



# THE GEOPOLITICAL PILLAR



CHAPTER NINETEEN

An India economic strategy cannot exist in isolation. It is part of the broader relationship between Australia and India and the stronger that broader relationship the better the prospects of an economic strategy.

India should be seen not only as an economic partner but also as a geopolitical partner. Just as the structural complementarity of our two economies lies at the heart of the economic relationship, so also are we seeing a growing geopolitical complementarity between Australia and India.

This chapter examines the basis and prospects of Australia's strategic partnership with India. It does not make recommendations since it is beyond the scope of this report. It is intended to locate the economic strategy within the broader context of the shared geopolitical interests of Australia and India. The views expressed in this chapter are mine alone and should not be seen in any way as reflecting an Australian Government perspective.

India is today in the midst of a major geopolitical repositioning, as it discards its old non-aligned movement rhetoric, pursues a hard headed national interests based policy and builds stronger strategic ties with a wide range of countries including the United States and its allies in the region, especially Japan.

The starting point of a strategic partnership with India should be to understand the drivers of Indian strategic policy over the next several decades.

Indian strategic thinking is likely to be shaped by six key factors.

First, a firm attachment to strategic autonomy and to preserving maximum freedom of action. India will be guided by its own interests as it builds strategic ties with a range of countries, including many with which Australia and other western countries have limited strategic congruence.

Second, deep strategic competition with China, not just as a neighbouring state but also in relation to China's broader regional ambitions and influence.

Third, India is showing a growing level of comfort in increasing strategic cooperation with the United States and its allies in the region such as Japan

and Australia. India is not about to become an ally of the United States or anyone else, but the combination of strategic congruence and shedding the straitjacket of non-alignment has created the space for deeper collaboration.

Fourth, India is likely to continue to support a liberal international order, although that will not extend to support for United States exceptionalism. Also, India will want the international order to better reflect the power distribution of the contemporary world. India will not be bound by rules in which it had no say in establishing.

Fifth, India is committed to increase significantly its defence capability to buttress its strategic autonomy. This will add to its strategic weight. It wants to import less defence equipment and produce more domestically, including through joint ventures.

And sixth, India is likely to be cautious about pressing a human rights agenda in its bilateral relations nor is it much interested in an international policy of promoting democracy. Moreover, it will hold to this caution notwithstanding its own considerable domestic credentials in relation to human rights and democracy.

How will these drivers play into the agenda of strategic cooperation between Australia and India?

The Australia-India strategic relationship stands on its own merits. It is however closely linked to the broader security of the region and therefore inevitably also brings in China, if only because China, like the United States, looms large in the strategic calculations of both countries.

The India-China relationship will have elements of both economic cooperation and strategic competition, not unlike the way in which those two elements thread their way through China's relationships with the United States, Japan and others.

India will want to maximise its economic relationship with China. But it will also be opposed to any move by China to become the predominant power in the Indo-Pacific. And it will be particularly concerned to ensure that China's expanding interest in the Indian Ocean is not given free reign.

While China is a factor in the strategic partnership between Australia and India, it is important to understand that Australia and India do not approach China from identical perspectives. Indeed, there are some large differences in our respective relations with China.

When India looks at China it sees a great power with which it shares a long and disputed land border and against which it has gone to war. The Indian perspective is shaped by its desire to preserve its freedom of manoeuvre and a concern that China's rising power could narrow India's strategic choices and flexibility.

Australia, on the other hand, approaches China from a different perspective. Ours is not a great power's view of China. Nor does Australia see China as an enemy or a hostile power.

Unlike India, Australia is an ally of the United States. China looms much larger in the Australian economy than it does in India's economy. We have in Australia a large Chinese diaspora who are a valued part of Australia's multicultural character. Also, Australia has no border dispute with China and nor have we ever gone to war with China, unless you count the participation of Australians in putting down the Boxer rebellion.

The international behaviour of a state is shaped by many factors, including its geography, history and culture. It is also however linked to the character of its political system.

China's political system is of course a matter entirely for China. Australia has neither the capacity nor the right to demand China pursue a particular system of government.

But China aspires to be the predominant power in the Indo-Pacific and that, by definition, would make it the single most important shaper of the region's strategic culture and norms. So whether it is a democracy or a one party state matters.

India shares our democratic bias but the political character of the Chinese state is not its primary strategic concern. For Australia a democratic China becoming the predominant power in the Indo-Pacific is a very different proposition to an authoritarian China occupying this position. India's concerns about a powerful China would exist irrespective of whether China were a democracy.

Australia wants to see China succeed in its economic reforms and to play a constructive role in the region and the world. But we also want to see a strategic system in the Indo-Pacific which is anchored in the rule of law and which recognises the stability which United States strategic engagement brings to the region.

In this our views are broadly shared by India as well as by the United States and Japan. It is this shared perspective which underpins groupings such as the Quad (United States, Japan, India and Australia) and also trilateral arrangements such as Australia, India and Japan.

These fledging groupings reflect the emerging reality that United States strategic predominance in the region is weakening and that, as China becomes indisputably the largest economy in the world with corresponding strategic heft, the region will look for balancing mechanisms which can help ensure that regional stability holds as profound shifts in economic weight rearrange strategic relativities.

None of this should be seen as an inherently anti-China move. Rather they are efforts to find a new strategic equilibrium in the Indo-Pacific which accepts the growing strategic weight of China but also seeks to ensure that the interests of open democratic states committed to a rules based order are protected. How quickly such a new equilibrium can be established will depend in part on how forcefully the rules based system in the Indo-Pacific is challenged. Should that challenge further sharpen, the need for defenders of the system to work more closely together to meet the challenge will grow.

Balancing China however is not the sole basis for a strategic partnership between Australia and India. There are two other important issues which bring us closer together.

First, India is for the most part a supporter of the liberal international order. This matters because the defence of that order is crucial for a country like Australia which can neither buy nor bully its way in the world. International law, a rules based system, the promotion of public goods, all these are important to Australia. They provide a measure of protection against the law of the jungle prevailing in international relations.

Second, Australia and India share an interest in developing regional institutions in the Indo-Pacific, especially the EAS, which promote economic integration and strategic stability.

Beyond ASEAN, regional institutions in the Indo-Pacific are still weak. Strengthening them is a high priority for Australia and India. Strong institutions cannot stop conflict but they can help at the margins to ensure that strategic competition does not spill over into confrontation. They also have an important role to play in pushing out the boundaries of trade and investment integration in a way which both expands prosperity and raises the cost of conflict.

Very importantly, the EAS and other regional institutions offer a framework for engaging China, giving it more space to match its economic weight and signaling that containment of China is a policy dead end.

Another area through which Australia's strategic partnership with India could be strengthened would be to work more closely with India on some of the broader global multilateral challenges that we face.

In the past Australia and India had limited common ground in relation to much of the global multilateral agenda. But that too is changing. Our perspectives on nuclear non-proliferation are now closer. Like India, Australia wishes to see reform of the United Nations Security Council. We may not yet agree on the complicated details of those reforms but we do support India taking a seat on an expanded Security Council.

There are also opportunities for Australia and India to work more closely on the large challenge of climate change. Again, our respective positions may not be identical but we both recognise the need for the effective implementation of the Paris accords on climate change and the need for all countries to play their part in a global effort.

Working more closely with India on the multilateral agenda where our interests are similar will send a positive signal about the Australia India partnership and our shared commitment to an international order which seeks to accommodate the interests of all states.

The extent to which Australia recognises a growing strategic convergence with India is best reflected in the way our own strategic focus has shifted from the Asia-Pacific to the Indo-Pacific.

It is not often that a country changes the geographic definition of its primary strategic environment. But that is precisely what Australia has done in recent years by replacing the Asia-Pacific with the Indo-Pacific.

The Asia-Pacific, with Northeast Asia at its strategic centre, has been the conceptual foundation of Australian strategic thinking for most of the post-Second World War period. The Asia-Pacific was seen as a coherent strategic system bringing in the major powers and also reflecting a long period of trade and investment integration, best captured by APEC.

Australia saw this economic integration as giving the Asia-Pacific added coherence. The Asia-Pacific construct provided a framework for thinking about the management of major power relationships, especially the vital United States-China relationship. It was our frame of reference for charting the strategic impact of shifting economic weight, most notably the extraordinary expansion of the Chinese economy.

In more recent years, however, we have moved from Asia-Pacific to Indo-Pacific to describe the crucible of our strategic environment. And a large part of that shift is driven by how we see India.

The concept of the Indo-Pacific as a single strategic system is very much a work in progress. It is both an act of imagination and a recognition of an emerging structural shift in our strategic environment.

At its heart, the Indo-Pacific reflects two propositions.

First, that the maritime environment is likely to be the primary focus of strategic planning and strategic competition over the next several decades.

Secondly, that India's strategic focus will, over this period, shift well beyond India's immediate neighbourhood and embed India in the strategic dynamics of the region in a way it has not in the post-war period.

These two propositions do not, in themselves, create a coherent Indo-Pacific strategic system. But they do suggest that the idea of the Asia-Pacific needs to adapt to accommodate them.

In this sense, the idea of the Indo-Pacific is best understood as an evolution of Australia's Asia-Pacific bearings, not a rejection of the Asia-Pacific.

It is also important to understand what the Indo-Pacific is NOT.

It does not, for example, treat the Indian and Pacific oceans as a single strategic system. Nor does it seek to bring all of South Asia into the old Asia-Pacific strategic system.

For now the Indo side of the Indo-Pacific is really just India and it is more about bringing India to the Asia-Pacific than stretching the footprint of Australia's primary strategic focus all the way to the western reaches of the Indian Ocean.

Over time, more structure and integration may evolve in the Indian Ocean such that it might

become a coherent strategic system akin to its counterpart in the western Pacific. But that is a long way off, so for the foreseeable future when we think about the Indo-Pacific we are thinking of an Asia-Pacific which finds room to accommodate India as a strategic player, and an India whose strategic and economic interests will increasingly draw her into acting as such a player.

The Indian Ocean provides a meeting point for Australian and Indian interests. It extends the scope of our growing strategic congruence.

India has always seen itself as an Indian Ocean power whereas Australia has traditionally placed a greater emphasis on the Pacific as the ultimate arbiter of our strategic stability. Now we have an opportunity to better align these perspectives and to build a partnership which bridges both oceans. It is a neat symmetry for an Australian continent which faces both the Pacific and Indian oceans and an India which has always been strategically anchored in its namesake ocean.

