



India–Australia Maritime Cooperation: Challenges and the Way Ahead

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India and Australia have assumed a greater role in international affairs, emerging as regional powers with great power potential. Changes in the international environment, particularly the rise of China as a common source of concern and growing economic relations between the two countries in an era of increasingly complex interdependence, have provided an impulse for the two countries to enhance their bilateral ties. Part of that includes developing a robust maritime capability that can project force across blue water as well as on land, and which works in concert with allied maritime forces in assuring the defence of common interests. The paper provides an overview of the Indian–Australian relationship, focusing the analysis on India’s changing maritime outlook, Australia’s strategic priorities and a forecast of the possibilities for their developing a strategic partnership in the Indo-Pacific region.

Introduction

It is under-appreciated that Perth and Chennai are closer to each other than Sydney is to Seoul, to Shanghai, or to Tokyo . . . As the world sees the potential of

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*an Asian/Pacific century unfold, Australia sees India at the heart of this historic shift in political and economic influence.*¹

Stephen Smith (Australian Foreign Minister, 2008)

India and Australia have several commonalities, which serve as a foundation for closer cooperation and multifaceted interaction, on lines similar to that which India has developed with other Western countries. Both are strong, vibrant, secular and multicultural democracies. They both have a free press and an independent judicial system; the English language is an important link. Cricket and the large numbers of Indian diaspora in Australia for education and other means are significant elements in awareness at the popular level.

India and Australia have commercial ties dating back to the 18th century, when India played a central role in nourishing the young colony and trade with Australia came to be an important element in the operations of the East India Company in Bengal. For the next half century, Australia's most immediate and direct links were with India rather than London, as bureaucrats, merchants, chaplains and judges moved between the two colonies. India was an important source of food and provisions for Australia; by 1840, a ship was leaving Sydney for India roughly every 4 days, and merchants in Calcutta grew rich from supplying the new outpost. At the beginning of the 19th century, several British colonial families from India made a life for themselves in the new Australian colonies. The Consulate General of India in Sydney was first opened as a Trade Office in 1941 and the High Commission in Canberra in 1945.²

During the Cold War, Australia paid little heed to Indian strategic objectives. India did likewise with regard to Australia. Post-colonial affinities notwithstanding, India's non-aligned orientation and limited power projection capacity, the latter only slightly worse than Australia's itself but the former in stark contrast to the strong pro-US orientation of the Australians, made bilateral concerns inconsequential in either country's strategic thought. Add to that very different domestic political imperatives governing electoral politics in two very different types of post-colonial democracies, and the need to prioritize bilateral strategic concerns was negligible.

In 1970s, Australia and India rubbed each other up the wrong way on practically every issue on which their interests touched. Bilateral trade had slumped to less than 1% of each country's total trade. India's test of a nuclear weapon in the Pokhran

(Rajasthani desert) in 1974 came just after Australia had decided against building its own nuclear weapon and signed on to the nuclear Non-Proliferation Treaty (NPT). In the Cold War period, when Britain announced the decision to withdraw its forces from east of Suez, it seemed only natural for Australia to support the American decision to build a base on the small Indian Ocean territory of Diego Garcia. To India, that decision was a direct threat to its proposal to announce the Indian Ocean as a zone of peace.³

The end of the Cold War and the dissolution of the bipolar balance of power international system amid a rising tide of economic globalization forced reconsideration on both sides of the bilateral divide with regard to their respective positions in the Indian Ocean. As the 1990s gave way to the 2000s, the areas of strategic overlap between the two countries extended into Southeast Asia and, more recently given India's ambitions, the Western Pacific. Energy is a big part as India needs coal, and Australia is the world's largest exporter. In time, uranium and gas could be part of this. But there is another, more culturally critical commodity that Australia sells to India. About 40% of Australia's exports to India are of gold.⁴

Despite its long-standing "Look East" policy, India struggles to project power into the Pacific or to build significant economic relationships there. When India showed interest in joining APEC in the 1990s, Australia was prominent among the member who is against it. The relationship was also strained over the attacks on Indian students studying in Melbourne, and the resulting media coverage caused serious damage to Australia's standing in India. But despite this troubled history, new dynamics are drawing Australia and India together.

With the new geopolitical conditions; the rise of China, the end of Cold war ideological divide and bipolar world, and the role of regional powers in the security strategies of Southeast Asia, Australia and India have more role to play in the security framework of Asia-Pacific. Australia has realized the strategic importance of the Indian Ocean, as commercial navigation importance and an increasingly integrated part of an Indo-Pacific strategic realm that will play a central role in the future.⁵

Besides, India and Australia collaborated in various multilateral fora. Australia supports India's candidature in an expanded UN Security Council.⁶ Both India and Australia are members of the G-20, Commonwealth, IOR-ARC, ASEAN Regional Forum, Asia Pacific Partnership on Climate and Clean Development, and have participated in the East Asia Summits. Both countries have also been cooperating as

members of the Five Interested Parties (FIP) in the WTO context. Australia is an important player in APEC and supports India's membership of the organization.⁷

The convergence of core values such as democracy and multiculturalism and an increasing commitment to the virtues of free trade means that both India and Australia are initiating better understanding at Track I and Track II levels. In the long-term interests of both the countries, the emerging partnership is vital and so is the growing convergence on issues concerning security and trade.

Strengthening Strategic Connection

Although India's Look East policy has fully extended through the Malacca Straits, it is envisioned that India's eastern outreach will expand diplomatically in the South Pacific, particularly in Australia, Fiji and New Zealand. Each of these countries has important political and cultural ties with India. For this part, Australia has sizable and long-established Indian expatriate communities. These communities wield significant economic and political influence in the country and provide an open source conduit for information exchanges between the South-western Pacific neighbours' and the Indian homeland.

Diplomatically, India has shown interest in the South Pacific affairs by participating in the Pacific Islands Forum (PIF) annually from 2002. India also has begun to provide foreign aid to the islands in the South Pacific by offering soft loans for development projects.

India has no military presence in the Pacific, but this may change in the coming years as India starts increasing the Eastern Command's operational capabilities. Given its expanding commercial engagement with Southeast Asia and Western Pacific, it would seem like a natural evolution for its navy to participate in maritime patrols along the sea-lanes involved. For that to happen, however, it will have to secure the support of Australia, New Zealand, the USA and the other states that comprise the strategic arc that acts as a containment mechanism on Chinese military ambitions in the region.⁸

For its part, in its capacity as an emerging regional power, Australia has started to "Look West" beyond Indonesia. Diplomatically, Australia participates as an observer in South Asian Association of Regional Co-operation (SAARC), and actively participates in the Indian Ocean Naval Symposium (IONS) and in the International Security Assistance Force (ISAF) in Afghanistan (Operation SLIPPER).

While there has been a regular exchange of visits at ministerial level, bilateral visits at Head of Government/Head of State level have been limited. PM John Howard visited India in July 2000 and again in March 2006. Prime Minister Kevin Rudd of Australia visited India in November 2009, when it was agreed to take the relationship to the level of a strategic partnership. Vice President Shri M. Hamid Ansari represented India at the CHOGM 2011 held in Perth on 28–30 October 2011.

At the level of EAM, there have been visits by Mr Jaswant Singh in June 2001 and for the CHOGM Summit in March 2002. Mr Yashwant Sinha visited in August 2003; Mr Pranab Mukherjee visited in June 2008. External Affairs Minister, Mr S.M. Krishna visited in August 2009, in January 2011 for the Foreign Ministers' Framework Dialogue and in October 2011 for pre-CHOGM Foreign Ministers' meetings at Perth. From the Australian side, both Mr Gareth Evans and Mr Alexander Downer visited India several times in the period 1989–1995 and 1996–2005 respectively. Foreign Minister Stephen Smith visited India in September 2008, in October 2009 and in March 2010. Defence Minister Stephen Smith visited India in December 2011 for Defence Ministers' Dialogue. Foreign Minister Kevin Rudd visited Bengaluru in November 2011 to attend the IOR-ARC Council of Ministers' meeting.⁹ The last visit by Australian Prime Minister Julia Gillard was hailed by both media and strategic experts as a singular success. PM Gillard signed four Memoranda of Understanding (MoUs) with India, and among other significant pluses, announced an Australian decision in principle to begin uranium trading with India.¹⁰

There has been regularity in the diplomatic exchanges between India and Australia. Visits by political leaders on either side in the last 20 years clearly reflected the mutual readiness to cooperate in the Indian Ocean region and strengthen the bilateral relationship. There are frequent exchanges of visits including at the level of Service Chiefs, regular Naval, Air Force and Army Talks, joint naval exercises, and regular exchanges at each other's training institutes and seminars.

There are a number of initiatives, including the agreement signed in November 2009 to upgrade relations between the two countries to the level of a "Strategic Partnership". As part of the partnership, Australia and India issued a Joint Declaration on Security Cooperation to ensure closer and more regular collaboration in security areas.¹¹ The Australia–India Security Declaration identifies shared security interests, so-called "elements of cooperation" in specified areas and outlines consultative mechanisms to be implemented between them. Key areas of cooperation identified in

the Declaration include: MoUs on Defence Cooperation, Customs, Information and Communications Technology, Combating International Terrorism, Transnational organized crime, Disaster management, Resource Management, Maritime and aviation security, Air Services, Law enforcement cooperation, Intellectual Property signed in May 2008, and a MoU on science and technology cooperation signed between CSIRO and its Indian counterpart in July 2008.

In fact, in his June 2008 speech, Stephen Smith, the Foreign Minister of Australia, alluded to the fact that the India–Australia relationship had great potential, and that Australia saw India as being at the Centre of the fast-changing political and economic dynamics in the broader Indo-Pacific region. It only reflects the “special place” that India holds in Australia’s recent foreign policymaking.¹²

The 2009 Australian Defence White Paper recognized India as an emerging great power and noted the potential role it could play in Australia’s economic development and in assuaging its national security concerns. The paper also pointed out that the Indian Ocean will have great significance for world economic flows by 2030 and that issues of maritime security will also be more prominent in the years to come.¹³

One of the issues that the 2009 paper touched on was Australian concern about Chinese military expansion in the South China Sea and in the future in the Indian Ocean. In Australia’s case, this added to extant concern about Chinese blue water operations in the South-western Pacific. The two oceans (Indian and Pacific Ocean) carry the vast majority of Australia’s exports and imports, and are considered national lifelines worthy of priority protection. In light of this, Australia’s strategic re-orientation requires upgrading and expanding of its Navy. Australia’s 2009 Defence White Paper called for a major expansion of the submarine fleet from six to 12 boats by 2030.¹⁴

There are broad areas of emerging cooperation between India and Australia. Although it would seem that the overlap in their shared strategic interests advises in favour of a partnership, whether they do so depends on a number of potential contextual factors, including the following:

- (a) *A possibility of greater maritime engagement in the Pacific:* With increased Chinese naval expansion in South China Sea, India might strengthen operational capabilities of the Eastern Fleet. Australia might do likewise with its Western Fleet based in Perth. Both Indian and Australian Navy might

increase their engagement with the US Navy Fifth and Seventh Fleets. This could be a high possibility.

- (b) *An Indian role in stabilizing Fiji:* If the political situation in Fiji worsens on the path to the scheduled September 2014 elections, leading to their postponement or cancellation, India and Australia are likely support the continued call for democracy. The potential concerns regarding diplomatic approaches towards Fiji will strengthen broader bilateral cooperation between Australia and India.
- (c) *The flourishing commercial relationship between India and Australia:* Bilateral trade between India and Australia is growing at the rate of 20% every year. This may act as a catalyst for strengthening the strategic relationship. A Free Trade Agreement between India and New Zealand (now in discussion) could accelerate moves towards an Australian–Indian FTA.
- (d) *One area of potential discord:* India and Indonesia have signed naval cooperation and defence agreements. Australia supports the development of the Indonesian Navy and its engagement with the Indian Navy. If the political situation in Aceh and Papua provinces of Indonesia is aggravated, India and Australia might disagree on the proper Indonesian approach to dealing with the crisis. In the event of Indian support for Indonesia, the Australia–India relationship may be adversely impacted.¹⁵

Expanding Maritime Cooperation

It is estimated that more than 90% of India's trade by volume and 77% by value are transported over the seas.¹⁶ To sustain its steady economic development, it needs to import as much as 30% of total energy from foreign markets.¹⁷

The Indian and Pacific Oceans sits astride a few key choke points (Fig. 1) including the Straits of Hormuz and the Straits of Malacca and Singapore, Lombok and Sunda Straits. Any disruption of the transportation of energy and goods could seriously damage these two countries' economies. However, these sea-lanes are vulnerable to maritime threats such as piracy and armed robbery, maritime terrorism, arms-trafficking, oil spills from accidents, environmental degradation and political situations in coastal states. Piracy incidents off the Horn of Africa/Gulf of Aden and the vast area of the Indian Ocean have also been a long-standing problem that has attracted international attention.

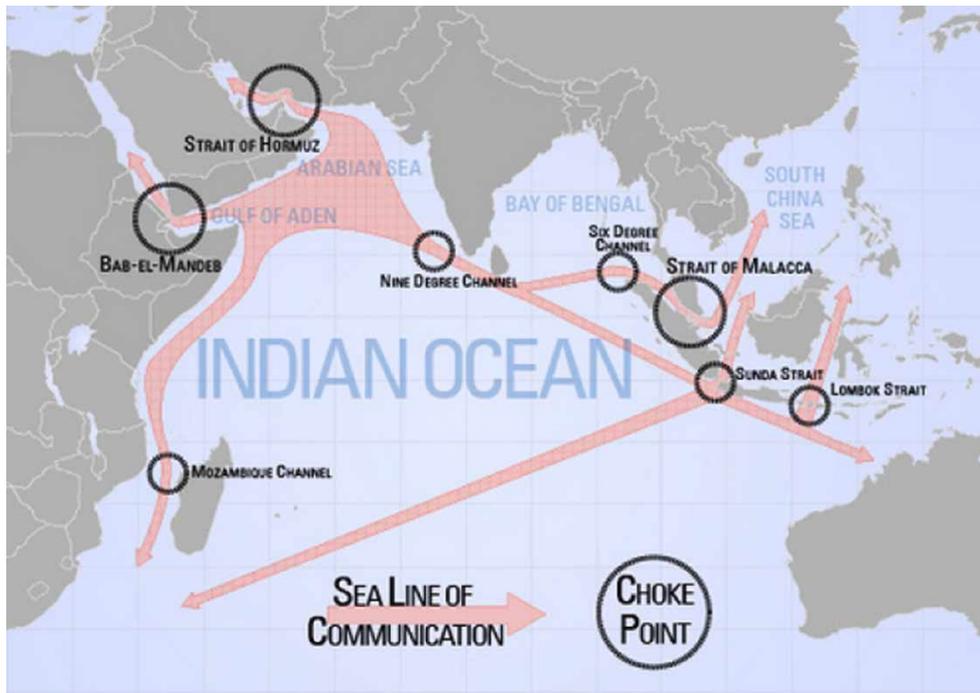


Fig. 1. Indian and Pacific Ocean key choke points.

India and Australia are great stakeholders to the safety and security of these sea lines of communication (SLOCs), hence there is a need for them to share the responsibility to secure the uninterrupted supply of energy and free flow of goods through these SLOCs. India is ideally located in the middle of Indian Ocean and such a geographic advantage would allow it to guard the traffic flows from Middle East to Indian Ocean better.

a) Australia's Presence in Indian Ocean

Australia has a fairly robust presence in the Indian Ocean. HMAS Stirling, also known as Fleet Base West, is a strong naval asset on Australia's west coast. Providing Australia's Indian Ocean presence, the base is located on Garden Island south of Perth, Western Australia, is the Royal Australian navy's largest berthing and resupplies facility. Eleven fleet units are based at HMAS Stirling including the headquarters of the Australian Submarine Squadron. It is also expected that the US

Navy will have on-going access to HMAS Stirling in the future (US carriers currently make regular port calls at Garden Island).

The next important maritime asset for Australia in the Indian Ocean is the Cocos (Keeling) islands. It consists of two atolls and 27 islands some 2950 km northwest of Perth and 1272 km southwest of Jakarta. The islands serve as a refuelling stop and forward base for the Royal Australian Air Force's P-3 Orion Indian Ocean surveillance fleet. In the years to come, the Keeling Islands could become for Australia what the Andaman and Nicobar Islands are to India, since the existing airfield can be upgraded to support the latest generation P8-A Poseidon maritime patrol aircraft and the world's largest drone, the US-built Global Hawk. This possibility was emphasized by the 2012 *Australia's Defence Posture Review*. The *Australian Defence Posture Review* also mentioned that the Keeling Islands could serve as a springboard for joint US–Australian operations and power-projecting capabilities in the Indian Ocean.¹⁸

In effect, the Western Fleet will be the foundation of Australian force projection in the Indian Ocean. The question is whether shared strategic concerns and their respective diplomatic and military initiatives in the Indo-Pacific will translate into a big strategic partnership between Australia and India.

b) India's Presence in Indian Ocean

The Indian Navy, by itself, has been quite active in the Indian Ocean conducting various naval exercises with other maritime forces. The Indian Navy's role is described in the Indian Naval Doctrine that sees the navy play four distinct roles: military, diplomatic, constabulary and benign. The Indian Navy conducts Theatre Level Readiness Operational Exercises (TROPEX) annually in order to test the readiness of the fleet to respond to maritime challenges. In concert with the emphasis on joint operations, these exercises involve elements from the Indian Army, Indian Air Force and the Indian Coast Guard.

The Indian Navy conducts annual multi-lateral naval exercises involving the USA, Japan (most recently the "JIMEX 12" bilateral exercise), Singapore and Australia (which participated in the 2007 exercise that was conducted in waters near India's eastern command). The Indian Navy and US Navy also run regular exercises. The Indian Navy has conducted more than 50 joint military exercises with its US counterpart in the last 7 years. It has extended its submarine patrols into places like

the Gulf of Aden and South China Sea, including one reported encounter with Chinese warships conducting anti-piracy patrols off the Somalian coast.

Australia and India are heavily dependent on the oceans for economic growth, have close interpretations of the law of the sea, and their naval forces are effective and not in competition with each other. Australia and India could discuss agreed understandings of law of the sea, ship reporting systems, reporting carriage of dangerous cargo and surveillance measures. They could formulate disaster management plans, including operational aspects, between designated coordinating authorities and improve coordination of civil and military maritime research as a tool for better understanding of the oceans for good governance. Increased naval cooperation including surveillance, monitoring and control of the marine environment could be on the agenda.

The Indian Navy and the Royal Australian Navy's relative naval strength have shown in Table 1. It is significant that while the Indian Navy has continued on its upward profile, acquiring quality platforms in recent years, the Royal Australian Navy, despite the 2009 Defence White Paper announcing a strengthening of its naval force structure appeared to be preparing to scale back plans for reinvigorating the force strength. Following the global financial crisis, Australia is under increased fiscal pressure. The new Australian Defence White Paper, due to be released in 2013, is expected to reduce funding for many defence projects, leaving the Australian navy with a significant capability deficit. In these circumstances, it appears that the Royal Australian Navy may have more to gain from "operational cooperation" with the Indian Navy than the other way round. Either way, it is perhaps, apt that the two navies work together for general public good in the maritime domain.

For a long time, Australia has feared what sees as an interruption of the safe and regular passage of cargos in the Pacific and Indian Oceans. This could come about as a consequence of conflict between regional states. Australia's 2009 Defence White Paper identified the problem as a matter of great concern without explaining the causes and notes that "we might have to contend with major power adversaries operating in our approaches", and for this reason Australia has an "enduring strategic interest in the stability of the wider Asia-Pacific region", which includes North Asia and the Eastern Indian Ocean. The May 2009 Defence White Paper has stressed the need to develop Australia's maritime capabilities to meet the new challenges of its strategic environment.

Table 1. Maritime capability comparisons.

Platform	India	Australia
Submarines	16	6
Frigates	10	12
Destroyers	10	NIL
Aircraft carrier	1	NIL
ASW	9	24
Amphibious large	11	9
MCM	8	9
Logistics/replenishment	4	2
Fighter	22	NIL
UAV	12	NIL
Helicopters	47	16 + 6
AEW helicopters	9	NIL
MPA	26	18 (Air Force)

Source: Jane's Fighting Ships 2011–12; Military Balance 2012. ASW, anti-submarine warfare; MCM, mine countermeasures; UAV, unmanned airborne vehicles; AEW, airborne early warning; MPA, marine patrol aircraft.

The planned acquisitions include the Air Warfare Destroyer, two amphibious ships, 12 Collins class submarines, offshore combat vessels and new combat helicopters. However, the 2013 Defence White Paper might review the plans for growth.

It makes sense that the two well equipped and advanced Navies in the Indian Ocean Rim would be working together. The navies already join in multilateral maritime exercises and conduct Passage Exercises during ship visits to their respective ports, like Indian Navy Destroyer *INS Rana*'s visit to Australia in June 2010 and the visit to Western Naval Command in Mumbai by HMAS Toowoomba in October 2011.

Australia also invites Indian Officers to undertake Joint Warfare studies, Aviation Safety, Maritime Security Cooperation and Emergency Management courses. The exchanges are of two ways. Military engagement is occurring across the full range of activities, including ship visits, professional exchanges and collaboration in research and development. Strategic engagement has involved a number of high-level visits and on-going strategic dialogue between Australia and India.¹⁹

The US Factor

Australia's core security interests lie in the South-western Pacific and the Indian Ocean. These overlap but are not identical to those of its major allies, particularly the USA. Australia pursued a self-reliance policy for its defence following the US's 1969 Guam Doctrine during the Nixon Administration. Every Australian Defence White Paper since 1976 has adhered to that vision. Australia's pursuit of strategic self-sufficiency following the Guam Doctrine allowed the USA to encourage its rise as an allied regional power in Asia Pacific.

It is significant that the USA has played an important role in the evolving India–Australia relationship. As a treaty ally to the USA, Australia's pursuit of strategic tie with India was first driven by the USA who has made significant strides in military relationship with India since the early 2000s.

With the announcement of the so-called “pivot to Asia”, the USA renewed its strategic focus on the Asia-Pacific. While much of the strategy is a continuation and expansion of policies already undertaken by the USA in the past, the Chinese are, however, apprehensive that such strategy is aimed at containing its influence in the region. The strengthened ties both bilaterally and multilaterally among the USA and other countries in the region have been viewed as a security threat by China. China condemned the USA for holding on to a “Cold War thinking”, which would “run counter to the era's trend of peace, development and co-operation.”²⁰ In fact, as early in 2007, China strongly objected to the creation of “Quadrilateral Security Dialogue” – an informal military and strategic alliance between the four democratic countries including the USA, Japan, India and Australia, and tagged it as the formation of an “Asian NATO” to compact China.²¹

The USA has consistently prodded India to work more closely with its allies of Australia and Japan on regional issues. India remains wary about China's “aggressive behaviour” and the military infrastructure build-up along the border area. Indian has indeed been strengthening its relationship with the USA and Chinese neighbours such as Vietnam and Myanmar, and India has found the opportunity to assert its influence in South East Asia – all with the intension of keeping China's interest bound to its near periphery. India, however, does not want to be dragged into the game of balancing China. It has avoided direct confrontation with China by resisting proposals for the formation of a trilateral pact with the USA and Australia. Indeed, it

insisted on developing long-standing defence cooperation with other countries on a one-to-one basis.²²

The new strategic arc in the Indo-Pacific is outlined in two documents published by the US government: the US Quadrennial Defence Review (2010) and the subsequent Pentagon document on strategic guidance titled “Sustaining Global Leadership: Priorities for Twenty-First Century (January 2012). A core of US strategy is to re-deploy military assets, including the bulk of its carrier and submarine fleets, in the Asia-Pacific region. With that re-positioning in mind, US Secretary of Defence Leon Panetta recently asserted that defence cooperation with India is “a linchpin in US strategy” in Asia.

Australia is a key ally of the USA, and sees itself playing the role of a US strategic hub in the South Western Pacific. Indian policy makers took special note of US President Barack Obama’s 2012 trip to Australia and the US–Australian agreement for a 2500-troop strong US Marine Task Force in Darwin. Indian strategic planners increasingly view Australia as the vital cog around which the newly emerging security architecture in the Indo-Pacific is being built.

The China Factor

Both India and Australia appeared too wary of China’s rapid economic and military rise, but have a good trade and economic relations with it. India did trade worth nearly US\$74 billion with China in 2011, but China and India are bitterly divided politically over China’s support towards Pakistan, and mutual suspicions over Tibet. The perception towards China has further driven India’s move to the East. Indian analysts acknowledged that “the growing Chinese economic and military influence in Asia clearly appears to be a decisive strategy in moulding India’s Look East strategy”.²³

India is also suspicious that China has established basing strategies in Indian Ocean with the intention to surround India with Chinese aided ports along the rim of Indian Ocean. Although Beijing has never agreed to harbouring such ambitions, India continued to view Chinese developments of ports in its vicinity as an “encirclement strategy”.²⁴

China, in turn, alleged that India is attempting to encircle China by establishing closer military ties with its territorial rivalries. “India’s expanding joint naval exercises with several South East Asian navies, South Korea, and most importantly with Japan,

have conveyed unambiguous signals to China.”²⁵ India has also raised the concern over freedom of navigation in the region and increasingly used naval diplomacy as a tool to strengthen the strategic connection with regional countries. Despite the fact that uneasiness exists, India has made remarkable achievement through economic engagement with China.

In 2011, India’s bilateral trade with China hit a historical record of US\$74.4 billion with an annual growth of 26% compared with previous year.²⁶ While the trade deficit exists, Beijing promised to import more products from India to narrow the trade gap. The two sides are also confident of boosting bilateral trade to US\$100 billion by the end of 2015.²⁷

Meanwhile, the economic tie between China and Australia are also enjoyed significant growth in 2011. Australia–China trade volume totalled over more than A\$121 billion (Australian dollars) by the end of 2012.²⁸ China has been Australia’s largest trade partner while Australia is China’s fourth largest trade partner.

As shown in the Table 2, economic relations between Australia and India have improved in recent years. India is now Australia’s fourth-largest export market and its sixth-largest trading partner. In 2011–12, India’s exports to Australia stood at A\$2.5 billion, while imports amounted to a whopping A\$13.13 billion. India desired a correction in the trade imbalance with Australia. Australia’s exports about 5.1% of its total exports to India and imported around 1.0% of its total imports from India.

Table 2. Australia’s trade with India and China.

		Total share	Rank	Growth (yoy)
Australian merchandise trade with China, 2011–12				
Exports to China (A\$m)	76,824	29.1%	1st	18.5%
Imports from China (A\$m)	43,405	18.1%	1st	5.6%
Total trade (exports + imports) (A\$m)	120,229	23.9%	1st	13.5%
Australian merchandise trade with India, 2011–12				
Exports to India (A\$m)	13,125	5.0%	4th	–16.7%
Imports from India (A\$m)	2,494	1.0%	21st	19.7%
Total trade (exports + imports) (A\$m)	15,619	3.1%	6th	–12.5%

Source: <http://www.dfat.gov.au/geo/fs/india.pdf>; <http://www.dfat.gov.au/geo/fs/chin.pdf>. yoy, year over year.

Still, both India and Australia's respective bilateral economic relationship with China has significantly outweighed that between India and Australia. Therefore, the relationship between India and Australia has so far remained lack of economic incentive in substance.

India and Australia are sharing common strategic interest and could naturally develop their strategic relationship further, in particular in the maritime security arena. However, to take the Chinese factor into consideration, given the trade volume and economic dependency on each other, which is the most dominant feature of the all the bilateral relationship among the three countries, it would be likely for them to shelve differences and accommodate each other's interest in the Indo-Pacific. One of their common interests lies in the desire to safeguard international maritime traffic and promote economic prosperity. For the benefit of their national livelihood and well-being, the three countries should stand together and share responsibility to enhance maritime safety and security. This will also help other countries in the region to maintain maritime order and international trading system.

Australia and India had welcomed US announcements of a "pivot" towards the region in the face of a rising China. Canberra will lend political support, provide US forces with greater strategic depth and offer selective military contributions, particularly in the eastern Indian Ocean and the Malacca and Lombok Straits. However, it is argued that, barring a dramatic change in the strategic environment, Australia will retain its focus on the immediate neighbourhood.

The Way Ahead

Despite strong growth in trade, strategic ties between Australia and India keep falling short of expectations. It is apparent that the relationship is faced many challenges. The controversy over the ill-treatment of Indian students in recent years has created anxieties in India, and there are still differences over uranium exports. But without major diplomatic initiatives, the prospects for a truly strategic partnership between these Indian Ocean democracies will be a hard objective to attain.

The challenge of building a closer Indo-Australian relationship lies in building a regional security architecture whilst balancing individual national interests. Increasingly, Australia proposed initiatives that seek to stake claim and establish leadership in

maritime domain. Ultimately, the two nations will need to construct a narrative of cooperation for regional stability. It would perhaps need a greater understanding and adaptability on both sides.

Although India and Australia have yet to reach consensus on specific aspects of their relationship, the recently published White Paper, “Australia in the Asian Century” in October 2012, confirms Australia’s commitment to strengthening its ties with East and Southeast Asia, and it would be remiss and incomplete if the Australian strategy in Asia did not include India as a significant component. Likewise, India cannot advance its interests in Asia without finding common ground with Australia on matters of strategic importance.

The eastern Indian Ocean is especially prone to a range of transnational threats that Australia–India maritime cooperation could do much to ameliorate and prevent. For instance, there could be active collaboration between the two countries to combat piracy/terrorism at sea, and also human trafficking/people smuggling in the Indian Ocean region. Australia and India could work toward the creation of mechanisms and procedures for disaster management and environmental protection in the eastern Indian Ocean, particularly with regard to oil spills, submarine rescue training, HADR, SLOCs security and freedom of navigation issues.

Australia and India should work to expand common ground on nuclear non-proliferation and disarmament, which might help India to be part of all four nuclear proliferation regimes. Both governments need fully to grasp Australia’s vast potential in ensuring India’s energy security. Options should also be explored for new regional arrangements including a three-party forum with Indonesia to deal with issues related to ASEAN.

From a geopolitical perspective, the strategic horizons of Australia and India converged in the eastern Indian Ocean. One is not quite sure, however, how the details of operational cooperation will be worked out. For instance, whilst it is favourable for both sides to engage in joint surveillance thereby enhancing “maritime domain awareness”, would the two navies be willing to share critical information with each other, failing which the cooperation would remain pro-forma at best?

The need for maritime cooperation between Australia and India is unexceptionable. It would go a long way in promoting regional stability, safety at sea and a cleaner Indian Ocean. The Royal Australian Navy and the Indian Navy could explore the

possibility of joint naval activities in the eastern Indian Ocean, preferably in collaboration with naval forces in Southeast Asia.

There is room for practical cooperation between India's Department of Ocean Development and Australia's Antarctica and Ocean policy division. Australia–India maritime cooperation could do much to prevent piracy/terrorism at sea, and also human trafficking in the Indian Ocean region. They can create the mechanisms and procedures for disaster management and environmental protection in the eastern Indian Ocean.

Conclusion

Despite all their obvious differences, these two Indian Ocean democracies now have all the elements for a partnership, spanning trade, investment, education, science, environmental management, security and the shaping of Asia's strategic order.

For its part, India would benefit from recognizing Australia's worth as a security partner. This must not be confined to just counter terrorism agreement – where Australian intelligence insights and special forces expertise could be of real value – but in maintaining stability across the wider Indo-Pacific region.

The Australian and Indian navies are logical partners in the Indian Ocean, but may need a clearer political signal to prioritize the relationship. There is no reason why these two maritime nations cannot in time coordinate with third countries on issues of mutual interest, from surveillance to disaster relief.

Depending on the issue at stake, those efforts might involve Indonesia, Japan, the USA, China and other nations. Conceivably, the Indian Navy will one day be a partner with the Australian Navy operating alongside Australia's Maritime forces in the Indo-Pacific.

Notes

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