

4-5 December 2012

Australia-India Roundtable Report

Outcomes Statement and Summary Record of Proceedings

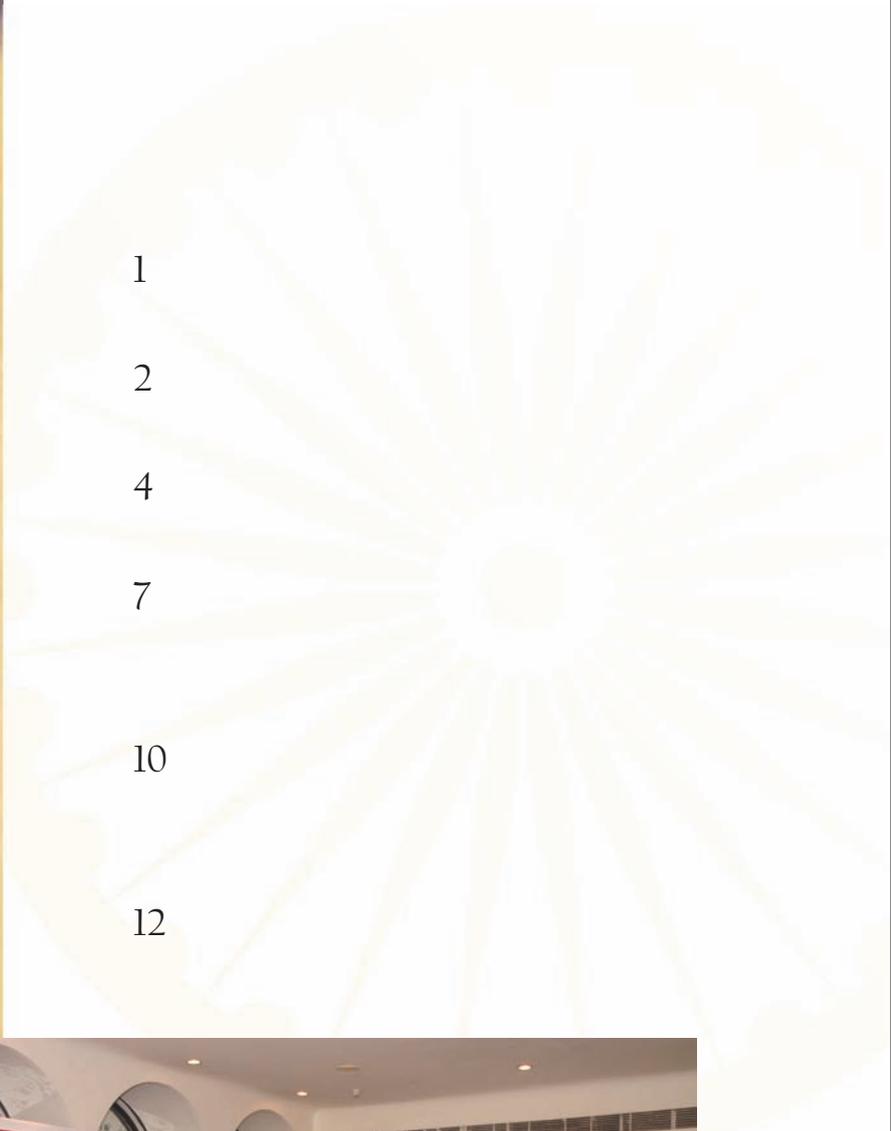


OBSERVER RESEARCH FOUNDATION



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Australia-India Roundtable Report

Outcomes Statement and Summary Record of Proceedings

Outcomes

THE 2012 AUSTRALIA-INDIA ROUNDTABLE

The relationship between Australia and India is poised at an historic moment. Consciously overcoming a challenging period, leaders of the two countries have realised new levels of mutual trust and confidence that are in turn generating policy momentum.

With new positive impulses at hand, links between the two democracies now need sustained creative thinking and efforts on the part of government, business and society to strengthen them further. This will ensure the relationship attains the vast potential offered by the two nations' exceptional economic and societal complementarities and their convergent strategic interests in the Indo-Pacific region during this Asian Century.

These were among key conclusions reached by participants at the Australia-India Roundtable, the leading informal dialogue between the two countries, when it met in New Delhi on 4 and 5 December 2012.

The dialogue involved a candid and dynamic exchange of insights and assessments between more than 50 experts, officials, parliamentarians, business representatives and journalists from the two countries. These conversations have resulted in a host of ideas for leaders and policy makers on both sides to consider and act upon.

The Roundtable was hosted by the Observer Research Foundation with Australian partners the Australia-India Institute, University of Melbourne and the Lowy Institute for International Policy, Sydney. It was supported by the Public Diplomacy Division of the Indian Ministry of External Affairs and the Australia-India Council, Australian Department of Foreign Affairs and Trade.

Inaugurating the roundtable the Australian Minister for Resources and Energy, Mr. Martin Ferguson MP, gave a forthright assessment of global as well as regional energy scenarios and trends.

This topic was one among the six themes covered during the Roundtable: energy security and cooperation; strategic assessment of the Indo-Pacific region; economic relations; the role of cities and states in creating external linkages; maritime security; and new frameworks of governance and diplomacy.

The following conclusions and ideas emerged from the discussions:

- The relationship is advancing well, with the October 2012 visit by Australian Prime Minister Julia Gillard marking major progress on key fronts.
- Differences over civilian nuclear energy and Australian uranium exports are being addressed purposefully. Bipartisanship on this issue in Australia now provides a basis for new levels of political trust in relations with India.
- Australia and India share strong interests in a stable multipolar regional order in Indo-Pacific Asia, spanning the Asia-Pacific and the Indian Ocean littoral. The two countries should step up their coordination and help in shaping the emerging regional diplomatic and security architecture in this time of flux. This could include working together to bolster inclusive regional institutions such as the East Asia Summit, while also being open to creative and functional arrangements such as three-way dialogues with Indonesia or other partners willing to contribute to the regional order.
- The creation of an Australia-India-Indonesia troika in the Indian Ocean Rim Association for Regional Cooperation is a promising start, and could provide a basis for a maritime security dialogue among the three countries.
- India and Australia should deepen their security collaboration, including through regular bilateral naval exercises. Potential areas for future defence cooperation include development of amphibious capabilities, submarine rescue, operational communication links, and maritime domain awareness in overlapping zones of interest in the Indian Ocean.
- The two nations should bring together maritime legal specialists to develop shared understandings on critical regional issues such as freedom of navigation. The two countries should maintain and deepen their dialogues with China and other powers including to provide reassurance about the stabilising nature of deeper Australia-India security relations.
- The two countries should work towards an Indian Prime Ministerial visit to Australia and consult closely in the lead-up to the 2014 G20 summit in Brisbane.
- With Indians comprising one of the largest and fastest-growing communities in Australia, there is great scope to harness societal links to strengthen political and business ties. It is

essential to build constituencies to champion Australia-India relations in both countries during future potential phases of trouble, which occur in any bilateral relationship.

- There are strong complementarities between Australia and India in the field of long term energy co-operation. An Australia-India energy partnership should cover the full mix of energy sources. It was inevitable that coal and natural gas would continue to play a major role in India's energy security. Australia and India should therefore redouble efforts to bring together industry and research communities on clean coal technology and to share experience on sustainable mining practices.
- The timing is right to move towards market based models of co-operation that could provide a long-term and stable foundation for the flow of investments as well as energy resources between the two countries. A full energy partnership would require clear benchmarks and processes for Australian investment in Indian mining, the transparent operation of energy markets, and the facilitation of two-way investment in energy and resources infrastructure. There is scope for joint Australia-India work on hybrid solar, wind and diesel units, which could operate independent of the grid and provide reliable, base-load power to remote communities.
- In education, emphasis should be placed on sharing Australia's experience in vocational education and training, as well as on delivering Australian tertiary education in India. This wider range of education links should be developed alongside more creative arrangements for skilled labour mobility to suit the needs of the two economies. Australian institutes should consider a full range of 'offshore' skilling initiatives to target the demographic needs and opportunities in India.
- The common character of the two countries as federal democracies should be used as a multiplier in advancing bilateral ties including in trade and culture. Direct relations between Australian and Indian states and cities should be encouraged to complement the work done by national capitals. These state-to-state and city-to-city relations should include the sharing of best practices in service delivery and development, skilling and education.
- The convening organisations agreed to hold the next meeting of the Australia-India Roundtable in Australia in 2013

Rory Medcalf
Australian Co-Chair

C Raja Mohan
Indian Co-Chair

Roundtable Partners

THE OBSERVER RESEARCH FOUNDATION

The Observer Research Foundation was established as a private, not for profit, 'think tank' to influence public policy formulation. The Foundation brought together, for the first time, leading Indian economists and policymakers to present An agenda for economic reforms in India. The idea was to help develop a consensus in favour of economic reforms in the early 90s. Since then ORF scholars have made significant contributions toward improving government policies.

ORF research projects have resulted in immediate and tangible impact on economic and strategic policies of the country. Today, ORF is known among policy makers, both in India and abroad, as a place pulsating with fresh promises and ideas. Ideas are what shape public policy think tanks. Ideas are an expression of unfettered curiosity and an urge to explore ways and means to find solutions to vexed issues that affect us. At ORF, ideas are reflected in the projects and programmes that are undertaken by various institutes and programmes. Young researchers are encouraged to take up challenges of organizing and leading projects which, in the years to come, would be symbols of pride for the Foundation.

The Foundation's activities can be neatly divided into two categories: Projects and Events. Both are an intrinsic part of the Foundation's objective in shaping, influencing public opinion and creating viable, alternative policy options in areas as divergent as employment generation in backward districts and real-time strategies to counter Nuclear, Biological and Chemical threats.

PUBLIC DIPLOMACY DIVISION OF THE MINISTRY OF EXTERNAL AFFAIRS, INDIA

The Public Diplomacy Division of India's Ministry of External Affairs of India works towards creating a better understanding of India and India's position on foreign policy issues. Towards this end, it produces documentary films and publications and uses digital tools to explain the diverse facets of India. It publishes the India Perspective monthly magazine in 17 languages and distributes it in 160 countries around the globe. It partners with major domestic and international universities, think tanks and research organisations to organise seminars and conferences on subjects that are relevant to India's concerns, hosts delegations from various countries and organisations to provide them with a broad-based exposure to India and organise lectures and other events within India with the objective of fostering a more informed discourse on India's foreign policy. A key area of focus of Public Diplomacy Division is to develop effective Web 2.0 strategies and utilise a full range of social media tools such as Facebook, YouTube and Twitter with the 'Indian Diplomacy' tag to engage with diverse communities across the globe.

AUSTRALIA INDIA INSTITUTE (AII)

The Australia India Institute (AII) is a leading centre for the study of India. Through its teaching, research, public policy and outreach programs, it is building Australia's capacity to understand India. AII is also a hub for dialogue, research and partnerships between India and Australia. Based at the University of Melbourne, the Institute hosts a growing range of programs that are deepening and enriching the relationship between the two countries.

The University of Melbourne established the Australia India Institute in October 2008. In 2009, funding for the Institute was provided by the Australian Government Department of Education, Employment and Workplace Relations. Both the University of New South Wales and La Trobe University were also founding partners. In 2012 the Department of Industry, Innovation, Science, Research and Tertiary Education and the State Government of Victoria provided additional core funding. The Ministry of Culture, Government of India, is funding a Tagore Centre for Global Thought at AII – one of three Centres globally that are being funded by the Government of India. AII will host a Chair in Indian Studies, funded by the State Government of Victoria and the University of Melbourne and a Visiting Chair in Indian Studies sponsored by the Indian Council for Cultural Relations.

THE LOWY INSTITUTE

The Lowy Institute, is an independent international policy think tank based in Sydney. Its objective is to generate new ideas and dialogue on international developments and Australia's role in the world. Its mandate is broad. It ranges across all the dimensions of international policy debate – economic, political and strategic – and it is not limited to a particular geographic region. The Institute conducts rigorous policy-relevant research and seeks to contribute to the wider international debate. The Institute is non-partisan and is home to a range of fresh policy ideas. Its staff and Fellows speak with individual voices. The rise of India has been a major preoccupation for the Lowy Institute since the think tank's establishment in 2003. The Institute's first major research paper was titled India: The Next Economic Giant. Subsequent Lowy publications and events have related to Australia-India relations, Indian naval modernisation, nuclear issues, uranium exports, Indian students in Australia, and the role of civil society, media and business in shaping Indian foreign policy. The Institute's policy recommendations have had a bearing on issues ranging from Australia-India relations to India's admission to non-proliferation export control regimes. The Lowy Institute's work on India includes an active program of events, notably the Australia-India Roundtable, a quarterly India Forum, the recently established India-China Workshop series and an annual India Strategic Lecture. The Institute published its first India opinion poll in partnership with the Australia India Institute and launched it with the assistance of the Observer Research Foundation

The Lowy Institute's International Security Program, which oversees the Institute's India-related work, is focused on the changing strategic dynamics within Asia and how they affect Australian interests. Its major areas of research include the rise of India and China, India-China relations, maritime security, Australian defence and foreign policy, and the future of nuclear weapons in Asia. The program's funding partners include the MacArthur Foundation, the Nuclear Threat Initiative, the Australia-India Council, the Australia-India Institute and corporate sponsors. The program conducts commissioned projects for government clients in Australia and internationally.

THE AUSTRALIA-INDIA COUNCIL

The Australia-India Council (AIC) was established on 21 May 1992, in response to a recommendation by the Senate Standing Committee on Foreign Affairs, Defence and Trade, following an inquiry into Australia's relations with India. The Council's purpose is to broaden the relationship between Australia and India by encouraging and supporting contacts and increasing levels of knowledge and understanding between the peoples and institutions of the two countries. The Council initiates or supports a range of activities designed to promote a greater awareness of Australia in India and a greater awareness of India in Australia, including visits and exchanges between the two countries, development of institutional links, and support of studies in each country of the other. The Council offers support, in the form of funding, for projects likely to contribute to the development of the relationship, within the context of AIC objectives and guidelines. By initiating and supporting a range of activities that have put it on the map, the Council has played a recognised and respected role in promoting the relationship between Australia and India. It has informed and educated Australians about India, and it has informed persons interested in the bilateral relationship about the way it is developing. It has furthered the Government's foreign policy and trade objectives and added value to Australia-India relations.

ROUNDTABLE PARTNERS & SUPPORTER





Programme Agenda

4TH DECEMBER, 2012

(CONNAUGHT, THE OBEROI, NEW DELHI)

9:30 – 9.45 am

Registration & Tea

9:45–10 am

Opening Remarks

- **Mr. Pinak Ranjan Chakravarty**, SS(PD) – Ministry of External Affairs
- **Dr. C Raja Mohan**, Roundtable Co-Chair
- **Mr. Rory Medcalf**, Roundtable Co-Chair

10:00 – 11:30 am

SESSION I: Energy Security & Cooperation

Mapping the opportunities across Coal, LNG, Nuclear and Renewables. Identifying challenges and constraints. Discussing ways to catalyse the private sector in both countries to participate in development of exploration, efficiency, energy infrastructure, mining facilities and energy transportation over land and sea.

Session Chair: **Dr. C Raja Mohan**, Observer Research Foundation

Special Address: **Mr. Martin Ferguson**, Minister for Resources & Energy, Australia

Discussion

11:30 – 11.45 am

Coffee Break

11:45 – 1.15 pm

SESSION II: Strategic assessment of the Indo-Pacific

Discussing major-power relations, new challenges, changing dimensions of the US and Chinese policy in the region, and what all of these may mean for India and Australia and their bilateral engagement.

Session Chair: **Mr. Rory Medcalf**, Lowy Institute for International Policy

Discussion

1.15 – 2.15 pm

Lunch

2.15 – 3:45 pm

SESSION III: Economic overview

Discussing economic developments and challenges globally, in Asia and in both countries, and what these may mean for bilateral trade and investment relations, including in commodities, food, water, education and S&T.

Session Chair: **Dr. C Raja Mohan**, Observer Research Foundation

Discussion

3.45 – 4.00 pm

Coffee Break

4:00 – 5.30 pm

SESSION IV: Role of cities and states in creating external linkages

Role of cities and states in India and Australia in creating linkages between people and businesses and in promoting foreign relations.

Session Chair: **Mr. Rory Medcalf**, Lowy Institute for International Policy

Discussion



Programme Agenda

5TH DECEMBER, 2012

(CONNAUGHT, THE OBEROI, NEW DELHI)

10 – 11:30 am

SESSION V: Maritime security

Scoping the challenges, actors and responses for ensuring security, stability and growth in trade and commerce. Discussing rules for the road in the Indo-Pacific including the South China Sea and discussing ways and avenues where India and Australia can work together to promote stability, freedom of navigation and rule of law.

Session Chair: **Dr. C Raja Mohan**, Observer Research Foundation

Discussion

11.30 – 11.45 am

Coffee Break

11:45 – 1.15pm

SESSION VI: New frameworks of governance and diplomacy

Sharing perspectives on global and regional governance architecture: the East Asia Summit, ADMM+8, ARF, IOR-ARC, the G20, UN Security Council issues, the debate about 'G-0'.

Session Chair: **Mr. Rory Medcalf**, Lowy Institute for International Policy

Discussion

1.15 – 1.30 pm

Vote of Thanks

- **Ms. Riva Ganguly Das**—Joint Secretary (PD), Ministry of External Affairs
- **Dr Lachlan Strahan**—Acting High Commissioner, Australian High Commission, New Delhi

1.30 – 2.30 pm

Lunch

Roundtable Participants

INDIA

Bhatia, Rajiv Kumar, Director
General, ICWA

Bhattachaya, Sanjay, Joint
Secretary, Southern Division
Ministry of External Affairs

Bagchi, Indrani, Diplomatic
Editor, The Times of India

Chakravarty, Pinak Ranjan,
Special Secretary, PD (Public
Diplomacy) Division, Ministry of
External Affairs

Chaudhuri, Pramit Pal
Foreign Editor of the Hindustan
Times

Chopra, Ramesh C
Senior Strategic & Corporate
Advisor

Dhar, Ashok, Distinguished Fellow
at ORF and currently President
(Industrial Marketing) for Petroleum
Business of Reliance Industries
Limited (RIL)

Das, Riva Ganguly, Joint Secretary
PD [Public Diplomacy] Division
Ministry of External Affairs
Government of India

Ghose, Arundhati
Former Indian Diplomat

Guruswamy, Mohan
Distinguished Fellow at ORF

Ghosh, PK, Senior Fellow at ORF

Joshi, Sunjoy, Director
Observer Research Foundation

Khan, I A, Adviser (Energy)
Planning Commission
Government of India

Kumar, Vinod, Director,
VVIN Resources Pvt Limited

Kumar, Rajiv Prominent Indian
Economist

Kaushiva, V Adm Pradeep,
Director
National Maritime Foundation

Kohli, Vineet, Country President,
BHP Billiton

Lahiri, Dalip
Former Indian diplomat

Mohan, C Raja, Head - Strategic
Studies & Distinguished Fellow
Observer Research Foundation

Mahalingam, Sudha
Former Member-Distribution
Petroleum and Natural Gas
Regulatory Board

Malik, Ashok
Prominent Indian columnist

Mohanty, SK, Senior Fellow
Research and Information System
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Murthy, CSR, Professor
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Prasad, Alok
Former Indian Deputy National
Security Adviser

Punjabi, Ruchir
Chair, Australia India Youth
Dialogue, Managing Director,
Langoor

Powell, Lydia, Head, Centre for
Resources Management at ORF

Ravishankar, MN
CEO Business Development, Power
Trading, Adhunik Power and Natural
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Jawaharlal Nehru University

Ranade, Jayadeva, Distinguished
Fellow, Centre for Air Power Studies

Reddy, Vijay Latha
Deputy National Security Adviser

Sahni, Varun, Professor
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Organisation and Disarmament
School of International Studies
Jawaharlal Nehru University

Singh, NK, MP, Rajya Sabha and
Honorary Advisor, ORF

Singh, H K, ICRIER-Wadhvani
Chair in India-US Policy Studies at
ICRIER
Indian Council for Research on
International Economic Relations

Saran, Samir, Vice President and
senior fellow at ORF

Ashok Singh, Programme
Coordinator at ORF

Senapati, Nik, Managing Director,
Rio Tinto India

Thakur, Ravni, Associate Professor
Deptt of East Asian Studies
Faculty of Social Sciences
Delhi University

Unnikrishnan, Nandan, Vice
President at ORF

M K Venu, leading columnist and
Managing Editor at the Financial
Express

Viswanathan, HHS
Distinguished Fellow at ORF

Roundtable Participants

AUSTRALIA

Crooke, Matt

Minister-Counsellor (Economic),
Australian High Commission, New
Delhi

Collie, Colonel Michael

Defence Adviser, Australian High
Commission, New Delhi

Denton, John

Partner and Chief Executive Officer,
Corrs, Chambers, Westgarth Lawyers
and Member, Advisory Panel and
Australian Government Cabinet
Sub-Committee for the Asian
Century White Paper (TBC)

Frydenberg, Josh, MP

Member for Kooyong, Australian
House of Representatives

**Rear Admiral (Ret) Goldrick,
James, AM CSC**

Visiting Fellow, Lowy Institute for
International Policy, and Sea Power
Centre Australia

Kremmer, Christopher

Director of Communications and
Strategic Research, Australia India
Institute, University of Melbourne

Ferguson AM MP, Martin,

Federal Member for Batman,
Minister for Resources and Energy,
Minister for Tourism

Ambassador John McCarthy AO

(Australian Delegation Leader)
Chair, Australia-India Council and
National President, Australian
Institute for International Affairs

Medcalf, Rory

(Australian Chair, Australia-India
Roundtable)
Director, International Security
Program, Lowy Institute for
International Policy, Senior Research
Fellow, Australia India Institute

University of NSW Node

Professor Mattoo, Amitabh

Director, Australia India Institute
and Professor of International
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Moignard, Mike

Senior Trade Commissioner,
Australian High Commission, New
Delhi

Pickford, Andrew

Managing Director, ISSA Indo-
Pacific

Rowe, Trevor, AO

Executive Chairman, Rothschild
Australia Limited

Dr Strahan, Lachlan

Acting High Commissioner,
Australian Embassy, New Delhi

Singh, Senator Lisa

Labor Senator for Tasmania

Shearer, Andrew

Deputy Secretary, International
Engagement, Department of
Premier and Cabinet Victoria

Wade, Matt

Senior Writer, Sydney Morning
Herald and The Age

Summary Record of Proceedings

THE 2012 AUSTRALIA-INDIA ROUNDTABLE

Session 1:

ENERGY SECURITY



Principal Speakers

MARTIN FERGUSON

ANDREW PICKFORD

SUDHA MAHALINGAM

JOHN DENTON

VINOD KUMAR

C RAJA MOHAN

M K VENU

I A KHAN

ASHOK DHAR

M N RAVISHANKAR

SUNJOY JOSHI

TREVOR ROWE

ANDREW SHEARER

VINEET KOHLI

Continued growth is crucial for India not as an end in itself but because it is the driver of poverty alleviation. For its part, Australia is a resource rich country which, with a low population and developed infrastructure, is a net exporter of commodities. India, while also rich in resources owing to a developing infrastructure and high population, is a net importer of energy and will continue to remain so irrespective of a shift to renewables or nuclear. India will remain heavily dependent on coal in the near term so it is important to pursue technological efficiency in this sector.

Australia given its stable environment and direct and short sea lanes of access is an exceptionally reliable partner for India's energy needs.

Australia however would like to move up the value chain and develop a reputation as an exporter not just of commodities but also services. Enormous energy related synergies come into play here. For instance, Australian innovation in solar technology mated with significant reduction in prices of PV panels achieved by China could bring significant benefits to India. But even in fossil fuels, the synergy remains. For example India's primarily lignite deposits mirror the Latrobe Valley deposits in Victoria. There is much scope for joint research and innovation in this field to reduce the moisture content of lignite and make it a cleaner fuel. This would not only help India become more self sufficient but also create a new energy source for Australia to export and a new field of expertise for innovators in both Australia and India.

Specific issues identified were

- The fact that both countries remained primarily fossil fuel economies and that there was therefore a pressing need for them to help each other improve efficiencies in this field, which could have significant global environmental benefit.
- The need to improve Australia's transport chain to augment its strong production and processing capabilities.
- Australia's increasing focus on LNG would bode well for India and joint research and innovation in this field would help India's own exploration of shale resources and submarine coal seam methane.
- Several Indian companies like Adani, GvK and Tata are investing in Australia, not just to service the Indian market but also to enter world markets.

Given the positive experience of other net energy importers (Japan and China) in joint venture projects in Australia this bodes well for the Australia-India relationship. Such joint ventures enable the sharing of technology and best practices. High tariffs on domestic mining in India, combined with high taxes on energy combined with mining taxes in Australia meant that the market was reacting to these.

- In that respect both markets showed signs of price sensitivity and a preference for status quo distribution channels.
- As prices fell in the renewables sector, the prospect of bilateral collaboration in this sector would rise.

Structural and bureaucratic issues remain in both countries that need to be overcome, such as the integrated operation of the LNG chain and red tape in India, and the need to streamline the state-federal environmental approval processes in Australia. While the avenues of cooperation are many, these issues have to be addressed for the energy relationship between the two countries to grow stronger.



Session 2:

STRATEGIC ASSESSMENT OF THE INDO-PACIFIC

Principal Speakers

JAMES GOLDRICK
JOHN MCCARTHY
VARUN SAHNI

JOSH FRYDENBERG
RAJIV KUMAR BHATIA

C RAJA MOHAN
ARUNDHATI GHOSE

A significant alignment of interests exists between the two countries and this is likely to grow as emerging trends consolidate. On the Australian side this view has now led to bipartisan commitment to the India-Australia bilateral relationship as a strategic partnership. On the Indian side the outdated assumption that Australia automatically supports US interests was giving way to the notion that Australia is foremost an independent actor pursuing its own interests and that concurrence is not subservience. In both countries, critiques of the US-Australia alliance remain confined to parts of the intellectual elite and are unlikely to affect policy.

Participants explored the emerging concept of the “Indo-Pacific” as one strategic system, and there was broad support for the validity of this idea and its relevance to Indian and Australian interests. The views of other countries, including China, about this nomenclature were explored. It was recognised that an expanding Chinese role in the Indian Ocean was a matter of time and that the key question was therefore to define the legitimate parameters of such a role. One reason China might be wary of the Indo-Pacific concept was that it did not want its status to be equated with India's. However the fact their each of their trade and energy routes passed through the other's backyard was inescapable. China it would seem is a continental power with a continental attitude slowly expanding into the maritime sphere. In doing this it transposes its continental outlook to the sea where the game is governed by a very different set of rules.

Two factors were identified as key to the emerging strategic convergence

- a) The need to preserve uninterrupted trade traffic—the primary means of which were the oceans
- b) China's interests and its consequent actions

Consequently several key areas of common concern and future cooperation emerged

- While both countries welcomed the rise of China and acknowledged the benefits both were also watchful and at times concerned about Chinese actions, especially those that were unilateral and assertive.

- China's attitude to the Law of the Seas was identified as the common marker by which its acceptance of global norms would be measured
- Regional constructs and their ability to act as diffusers of tension were explored
- Similarly the capacity and limits of these regional structures like ASEAN to absorb China's rise and adapt accordingly were explored
- The ability of India and Australia to work together and proactively to try to shape China-US relations and the wider strategic dynamic was explored. A future stable Indo-Pacific Asia needed cooperation and common thinking involving various middle powers.
- Countries like India and Australia needed to consider the implications of American intentions to depend more on allies and partners to do a share of strategic “heavy lifting”. While this was broadly to be welcomed, it may not bode well for smaller countries.
- While some recent toning down of assertive Chinese rhetoric was welcome, a long-term rise in nationalism and opacity about the role of the PLA worries both countries
- Both countries were also committed to building regional cooperation irrespective of Chinese approval or the lack thereof. Some regional security dialogues and cooperative structures would include China but others would not.
- Examining the Indo-Pacific regional structures it was pointed out that a significant imbalance existed that needed rectification. While the subregion east of India was peppered with regional structures, the subregion west of India was not. This was seen as indicative of greater future instability owing to a lack of effective diplomatic dampening mechanisms.
- There was clear consensus on the need for a rules-based approach to the global and Indo-Pacific maritime order and a strengthening of support for maritime laws to that end.
- Given the emergence in China of a distinctly Sino-centric body of law in the international and maritime spheres, greater engagement with China in this area was becoming vitally important, both to understand and moderate this process.



- One little-noted commonality across the Indo-Pacific was the history of China's assistance to or tolerance of the nuclear programs of Pakistan and North Korea, which in turn had emboldened provocative and destabilising actions by forces in both countries. This was cause for concern but also additional reason for at convergence of India-Australia security interests.



While the nuances were different, it was recognised that both India and Australia were following a hedging strategy: on one hand hoping to engage China and create interdependencies, while taking steps to manage, limit or deter strategic uncertainties and destabilising behaviour. The forum concluded that a central issue was how to respond to the rise of China through creating maritime security structures that ensures a stable, rules-based regional order with multiple centres of power. Identified avenues of cooperation were the formulation of rules and understandings for the maritime commons, upholding international law, and strengthening cooperation within existing multilateral forums. There was general agreement that the term Indo-Pacific needed further theoretical and geopolitical clarification if common approaches to the region were to be devised and the term to become a foundation for policy.

Session 3:

ECONOMIC OUTLOOK

Principal Speakers

RAJIV KUMAR

MOHAN GURUSWAMY

MK VENU

JOHN DENTON

MIKE MOIGNARD



Bilateral trade between the two countries remains reasonably strong with good prospects for growth, from USD 18 billion in 2012 to USD 40 billion in 2016. But the trade balance equation is not so good. In 2012, India imported 14.9 billion dollars' worth of Australian commodities, notably coal, gold and copper, a growth of 32.3% accounting for only 3% of India's imports. Indian exports were just 2.5 billion dollars, a growth of 44% but only 0.8% of its exports, including pearls, precious stones and textiles. These figures did not include Indian students going to Australia, the numbers of which had declined since 2009 but were beginning to rise again. India's total international trade stands at around USD 800 billion and growing at 28% but Australia accounts for just 2.18%. India is already Australia's largest trading partner in the Indian Ocean Region, bigger than traditional partners and friends like Indonesia, Singapore and Thailand—and significant scope for expansion and growth exists.

Some of the areas of joint action and concern identified included

- Given the negative public perception of mining in India owing to its exploitative nature here the Australian government and companies can share their positive experiences and contribute to mining sector reforms.
- Australian success with labour and skill mobility are identified as best practices that can migrate to India and help answer questions like how to handle the movement of surplus skill and how to generate those skills.
- There is significant scope for India's investment climate to improve. Australian companies needed to be encouraged to invest in India. Although Australia was very focused on Asia in trade, with 50% of its trade going to the region, only 5% of its outward investment was focused on Asia.
- In order to speed the pace of cooperation more states in India needed to be targeted as well as small and medium sector cooperation.

It was acknowledged that Australian innovation, experiences and technologies were uniquely suited to India at the state and rural levels where they had maximum impact on people's lives. For example, Australia was well-placed to draw upon its experience in scientific innovation, such as in agriculture and water management, to assist with India's economic and development objectives.



Session 4:

ROLE OF THE CITIES

Principal Speakers

N K SINGH

LISA SINGH

SAMIR SARAN

ANDREW SHEARER

ASHOK MALIK

There is an underlying tension between the provinces and the national capital in every large country and this needs to be recognised. In the cases of India and Australia this can be turned to mutual benefit. States are typically much more proximate to business than are national governments, and cities even more so; they and their governments understand the texture of localised business requirements. Their freedom of action is not burdened by the competing demands of national goals. Recognising this, Australian state governments have opened international networks offices. For example, Victoria has opened offices in Mumbai, Bangalore, Beijing and Jakarta. The benefits of such state to state links involve business, government, education and society/culture.

Different views exist on how to maximise the potential of state to state relations. In some areas, they would be of greater value than city to city arrangements, especially where sectors like agriculture were concerned, as city-city partnerships were likely to produce projects that had minimal impact on rural people's lives.

On the other hand city-city cooperation was key to meeting urban demand in areas like infrastructure and education, and these are critical to India's future.

In the light of this, there was broad agreement on the need for:

- A greater twinning of cities to encourage infrastructural and educational ties
- Greater interaction between Indian and Australian the states for business and economic opportunities, given that state governments in both countries were often in tune with ground realities. These could include state to state tie ups as well as central agencies identifying and engaging with specific states.

Equally, it was important to operate at state and city level to work with diasporas, interest groups and advocates of the bilateral relationship in each others countries. This included business people, academics, parliamentarians, media and community organisations. This was key not just to encouraging more cooperation and understanding, but also in dissipating negative effects and perceptions that may hinder the bilateral relationship, for example any lingering concerns about the treatment of students.

Session 5:

MARITIME SECURITY

Principal Speakers

C RAJA MOHAN
RORY MEDCALF
JOSH FRYDENBERG

ADMIRAL GOLDRICK
P K GHOSH

PRADEEP KAUSHIVA
ANDREW SHEARER

The fulcrum of international prosperity–trade–is shifting from the Atlantic to the Pacific. India's significant role in this shift coupled with the critical sea lanes of the Indian Ocean therefore help to justify the construct of the “Indo-Pacific”. But concurrent to Asia's waters becoming central to the global economy, there is a disconnect in the interpretation of rules and laws that govern the seas, for example given the situation in the South China Sea and China's either rejecting or differently interpreting UNCLOS when it suits its interests.

The interdependencies of the Indo-Pacific are deep. For example if the Straits of Hormuz were to close, the South Korean economy could effectively shut down within weeks given its dependence on Persian Gulf oil. Japan and increasingly China are also equally dependent on this sea lane of communication. Even a short or partial disruption to shipping in the South China Sea would directly affect many economies and then act indirectly upon the rest of the world economy.

There was broad agreement on the following perceptions and concerns:

- China is potentially evolving towards a position where it regards the waters that it claims as Chinese territory in a way that is not in accord with the majority interpretation of the Law of the Sea. This could be accompanied by risks to regional stability, particularly if frictions worsened between China and other claimant states.
- Australia and India should continue to deepen their defence and naval relationships and turn them into a systematic bilateral maritime exercise program. This could expand in the future into some very specific areas such as amphibious operations. Both countries are developing significant amphibious capabilities which over the next decade will be targeted at humanitarian assistance and disaster relief, areas where both countries could cooperate.
- Initiatives like the Indian Ocean Naval Symposium (IONS) needed to be sustained and strengthened. Australia could be a key player in carrying on this initiative begun by India, for instance its future role as chair and host.
- It made sense for India, Australia and a third country, Indonesia, to begin dialogue on maritime security and consider possible practical areas of cooperation such as maritime surveillance.

- Similarly Australia and India, and potentially Indonesia, are in a good position to be initiating institution to institution, Track 2 and Track 1.5 discussions with the Chinese to actually try and bring these issues on to the table so as to positively influence the further evolution of the law of the sea.
- The growth of demand for resources meant that China and other countries were looking to the expansion of offshore assets like the mining of deep seabed poly-metallic minerals. All this required maritime infrastructure well beyond the immediate neighbourhood, which could in the long term had a security dimension.
- The deeper issue behind China's use of law as an instrument to change the rules of the game internationally was how much the emerging world order was going to change to reflect the Chinese model and how much the Chinese model is going to change to reflect the existing order.
- There is a role for inclusive maritime structures in the Indo-Pacific involving China; this does not preclude some bilateral or other arrangements on specific issues.
- Both India and Australia have had some positive experiences of cooperation with China on specific maritime issues, for example in countering Somali piracy. This could provide the kernel for future cooperation

The session saw significant emergence of a consensus with nuanced differences on maritime issues. Wide-ranging delegations from both countries agreed on the “Indo-Pacific” terminology. There was common agreement on greater naval cooperation in some areas, such as amphibious operations and disaster relief. Significant perceptual gaps were also narrowed in how each country perceived China and its strategies.

- There is also the problem of who in Beijing one should talk to—the PLA, the civilian leadership, the various civilian maritime authorities, the foreign ministry, the Party etc. The lack of transparency in China's decision-making structure is responsible for this problem and that is why China is catalysing opposition to itself and handing allies on a platter to Washington.

The session saw significant emergence of a consensus with nuanced differences on maritime issues. Both countries agreed on the “Indo-Pacific” terminology. There was common agreement on greater naval cooperation of the non-offensive auxiliary variety such as amphibious operations in aid of disaster relief. Significant perceptual gaps were also narrowed in how each perceived China and its strategies.

Session 6:

NEW FRAMEWORKS OF GOVERNANCE AND DIPLOMACY

Principal Speakers

JOHN MCCARTHY

S K MOHANTY

AMITABH MATTOO

C S R MURTHY

H K SINGH

RAJESH RAJAGOPALAN

JOSH FRYDENBERG

VARUN SAHNI

ARUNDHATI GHOSE

Participants discussed two very different visions of Asia. One was a Dr Jekyll Asia, a dynamic, integrated Asia with 53% of its trade now being conducted within the region itself and \$19 trillion regional economy. The other was the Mr Hyde Asia, a security Asia, a dysfunctional region, a region of mistrustful powers prone to nationalism with territorial disputes seemingly over tiny rocks and shoals, and arming for conflict. The question is how does one reconcile Dr Jekyll Asia and Mr Hyde Asia?

It was widely recognised that new frameworks of governance and diplomacy would be part of the answer. Even so, there were limits to the effectiveness of regional institutions, especially when they themselves became terrain for rivalry. The rivalry between China and Japan was reflected for example in the differences over whether ASEAN+3 or the EAS should be the premier institution. The Chinese have become the dominant player in the ASEAN+3 while the Japanese, with some in ASEAN, had focussed on the EAS and its expansion expanding it to include India, Australia, New Zealand, the United States and Russia.

There was discussion also on the role of free trade arrangements in the strategic and diplomatic picture in Asia. There seemed to be two major trends here. One was the pursuit of comprehensive economic cooperation policies (CEC) and the other one was open regionalism.

There were mixed views on the effectiveness of multilateralism, whether regional or global, in managing Asia's tensions. Regionalism could not be seen as a replacement for the failings of multilateralism. The applicability and merits of two models of regionalism were considered: the European and the African. The former was formally complementary to the global architecture but in fact at times challenged it, as could be seen in Libya and Kosovo. On the other hand, the African model in letter and in spirit was almost entirely dependent on the ideational, administrative, financial and political support from global architectures. At this point, Asian regionalism resembled neither, since it was at best at the consultative stage.

Shared views and perceptions that emerged from the session were:

- There continued to be a risk of Asian regional institutions remaining at the level of talk shops. To address this, significant diplomatic groundwork needed to be done soon, and India and Australia could be good partners in this effort.
- It was important to have a sophisticated understanding of relations between the US and China: despite the risks of trouble between them, a web of dialogues and interactions also existed between Washington and Beijing, giving them the capacity to manage things if it was really in their interest to do so. It was therefore unlikely that either the United States or China would invest Asian multilateral institutions with a mandate to manage the really big security issues. Nonetheless, it remained to be seen how the evolving US-China relationship would fare in an Asian security crisis.
- Turning to trade and investment in the Asian regional context, three avenues of collaboration between Australia and India were identified: a bilateral FTA, cooperation in principally East Asian institutions, and efforts to build an economic agenda with Indian Ocean countries.
- The strengthening of ASEAN-centric diplomatic institutions served the interests of both countries.
- Turning to global institutions, India and Australia should cooperate on trying to gain international posts for suitable candidates from each other's countries, as well as other Asian candidates where appropriate.

The G20 was an important global forum which could serve the interests of both India and Australia. The chairing of this process by Australia in 2014 offered a useful chance for deepening bilateral cooperation on international economic and financial architecture. In addition, the hosting of the G20 leaders summit in Brisbane in late 2014 would be a major opportunity for an Indian Prime Ministerial visit to Australia, which would in turn further boost bilateral ties.



Australia-India Roundtable Report

Outcomes Statement and Summary Record of Proceedings



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