more attractive than US-China condominium. India, along with the rest of Asia, seeks concert over condominium to get more chairs in the command space. It needs a range of partners for lots of new purposes.

India's choices aren't as broad as it proclaims. Forget non-alignment—another time, another international system, fading into the last century.

India is a committed power. It must be committed to making the emerging system work. If the system's called the Indo-Pacific instead of the Asia-Pacific, so much the better as an explicit acknowledgment of India's potential import. India will have a huge stake in the system—however weak the Indo-Pacific concert may be.

India can't stand aloof. A lot of options are really impossible dead ends. It can't and won't align with China; their destiny is as rivals. Its old Cold War friend, Russia, is a difficult comrade today. If Russia leans towards anyone in Asia, it will be China.

In the emerging Indo-Pacific security system, the choice for India is how close it stands to the US, Japan and even Australia; it's a matter of degree, with not much option to opt out. India will be in this system.

True, this description of India's narrowing strategic choices sounds nothing like the foreign-policy narrative coming out of New Delhi. There, the upbeat story is that India, on its way to being rich, can function as an independent great power, picking and declining as it wishes. Imagine a non-aligned giant with rainbow options.

India always talks a great game. What it actually does, though, is usually tougher and tighter. For a window on that, listen to a long-ago Australian High Commissioner to New Delhi, who reflected on the difference between allied Australia and non-aligned India in approaching international affairs:

There was not much in India's policies to emulate. Yet, wrong-headed and hypocritical as India's policies sometimes were, one's mind was gripped by the undeviating direction of India towards national self-interest without concession to sentiment towards others, or to the 'loyalty' so evident in Australian official policies towards our 'traditional friends'.

The words were written by one of the great Canberra mandarins, Sir Arthur Tange (2008), who served in India for five years after his time as secretary of the External Affairs Department (1954–65) and before taking the top job in the Defence Department (1970–79).

Tange would be just as acid today on the costs to Australia of its loyalty habit. As the flintiest of realists, he would see India acting true to form, being typically hard-eyed about the future of the Indo-Pacific.

India may still see Australia as having the default instincts of a US stooge, but being close to the US is now the strategic choice that India is embracing.

Such a realist view is opening interesting opportunities for Canberra and New Delhi. India may still see Australia as having the default instincts of a US stooge, but being close to the US is now the strategic choice that India is embracing. The stooge will get more of a hearing, if not much respect.

Australia and India have a lot to play for. And, for the first time ever, the demands of the international system could drive them towards each other, not apart.

Indians and the Indo-Pacific: people and policy

Australia in 21st century can have a set of linkages with India based on people as much as on economic and strategic need. Ahead of strategy or trade, migration is changing Australians' and Indians' conceptions of each other.

While this paper concentrates on strategic convergence, the two strongest dimensions will be economic and what diplomats insist on calling 'people-to-people' relationships. See the three dimensions in these terms:

- *Australia's burgeoning Indian population:* India now ranks fourth (behind the UK, New Zealand and China) in the list of the top 10 countries of birth of Australia's population. The India figure is nearly 400,000 people, or 1.7% of

Australia's population (ABS 2016). People inevitably change the old dynamic of long silences. India's traditional view—when it thought of Australia at all—was of a racist White Australia. The new understanding of Australia is being created by Indians moving to Australia.

- *Economic and trade linkages*: Negotiations continue for an Australia–India free trade deal—a Comprehensive Economic Cooperation Agreement—to match the bilateral agreements Australia has reached with China, Japan and South Korea. In the 21st century, India–Australia two-way trade in goods and services has doubled in value to \$15 billion (DFAT, n.d.).
- *Slow strategic convergence* based on:
 - increasing bilateral cooperation
 - Australia's alliance with the US and India's quasi-alliance with the US
 - a shared vision of the Indo-Pacific, in which Australia gives explicit acknowledgement to India's importance while India starts to understand Australia's obsession with Southeast Asia
 - responses to China's power.

The bilateral strategic effort with India feeds the regionalist understanding expressed in the 'Indo-Pacific' concept, which is both in view and under construction.

In the second decade of the 21st century, the Indo-Pacific has replaced the Asia–Pacific as the reigning geographical construct of Australian defence policy.

By embracing the Indo-Pacific in the 2016 Defence White Paper, the Abbott/Turnbull government cemented a bipartisan position with Labor, which made the Indo-Pacific central to its 2013 Defence White Paper.

On winning office in 2013, Tony Abbott quickly sank the other idea embraced by Labor under Julia Gillard—the 'Asian century'. Thus, Labor's *Asian century* White Paper got the flick, while a key thought in Labor's Defence White Paper lived to serve another government.

Seen through the Canberra bureaucratic prism, this is a conceptual win for Defence over Treasury. It was Treasury, under Rudd and Gillard, that really started using the phrase 'Asian century'—putting it in the Treasurer's mouth in a Budget speech (Dobell 2011a) and using it to predict internal changes for the Australian economy. And it wasn't a Foreign Affairs heavy but the former head of Treasury, Ken Henry, who ran the Asian century inquiry for Gillard.

Policy fashions always matter in Canberra, directing money and power. And Defence was unhappy during the brief fashion ascendancy of the Asian century as concept-of-the-moment for the Gillard government. Indeed, Defence wouldn't use the Asian century nomenclature in its minister's speeches or other statements—it continued to talk about the Asia–Pacific.

Why so unfashionable? What the Asian century conceivably left out—the US—gave Defence conniptions.

Australia, Japan, America and plenty of others built the Asia–Pacific model because it gave an explicit role to the US. It aligned Australia's strategic and economic interests. To shift from the Asia–Pacific century to the Asian century is to reframe the power equation and the hierarchy. All that matters for politics and government, for bureaucracy and the chattering classes.

In the zero-sum way they do this at Russell HQ, Defence saw the Asian century as counting down the US alliance. By contrast, the Indo-Pacific could look like the 21st century future. Defence embraced the Indo-Pacific as its very own counter-fashion. Now Defence has sold it to both Labor and Coalition governments.

Bipartisan agreement and bureaucratic victory make for a sweet combination. The Indo-Pacific is a major continuity—a still-prevailing fashion—shared by Labor's 2013 White Paper and the Coalition's 2016 remake. Here's how the two governments expressed the Indo-Pacific vision.

Labor—2013 Defence White Paper

Since 2009, the economic growth and broader international interests of Asia's larger powers, especially China and to a lesser extent India, have had more impact worldwide. As a result, some defining characteristics of the order foreshadowed in the 2009 White Paper are now becoming clearer.

First, developments since the 2009 White Paper have reinforced the critical importance of the US–China relationship in shaping our strategic environment over coming decades. The evolution of this relationship is being affected by the United States' commitment to the region through the rebalance and by the effects of China's rise.

Second, a new Indo-Pacific strategic arc is beginning to emerge, connecting the Indian and Pacific Oceans through Southeast Asia. This new strategic construct—explored in both the *National Security Strategy* and the *Australia in the Asian Century White Paper*—is being forged by a range of factors. Notably, India is emerging as an important strategic, diplomatic and economic actor, 'looking East', and becoming more engaged in regional frameworks. Growing trade, investment and energy flows across this broader region are strengthening economic and security interdependencies.

These two factors combined are also increasingly attracting international attention to the Indian Ocean, through which some of the world's busiest and most strategically significant trade routes pass.

The 2009 Defence White Paper made clear Australia's enduring interest in the stability of what it called the wider Asia–Pacific region. The Indo-Pacific is a logical extension of this concept, and adjusts Australia's priority strategic focus to the arc extending from India through Southeast Asia to Northeast Asia, including the sea lines of communication on which the region depends.

The Indo-Pacific is still emerging as a system. Given its diversity and broad sweep, its security architecture is, unsurprisingly, a series of sub-regions and arrangements rather than a unitary whole. But over time, Australia's security environment will be significantly influenced by how the Indo-Pacific and its architecture evolve.

Liberals/Nationals: 2016 Defence White Paper

Strategic outlook

Australia and the Indo-Pacific region are in a period of significant economic transformation, leading to greater opportunities for prosperity and development. Rising incomes and living standards across the Indo-Pacific are generating increased demand for goods and services. By 2050, almost half the world's economic output is expected to come from the Indo-Pacific. This presents opportunities to increase Australia's economy and security as the Indo-Pacific region grows in economic and strategic weight.

The growing prosperity of the Indo-Pacific and the rules-based global order on which Australia relies for open access to our trading partners are based on the maintenance of peace and stability. Over the last 70 years that peace and stability has been underpinned by a strong US presence in our region and globally as well as active engagement by regional states in building a rules-based order.

A stable Indo-Pacific region and a rules-based global order

The Indo-Pacific includes North Asia, the South China Sea and the extensive sea lines of communication in the Indian and Pacific Oceans that support Australian trade. A stable rules-based regional order is critical to ensuring Australia's access to an open, free and secure trading system and minimising the risk of coercion and instability that would directly affect Australia's interests. A stable rules-based global order serves to deal with threats before they become existential threats to Australia, and enables our unfettered access to trading routes, secure communications and transport to support Australia's economic development.

More than bureaucratic manoeuvre and bipartisan compromise, the Indo-Pacific might even become a good idea—eventually. It widens the understanding of the emerging power structure and is a particular acknowledgement of India's future role.

The history of the Asia-Pacific as a concept meant it could be seen as overlooking or even excluding India. The Indo-Pacific is an explicit endorsement of India's place in an enlarged system.

The Indo-Pacific is an explicit endorsement of India's place in an enlarged system.

The problem for Defence is to relate its big, new, geopolitical concept to force structure and strategy—the meat and drink of a White Paper. Defence has to cut a strategic suit that bears some faint relationship to its new fashion.

The set of arguments for the Indo-Pacific vision were placed on view in 2015 as Defence drafted the White Paper for the Abbott government.

The endorsement of the Indo-Pacific construct was given in two speeches by Abbott's Defence Minister, Kevin Andrews, in May 2015.

With just an element of geographical irony, the first speech was to the Council for Security Cooperation in the Asia-Pacific, where Andrews declared:

The single most significant trend in the world today is the continued shift of strategic and economic power to the Indo-Pacific region, the security and prosperity of which is [*sic*] vital to Australia's own security and prosperity. (Andrews 2015a)

Following up at the Shangri-La dialogue in Singapore, Andrews said the term 'Asia-Pacific' had once symbolised the main focus of Australia's strategic interests and economic priorities. No longer.

Australia had realised that the economic growth and rising strategic weight of the Asia-Pacific rested on freedom of navigation and trade through both the Indian and Pacific oceans:

These corridors link the Middle East through to North and South East Asia, and the United States. Security of supply right across this corridor, which relies on continued regional stability, will be vital. That's why we now refer to the 'Indo-Pacific' region, by which we mean the maritime and littoral regions that span the Indian and Pacific Oceans.

The shift of power to the Indo-Pacific is leading to increased growth, wealth and prosperity among regional states. By 2050, almost half of the world's economic output is expected to come from the Indo-Pacific, and this region will be home to four of the world's top ten economies. Australia's top five trade partners are all in the Indo-Pacific, and approximately 98% of our international trade by volume travels by sea—and more than half of that through the South China Sea. (Andrews 2015b)

From this Indo-Pacific description, Andrews counted out four premises (my numbers, his steps):

1. Underlying tensions amongst regional states will continue.
2. Most East Asian states share dependence on the Indo-Pacific's maritime corridors.
3. No state can unilaterally secure its shipments in the Indo-Pacific.
4. Regional states have a powerful incentive to manage conflicting interests and ensure freedom of navigation and trade.

The Indo-Pacific is a useful catch-all that Defence wants to carry myriad contrasting or even conflicting elements. The catch-all doesn't offer much direction or definition. See that in the Blamey Oration by the Defence Secretary, Dennis Richardson, also delivered in May 2015 (Richardson 2015).

The speech's title expressed Defence's geographical vision: 'The strategic outlook for the Indo-Pacific region'. As you'd expect from Richardson, he offered a blunt readout. It's a punchier version of the White Paper, especially Richardson's barbed language about China.

What was absent from the Richardson 'strategic outlook for the Indo-Pacific region' was any discussion or even usage of the term 'Indo-Pacific'. Yep, nary a mention, although he did concentrate on the decisive impact of 'changing power relativities and the shape of our own region'.

The geostrategic descriptor 'Indo-Pacific' was useful in Richardson's headline, but not so helpful in ordering or explaining Australia's strategic choices—the problem of the 2013 White Paper that repeated in 2016.

As Harry White commented after the Indo-Pacific was splashed all over the 2013 White Paper, 'the Indo-Pacific is more a list of our interests than a strategy' (White 2013).

Robert Ayson was at his sardonic best, describing the use of the Indo-Pacific in the 2013 paper as a useful smokescreen:

It means having an Indo-Pacific policy without having to worry too much about building a real defence relationship with India (always problematic). And it means avoiding too many difficult conversations about Australia's potential involvement in military problems in the harder parts of East Asia (i.e. further north). (Ayson 2013)

While Harry and Robert are still on the money, the Indo-Pacific has had another starring role in 2016 as both catch-all and prediction/bet.

Defence thinks the Indo-Pacific will grow as a construct and develop strategic weight. For now, the Indo-Pacific is all about sea lines of communication (SLOCs). For strategists, the SLOCs are ever about choke points, so the Australian analysis quickly narrows to the Strait of Malacca and South China Sea. Surprise, surprise—you're back in Southeast Asia.

Former Defence Department Secretary Ric Smith has been interviewed about his views on the Indo-Pacific being a useful construct but not a force determinant for Australia (Dobell 2013ab). His thinking on the Indo-Pacific is that of one who started out a bit sceptical and has come to some level of acceptance. The weight Smith gives the Indo-Pacific—and what he denies to the concept—are equally significant.

Crucially, the Indo-Pacific is not so strong a paradigm shift that it changes the way Australia will structure its defence. In the Smith universe, the Indo-Pacific is a useful policy construct (and politically handy, too) but it isn't a force determinant. And, as Smith stresses, it's all about the SLOCs. That's the wonderful thing about policy constructs: you can build them in lots of different ways.

Just as the Indo-Pacific is a construct in progress, so is the effort at strategic convergence between Australia and India.

The White Paper focus (2013 and 2016) is on Indian Ocean shipping lanes and choke points as the immediate priority: India, by contrast, is a strategic player that's coming but yet to fully arrive.

In his 2015 Blamey lecture, Dennis Richardson gave the flavour:

India's economic and strategic rise probably now has enough momentum not to shift into reverse. Serious structural problems will act as a constraint, but its importance to Australia, and the world at large, will continue to grow.

A ‘substantive partnership’ with India is in view, the Defence Secretary said, but the economic relationship is ‘too narrowly based’ and the defence relationship is still developing, ‘[s]o there is enormous potential for growth over the next twenty years’ (Richardson 2015).

In short, the Australian Defence Department expects more curry with its strategy. For the really spicy dishes, though, come back in a decade or two.

The pull and push of geoeconomics

If we wait for Australia and India to develop a common regional vision, we’ll wait forever. Some things will never happen. At least, though, the history of deep disagreement is fading while the astigmatism is improving. Granted, some of this is the easy growth you always get when starting from a low base, but the trendline is positive: interests start to align, policies touch, priorities rhyme.

India aspires to be a leader, not just a balancer. Narendra Modi looks for new partners, and lots of countries are eager to dance. An India with a broader view will find it easier to fit Australia onto its dance card.

The geostrategic music swells—although (that low-base thought) it’s easy to improve on past periods of silence.

Equally—and even more loudly—trade trends shift the geoeconomic understandings of India and Australia. In the circular way of these things, economic changes feed directly into the geostrategic vision of the Indo-Pacific now loudly proclaimed by Canberra.

The goal of achieving a Comprehensive Economic Cooperation Agreement between Australian and India is being talked up as a major opportunity for the two economies.

The goal of achieving a Comprehensive Economic Cooperation Agreement between Australian and India is being talked up as a major opportunity for the two economies. The effort for a free trade deal is an interesting test of how far India’s institutional view of Australia has improved; seek not a melding of minds, so much as a mutual reset of the mindset.

Canberra wants a re-run of the magic that China has sprinkled on the Australian economy. That profound shift means that, in the 21st century, Australia has been decoupled from two US economic downturns; US recession no longer automatically infects Australia, as it did in the 20th century. Australia’s economic fate is tied to Asia—China today, India tomorrow.

In 2015, Australia’s previous Trade Minister, Andrew Robb, saw Australia and India on the cusp of a new dawn in their commercial relationship:

There is something special going on in India. The enormous vision of Prime Minister Modi has excited many people. Australia is looking forward to being a part of this very important period in India’s re-emergence as a significant power. (Robb 2015)

Boosterism is always at a discount in trade negotiations. Yet the way Australia and India are prepared to contemplate each other speaks to that hope about the frame widening and the vision clearing.

Trade and economic interests aren’t always definitive, but they have obvious weight and—most importantly— influence the hierarchy and slow reordering of national preferences.

The shift of economic weight has cumulative effects on preferences, which feed into judgements about national interest. What were once easy options can become unthinkable or at least look narrow and outdated because of those cumulative changes. This is not soft-power influence, but hard-power calculation rendered as dollars and sense.

Consider how Australian thinking about China and India has shifted over 25 years, using the frame offered by the Asia–Pacific Economic Cooperation forum (APEC). In 1989, Australia helped create the key governmental instrument for the Asia–Pacific’s economic future while not having China as a founding member. Yes, folks, the first post-Cold War expression of the Asia–Pacific didn’t include China. Extraordinary now, necessary then, if not necessarily logical: the horror of the Tiananmen massacre meant China couldn’t be in APEC at its founding. And when, a few years later, Beijing did join, it had to walk through the door together with two other ‘economies’—Taiwan and Hong Kong. Such equivalence is today unimaginable, not least because Beijing would no longer swallow it.

Introducing India makes this walk through recent history even stranger—and the strangeness persists. When APEC was being created, India was far from the threshold of membership. As India surged, the threshold kept retreating.

Australia, as much as anybody, imposed the 10-year freeze on new APEC members—read India—in 1997. And, a decade later, Australia, as APEC chairman, wouldn’t or couldn’t push for India’s membership.

The Howard government said there was no regional consensus on India joining. Following Howard, Kevin Rudd pledged support for India’s APEC membership but nothing much moved. The pity is that the chances for Australia to matter on this were back when it mattered—in 1997 or 2007.

Australia’s approach reflected the blurred-vision history on India. The Howard government worried about India’s commitment to the APEC core mantra of ‘open regionalism’ while blocking India from the open-regionalism worship group.

In 2007, China proclaimed itself quite happy with the existing APEC membership. ASEAN was more interested in India’s new role in the East Asia Summit. Australia didn’t push for India’s APEC membership when it had the chair and could really lean against the keep-India-out consensus.

India’s still out—although probably not for much longer—because now APEC is the loser. India’s 20-year effort to join APEC (it’s had observer status since 2011) has the backing of the US, Japan and Australia (Panda 2015, George 2015)—although backing doesn’t necessarily translate into a strong push. India’s gathering weight will provide the heft.

If we were creating APEC from scratch today, both China and India would be so essential as to wield a veto. That statement of the obvious drives much else in Australia’s enlarged and clearer view of India.

Going beyond zero: this time it’s different

Worry about the share market when cabbies offer hot buying tips. Quit the market when brokers claim, ‘This boom is different!’ The claim that history’s been defeated—that this time it’s different—is ever an alarm.

With that caveat, turn to the central argument about strategic convergence between India and Australia: Yes, indeed! This time it’s different.

The boom–bust market cycle looks similar to the relationship’s ups and downs. This time, though, Australia and India can do more to make the deeds match the words, reaching for a closer and more interesting future.

To argue the case that ‘this time it’s different’ is to confront the astigmatism affliction—the weak or distorted view of reality so often evident over 70 years.

The way Canberra and New Delhi have viewed or framed each other is a long story of policy differences compounded by distortions, disturbances and distrust.

The differences have been real enough. Then add the astigmatism—that inability to see each other clearly. The understanding gap became a habit of low expectations, influencing process and effort: too hard to do, too little return.

This time it's different because the stakes are rising quickly. The incentives to get it right can modify the recurring down cycle.

Claiming it'll go differently this time means confronting the consistent history of disagreement (White Australia, Cold War, nuclear weapons). The history takes us well into negative territory, well beyond any agreement to disagree. Even the early attempts at Indian Ocean regionalism were defined by fights between Australia and India over leadership and vision. Until recently, our alliance with the US was close to the top of the problem catalogue. Changing realities produce different views.

Citing the history list is not to argue that Australia always gets it wrong. I went against many in the Australian commentariat by arguing that Australia's non-proliferation interests in Southeast Asia and the Nuclear Non-Proliferation Treaty were more important than India—that we shouldn't sell uranium to India (Dobell 2008). Mark me as being on the losing side of that one.

Beyond uranium and nukes, this was about the need for Australia to have clear-sighted arguments with India about regional and national interests—the ability to say 'No'. The Australian parliamentary report on the nuclear deal with India (JSCT 2015) suggests that Australia now has trouble even saying, 'Yes, but ...'

Uranium caused one of the few fights over foreign policy between Julia Gillard and Kevin Rudd. Gillard, in the India-importance-colours, rolled Rudd's no-sale stance (Dobell 2011b). The Gillard decision was an Australian nod, even bow, to India's status (Dobell 2011c).

Resolving the uranium schism allowed Gillard's Defence White Paper to embrace India as a major element of the new strategic vision of the Indo-Pacific. The Indo-Pacific could be part of the conceptual pay-off for Gillard's uranium deal with India.

The beyond-zero signals also come from New Delhi. India long framed Australia as a dominion—Brit lackey, then Yank stooge. That view of Australia as a constant client is improving as India draws closer to the US. New Delhi treats Canberra as something more than an obedient subaltern. Now Australia gets the interest due to a subaltern with some capacity for independent action.

The convergence road is long and bumpy—and the difficulties confronting the US and India are a larger and vastly more significant version of the same story with Australia.

Joseph Nye captures the distance to be covered with his judgement that there'll be no Indian–American alliance any time soon, given Indian public opinion. Nye predicts that the Washington – New Delhi relationship will continue to be unusual even as it gets stronger:

The two countries have a long history of confusing each other. By definition, any alliance with a superpower is unequal; so efforts to establish close ties with the United States have long run up against India's tradition of strategic autonomy. But Americans do not view democratic India as a threat. On the contrary, India's success is an important US interest, and several factors promise a brighter future for the bilateral relationship. (Nye 2015)

Australia can endorse much of the Nye prescription because the Canberra focus has shifted.

Obviously, Australia no longer uses the Soviet Union or non-alignment as dominant frames for India. Nor can DFAT run the line it used well into the mid-1990s about 'India's lack of interest in opening up in its dealings with the rest of the world'. That view identified Australia as a significant part of the rest of the world—which was never India's perspective.

We no longer have that comic lament about Australia ignoring India. How, exactly, do 23 million people overlook 1.25 billion people? Astigmatism, indeed.

The policy poser for Australia is to remake its mental map of Asia: Southeast Asia and Indonesia in the foreground; China, Japan and Korea as the mountain range to the north; the US as the pole of Australia's defence policy.

Now broaden the format and reframe to add another mountain in the Indian Ocean. The wider frame will take decades more effort. Past failures show how hard it will be for the Australian mindset and our view of the diplomatic landscape.

One of Australia's great political wordsmiths, Paul Keating, offered a fine way to think of this by crunching the *Asian century* White Paper into a vivid image.

China and India, Keating said, are to be the largest economies in the world, and this is like switching the world's magnetic field: 'The intensity of this polarity shift is of such magnitude, all the filings of Australian foreign, trade, investment and cultural policy should find themselves going in the direction of that magnetic field' (Uren 2012).

And that's why it's possible to argue that this time it's different. India's going to join China in switching the world's magnetic field. That will open Australia's eyes, despite the astigmatism affliction.

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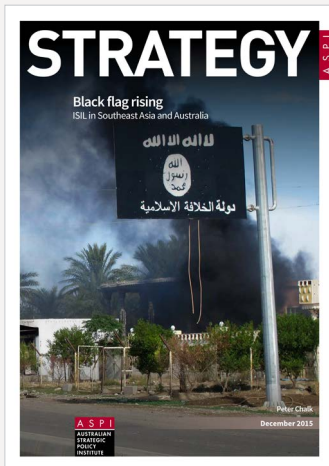
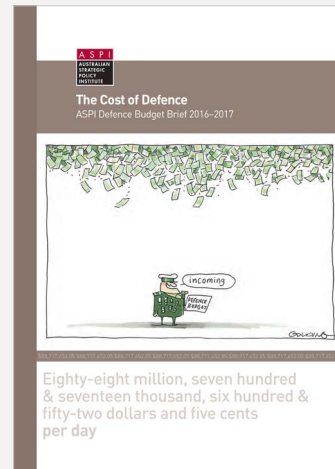
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ACRONYMS AND ABBREVIATIONS

| | |
|-------|---|
| APEC | Asia–Pacific Economic Cooperation |
| ASEAN | Association of Southeast Asian Nations |
| DFAT | Department of Foreign Affairs and Trade |
| SLOCs | sea lines of communication |

Some previous ASPI publications



Improving on zero

Australia and India attempt strategic convergence

India no longer sees Australia as merely a strategic stooge of the US. And Australia is starting to accord India the importance India always saw as its right. Those are big changes in attitude and policy—and in the two countries' understanding of each other's interests.

Strategy: The Australia–India strategic relationship was in zero territory—often in negative mode—for much of the 20th century; indeed, effectively since India's independence. In the 21st century, though, Australia and India can reach for greater strategic convergence.

People: Australia in the 21st century can have a set of relationships with India based on people as much as on economic and strategic need. Ahead of strategy or trade, migration is changing Australians' and Indians' conceptions of each other. Australia has a burgeoning Indian population—India now ranks fourth in the list of the top 10 countries of birth of Australia's population.

Economics and trade: As China slows economically, Australia turns to India. The negotiation of an Australia–India free trade deal—a Comprehensive Economic Cooperation Agreement—aims to match the bilateral agreements Australia reached with China, Japan and South Korea. In the 21st century, India–Australia two-way trade in goods and services has doubled in annual value to \$15 billion—still small beer when compared to the figure of \$150 billion for our trade with China, but with great potential for growth.

Improving on zero: The previous negative relationship was based on a lot of hard history (White Australia, the Cold War, alliance versus non-alignment and India's nuclear weapons status). Myriad examples, big and small, illustrate how difficult things were. That past counsels caution about the speed or extent of the strategic convergence that can be achieved. Still, this time it's different—our astigmatism and the antagonisms should not derail the opportunity, and the need, to see each other clearly and do much more together.

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