

Associate Paper

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Australia-India Relations: The Prime Ministerial Nexus

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Key Points

- Despite the stated intentions of Prime Ministers Abbott and Modi, any enhancement of the bilateral relationship will depend on Modi's willingness to engage outside his priority national interests: Russia, the United States and China, and on his regional ambitions.
- Engagement with India, Abbott-style, may convince Modi that Australia should not be ignored after a new set of credentials is established with the Australian Joint Standing Committee on Treaties delivering on the agreement to sell uranium to India. India's trust in Australia's ability to deliver is an issue.
- Australia will benefit economically from the "Make in India" and "Digital India" programmes.
- In addition to installing the FTA, growing traditional exports and collaborating with India on the regional security stage, Australians must gain confidence in doing business in India and must set the pace.

Summary

In [revisiting](#) the Modi Government's domestic and international agenda, this paper canvasses opportunities for Australia to build Indian confidence and trust, and benefit by pursuing substantive ties that also necessitates setting aside Australian concerns about doing business in India. Modi's round of regional visits, Russian President Vladimir Putin's visit to Delhi for their annual bilateral summit, President Barack Obama's attendance as the first American president to be chief guest at India's Republic Day celebrations and his speech at a US-India Business Council Summit, together with China's importance, underline India's priorities. While it is clear that Australia must continue to "make the running", and Modi's "Make in India" can coincide, it is not clear yet whether Abbott will attempt to attract Modi's attention from the sidelines or have a box seat.

Analysis

Australia-India Relations, Abbott in India

A comment that India and Australia ‘have never met’ made in a reference to the history of their bilateral relationship at a seminar in March 2015, challenges Prime Ministers Abbott and Modi to make observable in both states their claims that neither country remains on the other’s periphery. As Modi [recorded](#) in his Address to the Joint Sitting of Parliament in Canberra in November 2014, ‘Australia will not be at the periphery of our vision, but at the centre of our thought[s]’, echoing a reflection frequently made by Australian analysts when exploring failures to engage in partnership projects that reach beyond joint statements and photo opportunities.

The Abbott Government was swept into power in September 2013, some eight months before Modi’s also impressive election victory. Their policy platforms were similar: economic development, business investment, greater trade and deregulation, energy and regional security. Their successful meeting in New Delhi in September 2014 appeared to establish a strong connection between them and Modi’s visit to Australia in November that year allowed novel descriptions: that they were two “can do” Prime Ministers whose countries were, metaphorically, “open for business”.

Abbott’s claim that the bilateral relationship with India ‘could and should be much closer’¹ has been cautiously encouraged, while acknowledging past difficulties: a priority for Australia is ‘stepping up engagement with India, until recently Australia’s most neglected power relationship’,² and ‘[Australia](#) has much work to do to realise the ambition it has for its relationship with India’. Such observations are not new. In 1984 a departmental record titled ‘India – Relations with Australia’ stated that:

‘Without action on its part Australia cannot expect to receive a great deal of attention by the new Indian Government while it comes to grip with the domestic situation and with more difficult and more important foreign relations’.³

While the circumstances in which the Indian Government took office in 1984 were quite different from Modi’s advent, the analysis remains appropriate.

The report went on to state that a ‘drift’ in relations ‘had not been in Australia’s interest’. That remains the case. The intervening decades have seen only rare up-swings while Australia has endeavoured to halt the drift. One such is the repair of relations that occurred

¹ Coalition Policy, Department of Foreign Affairs and Trade, September 2013, p.4.

² Medcalf, R., ‘In defence of the Indo-Pacific: Australia’s new strategic map’, *Australian Journal of International Affairs*, Vol. 68, No 4, August 2014, p. 479.

³ National Archives of Australia (NAA), A1838, 169/10/1 Part 52, Section 60, p. 13. While the advent of the then new Indian Government was different, the Modi Government is also new, has domestic discord to ameliorate, and indisputably more important foreign relations than that with Australia to establish.

after the 2009 student crisis but, as noted, a bilateral relationship subject to offence and consequent reaction ‘will require concerted effort on Australia’s part’.⁴

Abbott’s engagement with India as Prime Minister started with his visit to India within four months of Modi taking office in May 2014. He was the first Head of State to visit Delhi, invited by the Prime Minister and greeted with an elaborate state welcome at the Rashtrapati Bhavan on 5 September. Their talks were wide-ranging, the epitome being their agreement on the bilateral Civil Nuclear Cooperation Agreement as a “concrete” symbol of the partnership, a demonstration of trust and an important signal that past Australian government intransigence on the matter was over.

Hurdles remain, nonetheless, and while safeguards should ‘discriminate neither against India nor for it’, the Joint Standing Committee on Treaties (JSCOT) will have [key questions](#) about the surrounding administrative arrangements, discussed below.

On energy more broadly, their Joint Press Statement [noted](#) the decision to develop a strategic partnership based on ‘long-term, sustainable and reliable supply of Australian resources based on India’s energy needs.’ As India’s energy demands far exceed supplies, this is a boon in Abbott’s quest to make Australia an economically viable source of energy to India. Their commitment to strengthening co-operation on defence and security and associated issues is another strategic goal for Australia.

Their Joint Press Statement also committed the Prime Ministers to ‘strengthening’ the Strategic Partnership agreed by previous Prime Ministers Manmohan Singh and Julia Gillard and, under a series of broad headings, ‘agreed’ to building the economic partnership and ‘expanding dialogue’ on economic policy in areas such as taxation, competition, financial sector regulation and infrastructure. Other regularly canvassed areas included the scientific, education, environmental and cultural fields. Four Memoranda of Understanding were [signed](#) or renewed, including Co-operation in the Peaceful Uses of Nuclear Energy, which is particularly relevant, in Sport, Water Resource Management and Technical Vocational Education and Training, all of which have appeared in various guises previously. Thus a familiar aspect of the Abbott and Modi Governments’ first Joint Statement emerged, as is usual with such documents: it was one of “intentions” but not backed by substantial plans to act.

Regional and international co-operative efforts addressed in the Joint Statement, however, anticipated strong outcomes: the G20 meeting in Australia in November 2014 followed by Modi’s state visit to Canberra, the East Asia Summit with India and Australia co-chairing the Taskforce on Access to Quality Medicines, and ongoing collaboration at meetings such as ASEAN, the East Asia Summit, the Asia Pacific Partnership on Climate and Clean Development and the Asia Europe Meeting. Modi welcomed Australia’s ongoing support for India as a permanent member in a reformed UN Security Council, and Abbott reminded him of Australia’s support for India’s membership of ASEAN. Australia’s support was [noted](#) in the Ministry of External Affairs’ ‘Overview of India-Australia Relations’. Strong outcomes,

⁴ Rajendram, D. , ‘India missing from Abbott Asia priorities?’, Lowy Institute, 5 September 2013

however, depend on India's ability to follow through on its international intentions, not always evident across its "Look East" record.

Practical co-operation is best illustrated in the Indian Ocean Regional Association (IORA), a key organisation for both countries that meet at Foreign Minister level and have been re-charged and chaired effectively by India from 2011-2013, when its leadership transferred to Australia for the following two years. Its *Final Communiqué and Economic Declaration*, [issued](#) in Perth on 9 October 2014 by Australia's Foreign Minister, Julie Bishop, a month after Abbott's visit to India, acknowledged Indian Ocean states' increased participation with regional stake-holders and dialogue partners, China, Japan, the United States, Britain, Egypt and France, thus extending IORA's reach beyond 'India's lake'. IORA's six on-going priorities were implicit in the Joint Statement, and despite its international reach, a revitalised IORA can be seen as Australia-India driven.

Along with the East Asian meetings referred to, there is an on-going concentration of contact between India and Australia at the Prime Ministerial, Foreign Minister and Defence Chief levels, in addition to business summits and meetings led by Ministers who Abbott should utilise to confirm and reconfirm the strength of the bilateral relationship. They include the Indian Ocean Naval Symposium (IONS), first held in Delhi in 2008 and most recently in Perth in March 2014, to be chaired by Australia for two years; the Commonwealth Heads of Government Meetings; G20s; and the South Asian Association for Regional Co-operation (SAARC), which is effectively led by India and in which Australia is an observer and can play a role. Newly on the list of shared interests, Australia has [expressed](#) a tentative interest in the Asian Infrastructure Bank, as has India.

Thus Abbott and Australia have an enhanced stake in aiming for bilateral success – but Abbott needs Modi's and India's engagement to avoid the one step forward-one step back journey so often travelled by Australia in this relationship. Laying to rest references so frequently heard in India to the "White Australia" policy and demonstrating that Australia is worthy of Indian trust – an Indian weapon of choice on Australia's reaction to its nuclear tests and the sale of uranium – the chase starts in Canberra.

In the world of great power negotiations where Australia and India manoeuvre for advantage within their own spheres of influence, domestic politics are a factor. Changes of government in Australia and India attest to that but the old grievances will fester and be paraded from time to time – and new ones are already emerging that, in the event of a downturn in the relationship, should not be re-stated to the detriment of the bilateral relationship in its new iteration.

Abbott's visit to India, and the high-level business meetings that accompanied it, thus raised Australia's expectations. Abbott, however, was not in the top league of Modi's visitors and nor could he expect to be. *India Perspectives* issued by the Ministry of External Affairs and distributed through its High Commissions and Embassies, celebrated Xi Jinping's, Vladimir Putin's and Barak Obama's visits to New Delhi – Tony Abbott's only appearance was in a photograph welcoming Narendra Modi to the G20 in an [article](#) which extolled India's contributions at the meeting. While not advocating megaphone diplomacy, Australia's efforts should, nonetheless, attract notice at home and in India.

Australia in India: A Speculative Agenda

Celebrating people-to-people relations is a constant for both countries and underpins trade and investment. Today's priority is the uranium agreement and the Framework for Security Co-operation, carried forward while Modi was in Canberra in November 2014, and the strong but vulnerable diplomatic relationship, prone to shifts if understandings unravel. Hesitations or another reversal on Australia's part on the issue of selling uranium to India would predictably see an end to the Abbott-Modi rapport, and the trust that has grown since the in-principle agreement.

There are hurdles still to be crossed on uranium sales that revolve around the IAEA's regulatory authority and Australian safeguards law to be further examined by the Australian parliament's Joint Standing Committee on Treaties. It held several hearings in February that opposed the nuclear agreement on the less than relevant issue of India's long-held refusal to sign the Nuclear Non-Proliferation Treaty (NPT), and is yet to submit its report that may follow the current round of negotiations.

Foreign Minister Julie Bishop wants Australia to be 'the partner of choice for India's energy security ...' and anticipated a successful meeting with her Indian counterpart, Sushma Swaraj, in New Delhi. Reported in *The Hindu* on 14 April, Bishop expected that the outstanding issues on uranium sales will be resolved when officials meet before the end of the month, pointing out that the United States and Canada 'have come to an understanding with India that satisfies their requirements' and that Australia should also be able to do so. It is worth recalling that the Indo-US nuclear negotiations were long drawn-out and drew concessions from the Bush Administration, the "tracking and flagging" requirements finally resolved during President Obama's recent visit to India. Bishop is reported in *The Hindu* to have also said she understands that 'there is a way that Australian concerns and India's position can converge' – compromise has its importance in the bilateral relationship.

Reaching an accommodation on the uranium supply agreement is arguably crucial to the future of the Free Trade Agreement negotiations that are under way, the defence partnership and the raft of economic and cultural commitments made by the Prime Ministers. India is important to Australia. This is so particularly on the economic front as cited and it is a priority to add a Comprehensive Economic Co-operation Agreement (FTA). Although the new Framework for Security Co-operation is a substantial gain, Australia's strategic risks are not completely centred on the Indian Ocean. Such strategic risks as are shared are influenced by each country's relationships with the United States and Japan, and are complicated by China's incursions into Australia's Indo-Pacific maritime arc and India's "lake", through which massive cargoes pass.

While in Canberra, Modi acknowledged that Australia and India could, nonetheless, play a regional role, 'expanding our security co-operation ... [and] collaborating on maintaining maritime security ...'. While joint ventures bind, for Australia the paramount benefit from closer relations is the economic opportunities that abound.

Modi's "Make in India" campaign promotes India as a manufacturing hub that Australian expertise, as part of our export market, can assist in developing with opportunities to design

and implement service programmes at numerous levels, including those that make India more business-friendly. Standardising customs clearance procedures is a necessity, and the design of rapid transport and transit corridors, research and development models and skills education models, for example, meet some of India's many requirements and can grow Australia's exports.

The Indian government's "Digital India" offers additional opportunities in a plan to transform the country into a "digitally empowered economy" that includes the Indian broadband plan and e-healthcare. The ambitious plan has a tight time line and comprises three components: digital infrastructure, delivering services digitally and digital literacy. The plan requires skills development centres as essential to its nine pillars of growth and, similar to "Make in India", beckons Australia. The invitation is clear.

To conclude by returning to an early comment in this paper, that Australia and India 'have never met', a [comment](#) in New Delhi in 2012 reflected a similar view – 'For two countries that could be close ... they have found it difficult to find the significance in each other that they should.' These views have shifted: in assessing Abbott's visit, a [comment](#) from the Delhi-based Institute of Peace and Conflict Studies described his visit as the 'much-needed fillip to overcome the inertia that had crept in India-Australia relations'. Can Abbott's determination to forge a connection, and with business Australia's support, convince a much sought after Modi that this particular bilateral relationship is now significant?

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