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Australia and India in the Asian Century



**Address by H.E. Peter Varghese AO,
High Commissioner of Australia to India**

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For the first four decades of India's post-independence history, Australian and India inhabited different worlds. Economically, our paths rarely crossed. Strategically, we inhabited different universes. Multilaterally, we were more often than not on opposite sides of the table. All that began to change in the early nineties with India's historic decision to open its economy. That change began a process of transition for India's world outlook, which is increasingly framed by national interests. The continuation of that process will increasingly bring our two countries closer together.

That is the headline story of Australia-India relations: our interests are converging providing an opportunity to build a strategic partnership.

The Indo-Pacific

Over this century, we can expect India to become a more important player in the security of Asia. Today, it makes more sense to think of the Indo-Pacific, rather than the Asia Pacific, as the crucible of Australian security. This broader definition returns India to Asia's strategic matrix. It connects the Indian and Pacific Oceans, thereby underlining the crucial role that the maritime environment is likely to play in our future strategic and defence planning.

The Indo-Pacific represents the centre of gravity of Australia's economic and strategic interests. It includes our top nine trading partners. It embraces our key strategic ally, the US, as well as our largest trading partner, China. It reinforces India's role as a strategic partner for Australia and it brings in the big Asian economies of Japan, Korea, Indonesia and Vietnam, as well as the diplomatic and trade weight of ASEAN.

Regional Institutions

This new construct of the Indo-Pacific neatly matches the recently expanded East Asian Summit (EAS). And it sets the scene to make the EAS the premier regional institution potentially capable of addressing both the strategic and economic challenges facing the Indo-Pacific region.

An enhanced EAS would serve three objectives. First, it could help ensure that regional financial and economic integration keeps moving forward. Secondly, it can help nurture a culture of dialogue and collaboration on security issues. And thirdly, it can provide a vehicle to address transnational issues such as climate change, resource and food security, non-proliferation and terrorism.

The primary burden of managing strategic stability in Asia will fall on bilateral relationships. But regional institutions can play an important complementary role and we should be moving now to refine and strengthen regional structures in ways which reinforce stability and prosperity.

Asian Security

The future of Asia will be shaped by two key issues. First, will the strong economic growth of the last several decades continue? And, second, will the strategic stability of the last six decades hold?

There is no large Asian economy, which will not face serious challenges. The pace of economic growth in the large Asian economies will depend on continuing economic reforms. The role of the state will need re-examination in most Asian economies.

When we move beyond the economic to the strategic, it is clear power is moving from the west to east. Asia will see for the first time in centuries a clutch of powers, which are simultaneously strong. New patterns of economic cooperation and even interdependence are being built atop long-standing strategic fault lines.

The margin of US influence is narrowing, although the absolute lead in military power will remain clear cut for decades to come. China's strategic reach will grow to match its economic power. India will become a more important strategic power as its security horizons stretch well beyond its neighbourhood.

Australian interests are best served by a stable balance of power in Asia, which favours open societies, encourages economic integration, is inclusive in membership, and looks outward. Our strongest partner in securing these objectives is the US, with whom we share both interests and values. This intersection of interests and values is also true of our relationships with Japan, India, Indonesia and Korea.

China is, of course, also important to Australia and we seek a stronger and closer relationship with it. Already, Australia's largest export market, China's economic importance to Australia will only grow. It is in no one's interest for China to fail and it is in every one's interest for China to continue to be engaged in the global economy and in the multilateral institutions, which underpin and reinforce international norms.

Building a strategic partnership

Australia and India's views on most of these issues are remarkably close. And the way in which our strategic policy is developing also has much common ground.

We both want an Asian region which is outward-looking and inclusive. We both want regional institutions, which will help manage major power tensions. We both, from admittedly different perspectives, see the US as a stabilising force in the world.

Add to this our shared interests as Indian Ocean states in the stability of the Indian Ocean region, our shared focus on the importance of the maritime theatre to the security challenges of the future and our shared values as liberal democracies, and you have a solid basis for a strategic partnership.

It is one thing to articulate the strategic rationale for Australia and India coming closer together and another to actually build that partnership. Our approach is to do so step by step, acknowledging that Australia will inevitably put more weight on the relationship than India will. And accepting also that India's own sense of the outer boundaries of its strategic interests is still at a formative stage.

For our part, we will focus on a four pillar strategy:

First, an economic relationship built around energy security which will reframe the way India thinks about Australia

Second, a political/strategic relationship based on closer defence cooperation, a closer working relationship on institution-building in Asia and the Indian Ocean through the East Asia Summit and the Indian Ocean Rim Association for Regional Cooperation.

Third, a multilateral strategy focussed on the G20 with closer collaboration on trade liberalisation and climate change

And finally, building the people-to-people relationship in a way which reinforces our shared hard interests

Conclusion

The key to building the Australia-India relationship is patience and realistic expectations. India's changing sense of its strategic interests will bring it closer to Australia. But there will be limits to how far and how fast India will want to go in this direction.

There is nothing in India's current strategic trajectory, or in its strategic doctrine, which runs against core Australian strategic interests. So the idea of a strategic partnership between us is well anchored. This strategic partnership will, of course, be less than an alliance. But it will be much more than a line in a communiqué. At its core will be a broadly shared view of the drivers of stability in Asia, including an inclusive and outward-looking regionalism.

We have in place the key elements of a strategic partnership: a congruent strategic agenda, a solid trade and investment relationship, a chance to work together in the G20 and in other multilateral fora and a strong and growing people-to-people connection.

That is why I remain a long term optimist about the Australia-India relationship.



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