



AUSTRALIA-INDIA RELATIONS

Common interests

A closer engagement needs greater political will

RORY MEDCALF

AUSTRALIA AND India are logical strategic partners. Yet circumstances have obstructed their closer engagement. The next few years could see the breakthrough both countries need, but it will take sustained political will in both capitals. Otherwise, we risk seeing great expectations end with the diplomatic equivalent of a dropped catch.

Trade, talk and people

Trade is booming and the political rhetoric is right. The new Australian Labor government, elected in November, claims it wants to make the India relationship a priority. Foreign Minister Stephen Smith has spoken of India as the largest democracy, a 'very significant power' and a neighbour in the region.

Mr Smith and colleagues stress the potential of bilateral trade and investment ties. Already, India has rocketed up the ranks to become Australia's

fourth-largest export destination. Trade between the two countries is rising at 30 per cent a year, though the balance favours Australia, given Indian demand for its coal, gold and education.

Meanwhile people-to-people ties are doing fine. Differences arise, whether over cricket controversies such as at the Second Test in Sydney or more political matters such as the previous Australian government's detention of Indian doctor Mohammed Haneef. But with deepening interaction between the two societies, such episodes are causing less damage than they might: a trend in the press and blog coverage (alongside the usual outdated mutual stereotypes) has been a growing recognition in each country of plurality and fair-mindedness in the other. Indian immigration to Australia is helping in this regard. India is Australia's fastest growing source of migrants. Its skilled workers and fee-paying students are welcome ad-

ditions to Australia's economic and social fabric. Not that this deal is one-sided: many Indians embrace the opportunities Australia offers, and as an education destination for Indians it has overtaken the United Kingdom.

The nuclear divide

Yet something is missing. Until recently, a complacency beset the Canberra-New Delhi relationship, not helped by a surfeit of speeches about how the shared gifts of democracy, rule of law, English language and cricket made us natural friends. The truth is that for much of the past 60 years, the prospects for India-Australia ties were overshadowed by big global issues—the Cold War and nuclear non-proliferation—which divided us.

The Cold War may be long gone, but our two countries are still working through the fallout of the nuclear divide. Under this, Australia cast itself as a leader in global efforts for arms control (despite its protection by the US nuclear umbrella) while India was cast as an outlaw from the Non-Proliferation Treaty (despite its in-principle sup-

port for global nuclear disarmament). Australia's leaders, officials and public have generally failed to comprehend why a country and its people in these enlightened times might see nuclear weapons as a source of pride and a net gain for security. India's pro-nuclear constituencies, meanwhile, have been baffled by the Australian distaste for nuclear weapons (and energy), and some have wrongly put this down to an Anglo-centric racial double standard rather than genuine concerns about the risks of nuclear conflict and accident.

But the game went awry, not only because of the domestic difficulties the US-India deal has encountered, but because of Australia's change of government in November 2007. The new Labor Prime Minister, Kevin Rudd, has affirmed that Australia will not sell uranium to a non-NPT state. A cynic might suggest that India is the victim of internal processes in the Australian Labor Party: its Right wing has secured agreement from the Left to expand the country's uranium mining industry beyond a restrictive 'three mines policy'; in return, a show of resolve was needed on non-proliferation.

Some in India hold out hopes that Australia's export policy is not set in stone—even though Mr Smith was unequivocal when he confirmed the no-sales stance to Indian special envoy Shyam Saran in January this year. Indian officials now interpret Canberra's public hints that it won't obstruct the US-India deal in the Nuclear Suppliers' Group as meaning that Australia will also come round to allowing its own uranium sales. One day they may be right, since views in Canberra are doubtless

A changed context in which both countries could see each other as part of the global nuclear solution, combined with a recognition that nuclear energy in India is part of the answer to climate change, could encourage a bipartisan consensus in Australia on allowing uranium sales to India.

port for global nuclear disarmament). Australia's leaders, officials and public have generally failed to comprehend why a country and its people in these enlightened times might see nuclear weapons as a source of pride and a net gain for security. India's pro-nuclear constituencies, meanwhile, have been baffled by the Australian distaste for nuclear weapons (and energy), and some have wrongly put this down to an Anglo-centric racial double standard rather than genuine concerns about the risks of nuclear conflict and accident.

Uranium? Not yet

India's economic and strategic rise and international responses such as the US-India nuclear deal offer scope for Australia and India to transcend residual differences on the nuclear front and to craft a strategic partnership.

John Howard's conservative government belatedly saw the potential, and in 2007 agreed in principle to export uranium to India to help meet massive energy needs. Australia holds the world's largest uranium reserves, and a uranium supply relationship would be the most direct way to make it an indispensable partner to a rising India.

mixed—but the fledgling Rudd Government might want to be securely into its second three-year term before any shift, and would in the meantime want to be able to demonstrate new levels of co-operation with India on arms control.

This might include some unlikely but creative common initiatives such as lobbying all nuclear-armed states to take their weapons off alert, jointly policing Weapons of Mass Destruction (WMD)-related shipments at sea, or pushing for the negotiation of a verifiable treaty to ban the production of fissile material.

A changed context in which both countries could see each other as part of the global nuclear solution, combined with a recognition that nuclear energy in India is part of the answer to climate change, could encourage a bipartisan consensus in Australia on allowing uranium sales to India. This would establish a pillar of that indispensability which Australia should seek in its relations with India, as it does with Asia's other great powers.

For now, though, both countries would do well to keep the uranium issue to one side. Both governments are pragmatic, and have many converging interests to pursue.

Strategic horizons

Economically, there are obvious complementarities of Australian resources and Indian labour, but also scope for Australia's service industries to be a part of India's economic, infrastructure and workforce transformation. Given the dismal prospects for global trade liberalisation, the idea of an Australia-India free trade agreement may gather its own logic and urgency. And the dependence of the Australian economy on trade and investment ties to Northeast Asia and the United States—with exposure to the socio-political brittleness of the China boom and possible contagion from American financial woes—suggests that a growing share of business with India would be sensible diversification.

Climate change is a fundamental global challenge on which the new Australian government is keen to play a bridging role between developed and developing nations. Australia's awkward

lateral exercises. Sensitivity about how China might see an imagined quadrilateral security arrangement should not preclude their accelerated co-operation.

In information sharing, both countries need to acknowledge and exploit the other's expertise. India should be candid with Australia in its intelligence on Pakistan and Afghanistan—where Australian troops are deployed—and should value Australian insights on Southeast Asia and terrorism there. Both countries should develop the candour of friends in their strategic dialogues, frankly airing concerns, including to ensure that neither inadvertently harms the other's interests through its arms sales and defence engagement with third parties. Above all, each needs to understand that the other's strategic orientation is not one-dimensional: Australia is a US ally and India a now-favoured US partner, but both are also independent regional players.

The agenda is big, and will need diplomatic resources to match. Australia's diplomats are overworked and have little reach into major Indian cities, while India has long treated Australia as an adjunct to relations with ASEAN.

situation—a coal exporter preaching environmental restraint—could become a diplomatic virtue: Canberra is more likely than most Western capitals to identify common ground on which India, China, Japan and the West can go forward in post-Kyoto negotiations.

On the strategic plane, the shared concerns include:

- ensuring the balance of power in Asia remains stable, even as it shifts: that US engagement endures, while regional and global structures accommodate a rising but not destabilisingly dominant China
- protecting sea-lanes for energy and other trade
- co-ordinating responses to natural disasters and climate change
- countering terrorism and jihadist ideology in Pakistan, Afghanistan, Bangladesh and South-east Asia
- ensuring constructive roles for India and China as military contributors to public goods in regional and global security.

This needs deeper engagement involving defence and intelligence agencies. The Australian and Indian navies are steaming ahead here; they have a rapport, dialogues with an operational focus, and shared experience in bilateral and multi-

The agenda is big, and will need diplomatic resources to match. Australia has just opened a new chancery for its High Commission in New Delhi. But its diplomats are overworked, receive minimal or no training in Indian languages and cultures, and have little reach into India's many booming states and cities beyond narrow trade offices in Mumbai and Chennai. Meanwhile India's busy representatives in Australia are too few to support much broader engagement. Back in South Block, an understaffed Ministry of External Affairs has long treated Australia as an adjunct to relations with ASEAN. This too must change. Australia's weight and rare mix of qualities—the world's 15th largest economy and 12th best-funded military, a huge resource supplier that is also a stable, modern and multicultural democracy—should make it a core part of any Indian 'Look East' policy.

Rory Medcalf was an Australian diplomat in India from 2000 to 2003. He now directs the international security program at the Lowy Institute for International Policy, in Sydney. He blogs at lowyinterpreter.org.