



YOUNG AUSTRALIANS in
INTERNATIONAL AFFAIRS



REASSESSING THE AUSTRALIA- INDIA RELATIONSHIP

SECURING AUSTRALIA'S INTERESTS IN THE ASIAN CENTURY

POLICY BRIEF - ZACHARIAH COLEMAN & ZACHARY HALL

EXECUTIVE SUMMARY

With Australia's relationship with China increasingly under strain as the state becomes more authoritarian, Australia must look to diversify its relationships in the Indo-Pacific. India and Australia stand in a prime position for closer bilateral relations, with the two states sharing a British history and democratic values. India presents Australia with an opportunity to improve both its economic and political position in the region, without having to solely rely on China. This reliance has already proven to be risky as cuts in China's production level have caused an economic downturn in Australia in recent years. [1] The deterioration of Sino-American relations will also continue to place Australia in a precarious position as it is torn between its closest ally and its biggest trading partner. However, increasing political and economic ties with India could reduce Australia's reliance on both the United States and China, allowing Australia to pave a new direction into the future.

BACKGROUND

Even before India's independence in 1947, the colony played a vital role in global affairs as Britain's 'Jewel of the Empire'. [2] It provided Britain with the cotton, spices, and manpower it needed, paving the way for British hegemony throughout the 19th and early 20th centuries. From those origins, India has been touted by many not as a mere regional power, but a potential superpower. [3]

Boasting both the world's second-largest population [4] and second largest active military, [5] as well as a rapidly growing Gross Domestic Product (GDP), [6] India is poised to realise its potential as a global force within the international community. Australian policymakers ought to pay attention to an economy expected to overtake the United States by 2030. [7]

Since the 1940s, Australia has supported India from its push for independence to economic development through the Colombo Plan. [8] The current relationship is characterised by warm bilateral relations and cooperation in security, trade and investment. Both States are engaged in multiple multilateral treaties and organisations, including the G20, the Indian Ocean Rim Association, and the Association of South East Asian Nations Regional Forum. However, the relationship still has room to grow.

THE PROBLEM

The Indo-Pacific region is experiencing a volatile restructuring of power, with China becoming increasingly influential and provocative in regional affairs. Australia, as a well-established Western democracy, is increasingly critical of China's role in Indo-Pacific affairs. India, another established democracy in the region, is also increasingly cautious of these interests. With the United States entering a new phase of interventionism [9], both India and Australia seek additional partners that they can rely upon in case of increased political and economic tensions.

Australia endeavours to maximise economic opportunities while maintaining its national security and sovereignty. For this reason, despite the differences in values and governance, Australia and China have maintained a constructive relationship based on the economic benefits both can gain from the other. [10] However, in recent times, the relationship has deteriorated due to Chinese expansionism in the South China Sea and the Belt and Road Initiative. [11] With Australia seen as a close ally to the United States, China has been accused of expressing its frustrations with the United States on Australia through tariffs, espionage, and cyber-attacks. [12]

India has been in a state of perpetual strategic competition with China since the late 1940s. [13] China has taken a more aggressive stance in recent years, actively strengthening ties with Indian Ocean states, including Pakistan and Sri Lanka. [14] These actions lend to the String of Pearls theory, which suggests that China is attempting to encircle India with Chinese allies to weaken its military and economic power in the region. [15] China has also taken military action against India in the disputed Kashmir region, most notably in 2017 and 2020. [16]

With India set to become the second-largest economy by 2050, [17] Australia ought to diversify its export market by capitalising on India's rapid growth to continue to support Australian primary industries. With a growing Indian middle class, [18] the demand for high-quality services such as education and financial services, provides Australia's world-class advanced service industry with the opportunity for growth into a large new market. With the growing challenges of the Indo-Pacific and the continued tension with Australia's largest trading partner, China, how Australia capitalises on India's growth, both strategically and economically, will have a significant impact on its place in the region.

POLICY RECOMMENDATIONS

1 Facilitate Bilateral Economic Cooperation

India and Australia should continue to strive for closer economic ties. One way to develop economic cooperation is through the mining sector. In 2017, the Indian Government announced a new National Steel Policy aimed at developing an internationally competitive steel industry. [19] This has already resulted in the creation of the Australia-India Centre of Excellence in Mining Training. [20] Australia is a world leader in the iron ore industry, [21] and can provide the technical expertise to help the burgeoning Indian steel industry to reach its full potential. Subfields like safety systems and high-tech implementation stand as fields which Australian businesses can collaborate with Indian mining companies. Australia should promote mining investment through supporting the participation of small and medium mining-related consultancies in Australia-India business forums, such as the Australia-India Business Council, and should negotiate for the lifting of service exports into India.

India has a rapidly growing and increasingly wealthy population, which will cause a great strain on food into the future. [22] This issue presents an opportunity for Australian agribusiness exports and collaboration on water management. A growing middle class will not only lead to increases in demand for staples, such as lentils, but also more exotic foodstuffs, such as berries or wine. The Australian Government should promote these exports by continuing to advertise its foodstuffs as the safer and healthier option, while simultaneously informing Indian policymakers that increases in Australian agribusiness exports will not pose a threat to local businesses. This should be achieved by pitching Australian products as targeting a different market to the target market of local Indian producers. Australia also has the opportunity to provide agricultural education to India, through online vocational education or on the ground programs, which should help reach rural, often unskilled farming communities. This would have both economic benefits for Australia while also allowing for increases in local productivity.

2 Improve Strategic Relations

Australia and India should continue to pursue a closer strategic alliance. While the relationship has improved in recent years, most notably with the 2020 Australia-India Mutual Logistics Support Agreement, [23] which allows the two states to use the other's military bases. However, the relationship should become more comprehensive. A bilateral security agreement that ensures mutual defence in the face of major conflict, should help secure long-term defence cooperation. This relationship would benefit from both traditional military agreements, as well as intelligence agreements to help combat the growing risks posed by cyberwarfare. Moreover, a bilateral agreement would signal the two states competence, commitment, and resolve to each other, which should help deter aggression from other states.

A bilateral security agreement would also improve the success of multilateral security agreements to which both Australia and India are party to, such as the Quadrilateral Security Dialogue ('the Quad'), a strategic forum comprised of Australia, India, the United States and Japan. [24]

The Quad has been met with scepticism in the past, due to hesitations from many leaders, and the fact that it was disbanded in 2008 before its recent revival in 2017. [25] Closer Australia-India ties should help encourage participation by both states in the Quad, as it can be seen as an opportunity to further enhance the relationship, as well as extend it beyond bilateral relations between the two countries.

The recent improvements in the Australia-India relationship are already being reflected in multilateral cooperation, with it being likely that Australia will join India, the United States and Japan in the Malabar naval exercises. [26] Closer collaboration in bilateral security builds trust, and should also strengthen multilateral agreements. As a result, a policy of strengthening bilateral security ties should be pursued by both parties.

3 **Establish Subnational Relationships**

Australia has a large Indian diaspora and shares many cultural similarities as a result of British colonialism. Both states generally hold favourable views of the other, [27] and regular sporting events are held between the two states. [28] This relationship between subnational entities should be made more comprehensive and formal, through the establishment of closer subnational sister-state and government relationships, wherein governments have better opportunities to discuss issues pertinent to each other's situations. They will encourage networks on a subnational level to exist within Australia and India. India and Australia already enjoy many state-to-province relationships, such as the Sister State relationship between Western Australia and Andhra Pradesh. [29] However, they should aim to extend these pre-established relationships through exchanges and sub-federal government discourse and the establishment of local, city-to-city, government relations.

Australia and India should also pursue a more significant number of exchange programs between the two countries to help develop cross-cultural understanding and further solidify robust interpersonal ties. Exchanges should be promoted at a high school or university level as well as business immersion programs, to improve Australian business' Indian literacy, and vice versa. These programs should be further solidified through an alignment in regulations. For example, Australian three year undergraduate degrees are currently not recognised in India due to the four year undergraduate program offered in India. [30] Alignment should create a greater desire for Indian students to study long term in Australia at both an undergraduate and postgraduate level, which would not only promote interpersonal relations, but also improve both states' economies.

CONCLUSION

India has the potential to become one of Australia's closest and most important allies in the 21st century, both militarily and economically. India and Australia share a common history, values, and interests of security and economic development within the region. Australia ought to diversify its their relationships in the region, and India, as a growing power and the world's largest democracy, provides Australia with an excellent opportunity to continue its economic development while also ensuring its security for years to come.

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