

# Strategic Analysis Paper

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## India-Australia: Ushering in an Era of Maritime Prosperity in the Indian Ocean Region

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### Key Points

- As a sea-faring nation, Australia is heavily dependent on seaborne trade and commerce for its economic growth and prosperity. Its maritime threat perceptions are similar to those of other littoral countries.
- The Indian Ocean region is of increasing geo-strategic importance to Australia. Developments that create a security dilemma are viewed with concern by all of the region's stakeholders.
- Of the littoral countries, Australia perceives that India is in a much better position than most to address such issues and, accordingly, views it as a potential regional partner.
- India and Australia have identified areas of convergence through various platforms to build a robust strategic relationship, with the maritime environment being one of the most important components.

### Summary

*'When a nation embarks upon a process of shifting from an "inward-leaning economy" to an "outward-leaning economy," the arena of national security concerns begins to move to the oceans.'*<sup>1</sup>

<sup>1</sup> Parmar, S.S. and Salil, S., 'China and India: Maritime Commonalities and Divergences', *Journal of Defence Studies*, Institute for Defence Studies and Analysis: New Delhi, Vol. 5, No 3, July 2011, pp. 144-150.

<sup>2</sup> Pandya, A.A, Herbert-Burns, R. and Kobayashi, J., 'Maritime Commerce and Security: The Indian

Oceans are the economic interface of the world, with 90 per cent of global trade passing through them.<sup>2</sup> Maritime commerce is the backbone of all industrialised nations. Every country needs maritime commerce to meet its trade needs, be it a littoral state, an island or a landlocked country. The naval strategist, Alfred T. Mahan conceptualised the deployment of a strong naval force to secure Sea Lines of Communication (SLOCs) to protect economic interests. He established the relationship between a country's naval might and its economic prosperity. In the present context, seas define economic development patterns across the globe. The development of industry along coastlines has been a primary factor in the migration of humans towards coastal areas. At present, half of the world's population lives within 200 kilometres of a coastline.<sup>3</sup>

### Analysis

Australia's geographical location makes it an integral part of both the Pacific and Indian Ocean Regions. Thus, any developments in these waters can pose a direct challenge to Australia's national security and interests. As a sea-faring nation heavily dependent on seaborne trade and commerce for its economic prosperity, its maritime threat perceptions are similar to those of other littoral countries. Australia's trade relies upon secure SLOCs, stretching from the Middle East to North America and beyond. Australia is linked comprehensively, and profitably, to Asia's economic success.<sup>4</sup>

There are two main challenges facing Australia and other sea-faring nations in the Indian Ocean Region today: SLOC security and the activities of non-state actors. These groups include: al-Qaida, which has spread its operations globally; al-Shabaab in Somalia; Jemaah Islamiyah in South-East Asia; and the Moro Islamic Liberation Front (MILF), operating in the southern Philippines. They pose severe security challenges to the Indian Ocean littoral states and, indeed, the world at large; giving rise to the threat of maritime terrorism, such as that experienced by India on 26 November 2008 in the seaborne attack on its financial capital, Mumbai.

The growth in pirate activities in the Indian Ocean poses other challenges. Such incidents have several causes, including geography, failed governance and economic conditions. Some commentators also fear that, in some cases, the pirates might be funded by terrorist groups functioning in the region, seeking to create instability. Issues such as maritime pollution, environmental disasters, climate change, energy security, gunrunning, drug trafficking, and the threats of proliferation of weapons of mass destruction and narco-terrorism, are also global in nature and have an impact on the overall security of the region.

Although the other countries in the region share similar concerns, Australia considers that India is in a much better position than most to address these issues, due its wish to see a

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<sup>2</sup> Pandya, A.A, Herbert-Burns, R. and Kobayashi, J., 'Maritime Commerce and Security: The Indian Ocean - Stimson Report', Washington DC: Stimson Centre, 2011.

<sup>3</sup> Other factors include urbanisation, tourism, fishing and aquaculture. Full details available at <[www.prb.org/Publications/PolicyBriefs/RippleEffectsPopulationandCoastalRegions.aspx](http://www.prb.org/Publications/PolicyBriefs/RippleEffectsPopulationandCoastalRegions.aspx)>.

<sup>4</sup> McCaffrie, J. and Rahman, C., 'Australia's 2009 Defence White Paper', *Naval War College Review*, Vol. 63, № 1, 2010, p. 1.

stable and peaceful neighbourhood. Although the relationship between India and Australia has not always been smooth, especially during the Cold War and India's 1998 nuclear testing, Australia is increasingly aware of India's strength and its potential as a leading stakeholder and source of stability in the region.

The growing role of the Indian Navy has also caught Australia's attention. Thus, in 2006, both countries signed a Memorandum of Understanding (MoU), with an Australia-India Maritime Security Operations Working Group established to give effect to the agreement.<sup>5</sup> The 2009 Australian Defence White Paper likewise acknowledged the shared democratic values between Australia and India and their common security interests and growing practical defence co-operation, especially in maritime security.<sup>6</sup> This has led to the emergence of India as a potential long-term partner for Australia, with increasing maritime commonalities. For instance, in 2010-11, two-way trade between Australia and India reached \$17.8 billion, making it Australia's fourth-largest export market.<sup>7</sup> The signing of the India-Australia Joint Declaration on Security Co-operation in November 2009<sup>8</sup> is testimony to the fact that both governments realise the need to secure their common interests. The decision to allow uranium exports to India acknowledges India's commitment to non-proliferation, despite not being a signatory to the Nuclear Non-Proliferation Treaty.

For Australia, the Indian Ocean Region continues to grow in strategic importance. Australia has a long Indian Ocean coastline and several far-flung island possessions: the Cocos (Keeling) Islands, Christmas Island, and the Heard and MacDonald Islands. It is part of the larger Indian Ocean Region with high strategic and commercial stakes. Consequently, Australia is committed to playing an active and constructive role in the Indian Ocean region and co-operates with other stakeholders through various international and regional initiatives based on common interests and norms.<sup>9</sup> Australia is a founding member of the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC); it is also a key participant in the Indian Ocean Naval Symposium (IONS) and the Indian Ocean Memorandum of Understanding (IOMOU) on Port State Control, based in Goa.

### ***Why India and the Indian Ocean Region?***

In the last decade, the Indian Ocean has become an epicentre of economic activity. The shifting of interests from the Atlantic to the Indian Ocean reflects the fact that it has lured the major powers towards its abundant resources and five key strategic sea lines of communication, which are vital for world trade. More than 80 per cent of the world's seaborne trade in oil transits the Indian Ocean choke points, with 40 per cent passing

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<sup>5</sup> Rahman, C., 'Australia and Maritime Security in the North-East Indian Ocean', in *ASEAN, India, Australia: Towards Closer Engagement in a New Asia*, William T. Tow and Chin Kin Wah (Eds), Institute of South-East Asian Studies: Singapore, 2009, p. 195.

<sup>6</sup> McCaffrie and Rahman, 'Australia's 2009 Defence White Paper'.

<sup>7</sup> DeSilva-Ranasinghe, S., 'The Indian Ocean Region and Australia's National Interests', Future Directions International, 29 May 2012.

<sup>8</sup> 'India-Australia Joint Declaration on Security Co-operation', Australian High Commission to India, New Delhi, November 2009. <<http://www.india.embassy.gov.au/ndli/pa5009jsb.html>>.

<sup>9</sup> Department of Foreign Affairs and Trade Australia, 'Indian Ocean Regional Forums'. <[http://www.dfat.gov.au/geo/indian\\_ocean/regional\\_orgs/index.html](http://www.dfat.gov.au/geo/indian_ocean/regional_orgs/index.html)>.

through the Strait of Hormuz, 35 per cent through the Strait of Malacca and eight percent through the Bab el-Mandeb.<sup>10</sup> The region is volatile, due to the changing security environment and is presently a host to more than half of the world's armed conflicts.<sup>11</sup> The region also has a high concentration of nuclear capability, due to the presence of nuclear weapon states such as the United States, Russia, United Kingdom, France, India, Pakistan, China, Israel and, potentially, Iran. The Indian Ocean Region is increasingly becoming a scene of competition, as major powers attempt to gain supremacy and control over the resource-rich region. The biggest players are the United States, China and India; other key regional players include Australia, France, Indonesia, Iran, Israel, Japan, Malaysia, Russia, South Africa, South Korea and the UK, all of which are striving for influence in the region relevant to their interests.<sup>12</sup> The region also faces several additional threats.

Though India has always been considered a “continental/land” power, it also occupies a central position in the Indian Ocean maritime theatre. As a result, any major developments in the waters of the Indian Ocean can have repercussions for India and are therefore important to its maritime security. India enjoys a very strategic location and occupies possibly the most pivotal position in the region. It is therefore important to address threats from the sea, as they can have direct implications for India's coastal security and directly affect its broader national security. Accordingly, India is expanding its naval capabilities and security relationships throughout the Indian Ocean Region. It has particularly paid significant attention to developing relationships at the key points of entry into the Indian Ocean: the Malacca Strait, the Persian Gulf and southern Africa.<sup>13</sup>

India's “Look East” policy has therefore played a major role in bolstering its relations with the Asia-Pacific countries. The Asia-Pacific region – and, indeed, the more broadly defined Indo-Pacific region – is now considered to be the new geo-economic powerhouse. As part of India's extended neighbourhood, it has helped in building strong foundations between India and the countries in the region. China's ingress into the Indian Ocean and its development of ports and other infrastructure in India's neighbourhood has, due to mistrust and past history, increased suspicions and insecurity in India about China's long-term intentions. China's growing maritime footprint in the Indian Ocean Region and its increasingly assertive and aggressive behaviour in the South China Sea, are bringing about increased co-operation among the other major powers, as they seek to counter-balance China.

In this regard, India, which is acquiring sophisticated and cutting-edge technology such as aircraft carriers and long-range missiles, can work in tandem with the United States and its allies to secure their national interests and the region itself. India's growing economic and military might, democratic credentials and cultural ties with many of the Indo-Pacific countries, have helped it to create a sphere of influence that is bridging gaps between old and new partners/friends in the region. The growing India-US relationship, for instance, has been helpful in facilitating India's relations with other regional countries, such as Japan,

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<sup>10</sup> DeSilva-Ranasinghe, S. ‘Why the Indian Ocean Matters’, *The Diplomat*, March 2011.

<sup>11</sup> *Ibid.*

<sup>12</sup> ‘Struggle for Dominance’, *Business Monitor International*, 10 March 2012.

<sup>13</sup> Brewster, D., ‘An Indian Sphere of Influence in the Indian Ocean?’, *Security Challenges*, Vol. 6, № 3, 2010, p. 7.

South Korea and Australia. This is based on common concerns, such as WMD proliferation, Islamic radicalisation and the so-called “China factor”. Former US Secretary of State Condoleezza Rice portrayed India as ‘a rising global power that can be a pillar of stability in a rapidly changing Asia’.<sup>14</sup> India is, therefore, often viewed as a regional counter to China.

The US considers India to be a key strategic partner, which puts it at the same level as Washington’s traditional allies. The greater US strategic perspective, as it pivots back to the Asia-Pacific region, will require India to have better engagement with other regional countries. This is a testimony to India’s growing stature as an important player in the global arena and as a regional power, with significant economic and cultural influence and growing military capabilities.

### ***India-Australia Maritime Co-operation***

Australia’s regional security relies heavily on a robust alliance with the United States, in conjunction with partnerships with Asian powers and Australia’s own military and diplomatic capabilities.<sup>15</sup> India has also been engaging very actively in the region through its diplomatic manoeuvrings, where its soft power has been one of the key factors. In addition, naval diplomacy has been at the top of the agenda for both countries, due to the growing role of sea-power in securing maritime interests. Their ties with the US have also played an important role in bringing India and Australia closer together to work towards greater peace and stability in the region. India and Australia are natural allies, with the two most significant and advanced navies of the Indian Ocean rim countries making them security partners in the Indo-Pacific region. In recognition of their mutual maritime security interests, Australia joined the IONS, an initiative of the Indian Navy, and will host the IONS Conclave of Chiefs in 2014 in Perth, Australia’s Indian Ocean capital.

Apart from engaging with each other through regional initiatives such as the IOR-ARC, the Association of South-East Asian Nations Regional Forum (ARF) and the East Asia Summit (EAS), the two countries are in the process of identifying bilateral initiatives that will contribute to a long-lasting regional security environment. During the visit to India of Defence Minister Stephen Smith, officials from both countries emphasised that, having successfully engaged at a multilateral level, the two navies should now examine potential bilateral maritime exercises. They already share evolving ties, examples of which include the visit to Australia of the Indian Navy destroyer INS *Rana* in June 2010 and the visit to Western Naval Command Mumbai by HMAS *Toowoomba* in October 2011. Also, in January 2010, a Royal Australian Navy vessel participated in maritime exercise MILAN in the Andaman and Nicobar Islands.

An annual 1.5 Track Australia-India Defence Strategic Dialogue was also announced during the visit, the first meeting of which was hosted by Future Directions International in Perth on 19-20 July 2012.

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<sup>14</sup> Ladwig, W.C., ‘India and the Balance of Power in the Asia-Pacific’, *Joint Force Quarterly*, No 57, 2<sup>nd</sup> Quarter, 2010.

<sup>15</sup> Curtis, L., Lohman, W., Medcalf, R., Powell, L., Rajagopalan, R.P. and Shearer, A., ‘A Plan For US-Australia-India Co-operation In Indo-Pacific – Analysis’, Heritage Foundation, *Eurasia Review*, 4 November 2011.

As of 2012, according to the latest report by the Indian Ministry of External Affairs on India-Australia relations<sup>16</sup>, the two countries are converging and engaging in a number of fields, such as science and technology, and education. Meanwhile, a lot of Indian companies are investing in Australia, such as the Aditya Birla Group, and there is a growing Indian Diaspora in Australia. The Australian Government supports India's bid for permanent membership in the United Nations Security Council and also supports Indian membership in the Asia-Pacific Economic Co-operation (APEC) grouping.

At the defence level, there has been further activity. As a part of the exchange programme, officers from both the countries are invited to take up training in maritime security co-operation, or any matter related to defence and security. They are also invited to join short courses in institutes such as the Indian Staff College at Wellington in Tamil Nadu, while Indian officers have been offered positions on the Australian Command and Staff Course and the Defence and Strategic Studies Course.

The issues cited above are concrete examples of the growing partnership between India and Australia, which could be strengthened further by exploring commonalities that stretch over the wider Indo-Pacific region. These could include addressing non-traditional threats such as piracy, humanitarian and disaster relief, terrorism, and food and water security issues, to name but a few. As far as the regional architecture is concerned, the potential of IOR-ARC could be very important and both countries should work towards strengthening it. Continuing to forge a dynamic strategic partnership between India, the US and Australia, would be beneficial for all three countries and the region as a whole.

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<sup>16</sup> 'India-Australia Relations', Ministry of External Affairs, New Delhi. <<http://www.mea.gov.in/mystart.php?id=50042435>>.

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